



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

*Seventeenth Annual Report  
2011- 2012*

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## BOARD OF DIRECTORS

### WHOLETIME DIRECTORS:

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

### NON-WHOLETIME DIRECTORS:

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

### Board Committees

#### Audit Committee

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

#### Remuneration Committee

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

#### Share Transfer & Grievances Committee

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

#### Chief Financial Officer

Shri.R. Ganesan

#### General Manager (Finance) and Company Secretary

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

#### Auditors

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

#### Cost Auditor

Shri.V.Srinivasan, No.28, 'BETA' Block, Jaihind Apts  
175-A, Velachery Main Rd, Gowrivakkam, Chennai 600073.

#### 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.  
Telephone: 044-28555171-76 / E-mail: kcpsugar@vsnl.com  
Website: www.kcpsugar.com

#### Plant Locations:

- 1) Vuyyuru, Krishna Dist, Andhra Pradesh 521 165**  
Sugar, Industrial Chemicals, Incidental Co-generation Power, Biotech, CO<sub>2</sub>, Calcium Lactate Divisions.
- 2) Lakshmipuram, Krishna Dist, Andhra Pradesh 521 131**  
Sugar, Incidental Co-generation Power.

#### Registrars to Deposits

Being handled In-House at the Registered Office of the Company.

#### Registrars & Share Transfer Agent & Depository Registrars

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

## FINANCIAL HIGHLIGHTS

Rs. in Lakhs – except Ratios

Particulars	Year Ended									
	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003
Share Capital	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85
Reserves and Surplus	18,239.50	16,519.46	15,925.95	14,546.49	14,342.19	14,475.97	12,784.19	9,012.45	6,554.82	4,962.81
Net Worth	19,373.35	17,653.31	17,059.80	15,680.34	15,476.04	15,609.82	13,918.04	10,146.30	7,688.67	6,096.66
Fixed Assets (Net)	12,243.88	13,102.44	13,698.22	13,959.19	14,758.28	15,541.25	13,970.66	10,448.77	9,649.21	10,141.13
Gross Income	34,760.85	22,111.97	26,306.43	19,954.65	25,428.43	33,611.64	36,184.68	29,977.81	20,890.02	17,690.59
Gross Profit	4,892.15	2890.57	4,813.10	3,270.26	2,280.74	5,000.54	10,555.24	8,033.82	3,022.50	1,535.38
Depreciation	1,082.87	1,095.44	1,062.54	1,085.35	1,059.37	1,001.49	743.45	619.97	626.02	611.21
Finance Cost*	*634.16	*500.57	319.62	360.18	459.93	351.56	420.53	915.01	1,373.05	1,501.80
Profit / (Loss) before Tax	3,175.12	1,328.03	3,430.94	1,824.73	761.44	3,647.49	9,391.26	6,498.84	1,023.43	-577.63
Profit / (Loss) after Tax	2,642.50	1,183.23	2,374.37	1,132.88	710.97	2,355.05	5,711.05	4,065.21	1,911.79	-422.13
Earnings per Share (Rs.)	2.33	**1.04	**2.09	**0.999	**0.63	**2.08	**5.04	35.85	16.86	-3.72
Cash Earnings per Share (Rs.)	**3.29	**2.01	**3.03	**1.96	**1.56	**2.96	**5.69	41.32	22.38	1.67
Book Value per Share (Rs.)	**17.09	**15.57	**15.05	**13.83	**13.65	**13.77	**12.28	89.49	67.81	53.77
Dividends on Equity %	70.00	45.00	75.00	70.00	50.00	50.00	150.00	100.00	25.00	--
Long term Debt Equity Ratio (excluding working capital borrowings)	0.14	0.16	0.25	0.25	0.22	0.12	0.16	0.30	0.49	0.58

\* Finance cost in FY 2011-12 & 2010-11 consists Interest and other borrowing costs as per Revised Sch.VI. Rest of the Financial Years, it represents only Interest.

\*\* 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	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
<b>SUGAR UNIT, VUYURU</b>										
Cane Crushed in MTS	8,71,574	7,86,393	4,89,522	5,38,686	8,46,674	12,21,209	10,72,145	9,97,945	10,14,957	9,74,932
Sugar bagged in QTLS	8,59,940	8,05,960	4,64,110	5,64,150	9,19,000	13,19,880	11,97,470	11,44,442	10,60,812	9,81,994
Recovery ( % )	9.88	10.25	9.50	10.45	10.85	10.83	11.15	11.46	10.47	10.07
<b>SUGAR UNIT, LAKSHMIPURAM</b>										
Cane Crushed in MTS	2,81,847	2,75,222	1,50,759	1,35,957	2,74,193	4,53,307	4,35,534	3,72,153	3,13,619	2,27,826
Sugar bagged in QTLS	2,41,447	2,50,160	1,29,206	1,22,686	2,68,948	4,67,905	4,61,679	4,13,580	3,14,879	2,09,638
Recovery ( % )	8.57	9.09	8.58	9.05	9.80	10.32	10.63	11.10	10.05	9.07

**NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the Seventeenth 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 Friday, the 28th day of September 2012 at 10.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, the Profit and Loss Account for the year ended on that date, and the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
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 appoint a Director in place of Shri. Vinod R. Sethi, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors.

**SPECIAL BUSINESS:**

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and Article 147 and 148 of the Articles of Association of the Company, and subject to the approval of the Shareholders and such other approvals including that of the Central Government, if so required and as may be necessary, the Company be and hereby approve the reappointment of Smt.V. Kiran Rao as Executive Director of the Company, for a period of five years i.e. from 29th July 2012 to 28th July, 2017 during which term of office she shall not be liable to retirement by rotation and on the terms and conditions as to remuneration, recommended by the Remuneration Committee of the Board, as hereunder:

- |                            |   |   |
|----------------------------|---|---|
| i. Salary                  | : | Rs.3,00,000/- (Rupees three lakhs only) per month, with an authority to the Remuneration Committee / Board of Directors to grant one or more suitable increments at the appropriate time within the ceiling prescribed under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.   |
| ii. Perquisites            | : | Provision of car with driver for use on Company's business and telephone at the residence and cell phone (including payment for local calls and long distance official calls).Personal long distance calls on telephone and use of car for private purposes shall be charged to the Executive Director; Rent free furnished residential accommodation; Personal accident insurance; Contribution to provident fund and gratuity; Electricity to be valued as per Income Tax Rules. These perquisites shall be in accordance with the Company's practice, rules and regulations in force, from time to time as may be applicable to her. |
| iii. Commission            | : | Remuneration by way of commission on net profits in addition to salary such that the amount of salary and commission in aggregate is subject to an overall ceiling of 3 % of the net profits of the Company in a particular financial year as laid down in Section 198 and 309 read with Section 349 of the Act.  |
| iv. Minimum Remuneration : |   | Notwithstanding anything to the contrary herein contained, where in any financial year during her said tenure, the Company has no profits or its profits are inadequate, the Company will pay to her as minimum monthly remuneration the salary mentioned in (i) and the perquisites mentioned in (ii) above, however not exceeding the limits specified under Section II of Part II of Schedule XIII of the Act and she shall not be entitled to any commission.   |

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

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

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all such steps as may be deemed expedient or desirable to give effect to this resolution."

// **BY ORDER OF THE BOARD** //

Place : Chennai

Date : 11.05.2012

**VINOD R. SETHI**

EXECUTIVE CHAIRMAN

## NOTES:

**a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 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 OF THE COMPANY.**

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 21st day of September 2012 to 28th day of September 2012, both days inclusive, **for the purpose of payment of dividend.****c. Dividend on equity shares**, recommended by the Board, if approved by the shareholders at the AGM, will be paid on or after 28.09.2012 but within the stipulated time:

- i. to those Members whose names appear on the Register of Members of the Company as on 20.09.2012. and
- ii. in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of 20th September 2012 as per the details furnished by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) for the purpose as on that date.

**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. In order to provide protection against fraudulent encashment of dividend warrants**, members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Ltd, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants:

- i. Name of the Sole / First joint holder and the Folio Number.
- ii. Particulars of Bank Account, viz, Name of the Bank, Name of the Branch, Complete address of the Bank with PIN code, Account type and the Bank Account Number.

**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. Electronic Clearing System (ECS)** credit has been moved completely to the National Electronic Clearing System (NECS) platform through core banking system, effective from 01.10.2009. Accordingly, dividend will be credited to the shareholders bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholders to the Depository / Company, as the case may be, the Company will print details available in its records on the Dividend Warrants to be issued to such shareholders. This service provides instantaneous credit to the shareholders and also protects against fraudulent interception and encashment of dividend warrants, besides eliminating dependence on the postal system, loss or damage of dividend warrants in transit and correspondence relating revalidation / issue of duplicate 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, 2004 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.

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

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

Financial year ended		Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2005	(Final)	31.08.2005	04.09.2012	03.10.2012
31.03.2006	(interim)	27.10.2005	07.11.2012	06.12.2012
	(Final)	12.10.2006	17.10.2013	16.11.2013
31.03.2007		27.09.2007	02.10.2014	01.11.2014
31.03.2008		11.09.2008	12.09.2015	11.10.2015
31.03.2009		23.09.2009	24.09.2016	23.10.2016
31.03.2010		19.08.2010	22.08.2017	21.09.2017
31.03.2011		29.09.2011	28.09.2018	27.10.2018

- I. Members are informed that the final dividend for the financial year 2004-05 and the interim dividend for the financial year 2005-06 shall become due for transfer to IEPF on 03.10.2012 and 06.12.2012 respectively. Any member who has not claimed dividend in respect of the said financial years is requested to approach the Company / Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 04.09.2012 and 07.11.2012 respectively. The Company has already sent reminders to all such members at their registered address in this regard.

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), 2004 – 05 ( final), 2005–06 (interim & final), 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are held in separate Bank Accounts and Shareholders who have not received the dividend/ encashed the said warrants, are in their own interest advised to write to the Registrar immediately with complete details. Shareholders are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claim.]*

- m. Shareholders who have **not lodged their old share certificates of “The K.C.P.Ltd”** for exchange of new share certificates of both the Companies in terms of the approved Scheme of Arrangement are requested to surrender the same to The K.C.P.Ltd, No.2, Dr.PV.Chcrian Crescent, Chennai – 600 008 at the earliest with a copy marked to the Registrar. New share certificates of this Company will be despatched after receipt of confirmation from The K.C.P.Ltd.
- n. Members/Proxy holders must bring the **Attendance Slip duly filled and 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, as a measure of austerity. Corporate Members are requested to send to the Company’s Registrar and Transfer Agents, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
- o. **Members desirous of obtaining any information** concerning the accounts and operations of the Company are requested to **address their queries in writing** to the Secretarial Division **at least two weeks before the Meeting** so that the information may be made available at the Meeting.
- p. The members are requested to register their e-mail address / any change in the already registered e-mail address, to the Company / Registrar and Transfer Agents to enable service of documents through electronic mode, in line with the Green Initiatives in Corporate Governance taken by the Ministry of Corporate Affairs, allowing paperless compliance by the Companies.
- q. Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation at the Seventeenth Annual General Meeting and being eligible seeking re-appointment is as under:

	<b>Shri. Ranvir R. Shah</b>	<b>Shri. Vinod R. Sethi</b>
<i>Profile of the Director</i>	<p><i>Shri.Ranvir 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.</i></p> <p><i>The Directors recommend the appointment of Shri.Ranvir Shah as a Director.</i></p> <p><i>No other Director other than Shri.Ranvir Shah may be deemed to be concerned or interested in this resolution</i></p> <p><i>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. He retired by rotation at the Fourteenth Annual General Meeting held on 23.09.2009 and was reappointed.</i></p> <p><i>Again, he retires by rotation at the ensuing Seventeenth AGM and being eligible, seeks reappointment.</i></p>	<p><i>Shri. Vinod R. Sethi is a Chemical Engineer from IIT, Mumbai, and an MBA (Finance) and a Beta Gamma Sigma Graduate from New York University, with rich experience in investment banking for more than a decade, heading the Indian business of Morgan Stanley Investment Management, Inc, New York.</i></p> <p><i>He was co-opted as an additional Director on the Board of the Company on 26.10.2005 and was elected as Chairman of the Board of Directors for a period of five years. He was appointed as Director of the Company liable to retire by rotation at the 11th Annual General Meeting held on 12.10.2006. He was reappointed at the said Annual General Meeting. He again retired by rotation at the Fifteenth Annual General Meeting held on 19.08.2010 and was reappointed as a wholetime Director designated as Executive Chairman liable to retire by rotation.</i></p> <p><i>Again, he retires by rotation at the ensuing Seventeenth AGM and being eligible, seeks reappointment.</i></p>
Directorships and Committee Memberships in other Companies.	<ul style="list-style-type: none"> <li>• Eagle Apparels Pvt.Ltd.,</li> <li>• P.S.A. Textile Processors Pvt.Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Axsys HealthTech Ltd – Director.</li> <li>- Member, Audit Committee.</li> <li>- Member, Remuneration Committee.</li> <li>• Geodesic Ltd – Director.</li> <li>- Member, Audit Committee.</li> <li>- Member, Remuneration Committee</li> <li>• United Phosphorus Ltd. – Director</li> <li>• Itz Cash Card Ltd. – Director</li> <li>• Advanta India Ltd – Director</li> <li>- Member, Audit Committee.</li> <li>• KCP Sugars Agricultural Research Farms Ltd. – Director.</li> <li>• G.G.Dandekar Machine Works Ltd – Director</li> <li>- Member, Audit Committee.</li> <li>• ISMT Limited – Director</li> <li>- Chairman, Audit Committee.</li> <li>• India Green Grid Group Ltd - Director</li> </ul>
No. of Shares held in their own name.	138642 equity shares of F.V.Re.1/- each.	10 equity shares of F.V.Re.1/- each.



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

**Item No.6:**

Smt. V.Kiran Rao, alias Kiran Velagapudi, was appointed as Executive Director of the Company for a period of five years from 29.07.2002 to 28.07.2007 and her appointment was approved by the shareholders at the Seventh Annual General Meeting held on 11.09.2002. On expiry of the term, she was reappointed as Executive Director for a further period of five years from 29.07.2007 to 28.07.2012, as recommended by the Remuneration Committee and approved by the shareholders at the Twelfth Annual General Meeting held on 27.09.2007. Smt.V.Kiran Rao, aged 47 years, is a German National, an Anthropologist, Historian, and a graduate from the University of London and had worked in various assignments in Europe and the United Kingdom. As Executive Director, she was instrumental in maintaining cordial relations with the cane growers and ensuring their continued support to the Company. In recognition of Smt.V.Kiran Rao's efforts in the management of the affairs of the Company, based on the recommendation of the Remuneration Committee, the Board of Directors have proposed to reappoint her for a further period of five years with effect from 29.07.2012 during which term of office she shall not be liable to retirement by rotation, on the terms and conditions as stated in the resolution.

The Board recommends this resolution for approval of the members.

Intimation under section 302 of the Companies Act, 1956, to all the members within the stipulated time is complied with.

Memorandum and Articles of Association and relevant resolutions passed by the Remuneration Committee and the Board, are available for inspection by Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day.

Smt.V.Kiran Rao is the Vice Chairperson of The Eimco K.C.P.Ltd, a wholly owned Subsidiary of the Company.

**Memorandum of Interest**

Smt. V.Kiran Rao is interested in this resolution which pertains to her reappointment and remuneration payable to her. Smt. Irmgard Velagapudi M.Rao, and Shri.Vinod R.Sethi, being relatives of Smt.V.Kiran Rao, may be deemed to be concerned or interested in this resolution. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in this Resolution.

**// BY ORDER OF THE BOARD //**

Place : Chennai

Date : 11.05.2012

**VINOD R. SETHI**

**EXECUTIVE CHAIRMAN**

**DIRECTORS' REPORT**

Your Directors present their 17th Annual Report and the audited statement of accounts for the year ended 31st March 2012. The financial statements have been presented in the new format in accordance with the changes brought about by the Revised Schedule VI to the Companies Act, 1956.

**I. FINANCIAL RESULTS:**

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>Physical Performance</b>		
Cane crushed – in Tonnes	11,16,558	10,49,613
Sugar bagged – In Quintals	10,63,267	10,34,579
<b>Financial Performance – Rs. Crores</b>		
Turnover	410.60	269.76
Other Income	8.61	8.30
Profit Before Tax	31.75	13.28
Profit After Tax	26.42	11.83
Surplus from Previous Year	56.89	52.22
Amount available for appropriation	83.31	64.05
<b>Appropriations</b>		
Transfer to General Reserve	2.70	1.27
Proposed Dividend	7.94	5.10
Tax on proposed Dividend	1.28	0.79
Carried forward	71.39	56.89

**II. PERFORMANCE:**

During the financial year under review your Company recorded a Turnover of Rs. 410.60 crores (Prev. Year: Rs. 269.76 cr.) including Excise Duty of Rs. 11.05 crores (Prev. Year: Rs. 7.12 cr.) and Inter-divisional transfers of Rs. 71.60 crores (Prev. year: Rs. 56.97 cr.). The profit before finance cost and depreciation is Rs. 48.92 crores. Profit before tax is Rs. 31.75 crores and after adjustments relating to refund / payment of Income Tax pertaining to earlier years, provision for current tax and Deferred Tax, the Profit after tax is Rs. 26.42 crores.

The increase in profit is due to higher quantum of sale of sugar and Rectified Spirit coupled with improved realisations.

**III. DIVIDEND:**

The Board of Directors recommends a dividend of Re.0.70 per equity share of face value of Re.1/- each on the Paid-up Equity Capital for the year ended 31.03.2012 as against Re.0.45 per equity share, approved for the previous year ended 31.03.2011. 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 Reserve as at 01.04.2011 was Rs. 106.30 crores and after transferring from Net Profits a sum of Rs. 2.70 crores to the General Reserve for the year ended 31.03.2012 the General Reserve stood at Rs. 109.00 crores as on 31.03.2012. The total Reserves and Surplus has increased to Rs. 182.40 crores as on 31.03.2012 as against Rs. 165.19 crores as on 31.03.2011.

**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:

- Bright scope for substantial reduction in cost of cultivation of sugarcane on account of continued efforts on complete mechanization of sugar cane cultivation including harvesting of sugarcane.
- Continued efforts towards reduction in process energy consumption by adopting innovative process control methods.
- Complete decontrol of export of sugar by Government of India to bail out the surplus production.
- 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.
- Expected flow of funds from Trading on Green Power Generation Certificate.
- More emphasize on Bio-composting process and consequent efforts to convert organic and inorganic matter into bio-manure to ensure zero discharge from the distillery combining with press mud.
- Growing demand for bio manure, which works as the perfect soil conditioner. Bio manure made from distillery and organic matter does not allow leaching of chemicals and hence can offer a solution to the problem of depletion of soil productivity.

**Threats:**

Sugar industry is at present confronted by the following threats:

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

**Future Outlook:**

The future outlook of sugar would depend on the following:

- Development of high breed varieties of sugarcane suitable for Indian climatic conditions and to achieve vertical growth in sugarcane productivity.
- Development of suitable sugarcane harvesting machine for Indian soil conditions and operable in fragmented land holdings.
- Swift adaptation of new cultivation method for mechanised harvesting.
- Agro-climatic conditions in major sugar-producing states.
- Dispensing with quota on sugar mills for public distribution system.
- Fixation of fair and remunerative prices for encouraging higher production of Ethanol and Energy.
- Permitting Green Energy producers to market directly to third parties.
- Total decontrol of sugar for sustained growth of sugar industry, as the present trend is very much in favour of decontrol.

**b. REVIEW OF OPERATIONS:****i. SUGAR UNITS AT VUYYURU AND LAKSHMIPURAM:**

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

**SEASONWISE**

UNIT / SEASON PARTICULARS	VUYYURU		LAKSHMIPURAM	
	2011-12	2010-11	2011-12	2010-11
Crushing commenced on	30.11.2011	29.11.2010	05.12.2011	16.12.2010
Crushing completed on	11.04.2012	06.04.2011	13.03.2012	13.03.2011
No. of days	134	129	99	87
Cane crushed (in MT)	8,71,574	7,86,393	2,81,847	2,75,222
Sugar Bagged (in qtls)	8,59,940	8,05,960	2,41,447	2,50,160
Recovery (%)	9.88	10.25	8.57	9.09

**FINANCIAL YEARWISE**

UNIT/YEAR ENDED DETAILS	VUYYURU		LAKSHMIPURAM	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
2010-11 Season - From / To	01.04.2011 to 06.04.2011	29.11.2010 to 31.03.2011	---	16.12.2010 to 13.03.2011
2011-12 Season - From / To	30.11.2011 to 31.03.2012	--	05.12.2011 to 13.03.2012	--
No. of days	139	123	99	87
Cane crushed (in MT)	8,22,709	7,74,391	2,81,847	2,75,222
Sugar Bagged (in qtls)	8,21,820	7,84,419	2,41,447	2,50,160
Recovery (%)	9.88	10.24	8.57	9.09

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

Vuyyuru Distillery Unit produced 99.52 lakh litres during the year ended 31.03.2012 as against 66.38 lakh litres during the previous financial year. As against this, the said Unit sold 100.61 lakh litres valued at Rs. 27.49 crores during the year under review as against 71.57 lakh litres valued at Rs. 18.66 crores during the previous year.

The Bio-fertilizer unit at Vuyyuru sold about 1.30 lakh Qtls valued at Rs. 4.07 crores as against 1.36 lakh qtls valued at Rs. 3.46 crores during the previous year.

Cogeneration Unit at Vuyyuru produced 35,583 MW of power during the financial year under review as against 33,298 MW in the previous year, and the Lakshmipuram Unit produced 7,588 MW of power as against 6,904 MW in the previous year. In all, total export of electrical energy was 14,210 MW resulting in a turnover of Rs. 5.05 crores as against 14,300 MW at a turnover of Rs. 4.32 crores during the previous year. The Calcium Lactate plant contributed Rs.0.95 crores towards its turnover of the Company as against a turnover of Rs. 0.42 crores during the previous year.

**c. INTERNAL CONTROL SYSTEMS:**

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

**d. HUMAN RESOURCES:**

The Company had 991 employees, including non-seasonal employees at the sugar units, as on 31.03.2012. The Company ensures high standards of safety for its employees and periodically conducts meetings to minimize operational hazards. The Company believes that people are the key to success and hence the human resources function pro-actively develops innovative and business focussed methods to attract, motivate, develop and retain talented, competitive manpower sources.

**e. AWARDS:**

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

- Winner – National Safety Award (Sugar Factory) received from Government of India, for outstanding Performance in Industry Safety for the performance year 2009 based on accident-free year.
- Winner – National Safety Award (Sugar Factory) received from Government of India for outstanding Performance in Industry Safety for the performance year 2009 based on lowest average frequency rate.
- Winner – National Safety Award (Distillery) received from Government of India, for outstanding Performance in Industry Safety for the performance year 2009 based on accident-free year.
- Winner – National Safety Award (Distillery) received from Government of India for outstanding Performance in Industry Safety for the performance year 2009 based on lowest average frequency rate.
- National Energy Conservation Award received from Ministry of Power, Government of India, in the Sugar Sector for the year 2011 (Commendation Certificate).

**f. OTHERS:**

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 makes use of the same for improved results.
- Complete mechanisation of sugarcane cultivation and harvesting in order to reduce the excessive dependence on manpower and reduce cost.
- In-depth study is in progress in Distillery division to adopt new technologies for improving the yield and reduce the discharge of spent wash.
- Identifying value-added products from the by-products and to promote renewable energy from industrial waste.

**VII. PERSONNEL AND INDUSTRIAL RELATIONS:**

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

**VIII. DIRECTORS:**

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

**IX. STATUTORY COMPLIANCES:**

- i. Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed to and forms part of this Report.
- ii. No employee of the Company was in receipt of remuneration in excess of sum prescribed under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975, during the financial year 2011-12.
- 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 2012 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**

The Credit Rating of A- (Single A minus) for Fund-based facilities and A2+ (A Two Plus) for Non-Fund based facilities assigned to your Company in the earlier year by Credit Analysis & Research Ltd (CARE), has been reaffirmed by them for the current year also. Measured through industry yardstick these ratings are considered to be better ratings for a sugar mill.

**XII. ISO CERTIFICATION**

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

**XIII. RISK MANAGEMENT:**

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

**i. Raw Material Risk:**

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

**Mitigation Measure:**

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

**ii. Policy Risk:**

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

**Mitigation Measure:**

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

**iii. Cyclicity / Commodity Risk:**

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

**Mitigation Measure:**

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

- More focus on value-added downstream products
- Integration of sugar with cogeneration power and alcohol.

**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 31.03.2012 your Company had accepted deposits of Rs.37.62 crores as against Rs. 39.49 crores as on 31.03.2011. As at 31.03.2012, there were matured and unclaimed deposits amounting to Rs. 0.37 crores in respect of 45 deposits. As on the date of this report amount of unclaimed deposits remained the same.

In compliance with the provisions of Investors Education and Protection Fund constituted under Section 205C of the Companies Act, 1956, the Company has transferred NIL deposit(s) amounting to Rs .NIL 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 at Rs. 34.97 crores (P.Y. Rs. 30.19 crores) with an improved profit of Rs.1.92 crores (P.Y. Rs. 0.93 crores) for the year ended 31.03.2012.

The other wholly owned subsidiary, KCP Sugars Agricultural Research Farms Ltd, has reported an Income from the sale of products, services and other income of Rs. 0.27 crores for the financial year ended 31.03.2012 as against Rs. 0.13 crores for the previous year ended 31.03.2011. The Company earned a profit of Rs. 0.16 crores as against the profit of Rs. 0.05 crores in the previous financial year.

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

#### **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. 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. The Statutory Auditors of the Company have undergone the peer review process as stipulated under clause 41 of the Listing Agreement for issuance of Limited Review / Audit Report. Members are requested to consider their re-appointment for the financial year ending 31st March 2013 on remuneration to be decided by the Audit Committee / Board of Directors.

#### **XVII. COST AUDIT:**

Mr. V. Srinivasan, Cost Auditor, had been appointed by the Company to conduct the Cost Audit in respect of Sugar, Industrial Alcohol, Electricity and Fertilizer for the financial year 2011-12. The Central Government's approval has been received to this appointment. The Cost Audit reports for 2011-12 are due for submission on or before 27.09.2012.

The Cost Audit Reports for the financial year ended 31.03.2011 had been filed with the Ministry of Corporate Affairs, New Delhi, vide, SRNs B18963322, B18964379 both dt 25.08.2011 and B19486273 dt. 02.09.2011.

In pursuance of Section 233-B(2) of the Companies Act, 1956, your Directors, on the recommendation of the Audit Committee, subject to the approval of the Central Government, have appointed Shri. V. Srinivasan, Cost Accountant, Chennai, as the Cost Auditor to conduct the Cost Audit of Sugar, Industrial Alcohol, Electricity and Fertilizer for the financial year ending 31st March 2013. Mr.V.Srinivasan has confirmed that his appointment is within the limits of section 224(1B) of the Companies Act, 1956 and has also certified that he is free from any disqualifications specified under section 233B(5) read with section 224(3) or section 226(4) of the Companies Act, 1956. The Audit Committee has also received a certificate from the said Cost Auditor certifying his independence and arms length relationship with the Company.

#### **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 support and cooperation.

Your Directors would also 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 : 11.05.2012

**EXECUTIVE CHAIRMAN**



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

Measures taken towards conservation of energy include:

1. Power factor was improved from 0.91 to 0.93 by installation of capacitor banks.
2. Installation of 200 KWH VFD for injection water pump and achieved saving of 25 KWH.
3. Installation of fan-less cooling tower for mill bearing cooling water thereby power saving of 15 KWH.
4. Modification of No.3 'B' Continuous Pans to achieve consistence in pan boiling and improvement in massecuite exhaustion, besides power saving of 15 KW per hour.
5. Modification of 3rd effect vapour line from BB Paul Evaporator bodies to 'A' and 'B' continuous pans to save steam.
6. Installation of 8 Nos. dia 650 heaters for SJ2 heating in place of vertical juice heaters for effective utilization of vapour and operation feasibility.
7. Replacement of 20 HP motor for CAW magma mixture with 15 HP resulting in saving of 3.73 KW.

## ANNEXURE – FORM A

(See Rule 2)

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

	SUGAR UNITS AT			
	VUYYURU		LAKSHMIPURAM	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
A) Power and Fuel Consumption				
Electricity				
a. Purchased				
Units KWH	12,19,101	13,64,893	5,56,564	5,67,621
Total Amount Rs.	61,10,234	69,79,905	30,74,488	31,37,098
Rate / Unit Rs.	5.01	5.11	5.52	5.53
b. Own Generation				
i. Through Diesel Generator :				
Units KWH	36,570	32,810	71,990	42,530
Unit per ltr. of Diesel Oil	2.89	2.76	2.90	2.95
Cost / Unit Rs.	14.10	13.69	14.68	12.92
ii. Through SteamTurbine/ Generator :				
Unit KWH	3,55,83,100	3,32,98,100	75,88,148	69,04,124
KWH per tonne of bagasse	270.28	283.92	186.63	192.42
Cost / Unit	2.10	1.95	1.39	1.49
B. Consumption per unit of production				
Electricity KWH (per tonne)	225.14	194.15	245.99	225.70

**B. TECHNOLOGY ABSORPTION:**

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

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

- Green Manure application by way of basal application of Phosphoric plus organic fertilizers, seed rate reduction, balanced and controlled nutrition, soil health management practices and mechanization for saving in fertilizer application cost and improvement in cane yield.
- Wide application of Bio-dynamic and Bio-wonder for improvement in soil fertility in sugarcane area.
- Saline soils reclamation.
- Conduct of extensive trials with wider row spacing for implementation of mechanical cane harvesting with combine harvesters.
- Commercialization of mechanical cane harvesting in cane growers fields with combined harvesters.
- Raised bed plantation to help uniform germination, tillering and growth of crop and to achieve the benefits of reduction in seed cost by 50% and enable the farmer generate additional income by growing black-gram in seed nursery.
- Seed varietal development.

**3. FUTURE PLAN:**

- Replacing of conventional drying system with Fluidized bed drier to improve the sugar dust collection efficiency and reduction of power by 50 KW.
- Replacing of damaged No.2 and 4th bodies of NMS Evaporator set with new 1200 M2 and 800 M2 Evaporator bodies to enable reduction in steam consumption.

- Replacement of old rewinding motors of above 25 HP with energy efficient motors.
- To install lighting energy saver in factory premises.
- Replacement of conventional lamps with solar LED lamps for street lightings.
- Installation of high efficiency injection water pumps to achieve reduction in power consumption.
- Installation of auto cut valves to achieve reduction in man power intervention.
- Replacement of MS Molasses gutters with SS to avoid corrosion, thereby improving quality of sugar and reduction in off seasonal maintenance.
- Installation of VFD for cogeneration cooling tower pump and filters vacuum pump.
- Addition of capacitors to improve the power factor upto 0.98% to unity.
- Direct contact heaters for clear juice heating, reduction in the steam % cane by 0.75 to 1%.
- Automation of 2nd mill resulting in man power saving by 10%.
- Super heated wash water system – use of exhaust – 1st vapour to eliminate use of live steam, thereby saving 0.3% to 0.5% steam on cane.
- Diversion of pan condensate to flash recovery system with suitable size lines.
- Vapour line water heater for heating low temperature condensing.
- Making partitions for 1600 M2 (in case of utilizing for 2nd effect) to maintain juice velocities in tubes.
- Falling Film Evaporator body of 1600M2 / 600 M2 to utilize 3rd effect vapours.

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

				<b>Amt. in Rs.</b>
a. Capital	..	..	..	13,200/-
b. Recurring	..	..	..	93,608/-
c. Staff Cost	..	..	..	43,39,817/-
d. Total	..	..	..	44,46,625/-
Total R & D expenditure as a % age of total turnover:				0.11%

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

Foreign Exchange Earnings	..	..	Rs. NIL
Foreign Exchange outgo	..	..	Rs. NIL

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

Place : Chennai

Date : 11.05.2012

**VINOD R. SETHI**

EXECUTIVE CHAIRMAN

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

At K.C.P.Sugar and Industries Corporation Ltd (KSICL) Corporate Governance is an integral part of the way the Company has been doing business since its inception. The Company strives to maintain highest ethical standards in its conduct of business. It is the Company's constant endeavour to adopt the best corporate governance practices. The tenets of good corporate governance continue to have the influence on the Company's policies and decision and instill the values of transparency, professionalism and accountability in all its dealings.

## 2. Board of Directors

### 2.1 Composition:

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

### 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 29.09.11	**No. of Directorships, Committee Membership / Chairmanship		
				Directorship	Committee Membership	Committee Chairmanship
Shri.Vinod R.Sethi DIN 00106598	Whole-time Director – Executive Chairman – Promoter Group	6	Yes	9	7	1
Smt.Irmgard Velagapudi M.Rao DIN 00091370	Promoter and Managing Director	6	Yes	2	1	--
Smt.V.Kiran Rao DIN 00091466	Promoter and Executive Director	5	Yes	2	2	--
Shri.K.A.Rangaswamy DIN 00020891	Non-Wholetime Independent Director	6	Yes	1	2	2
Shri.Ranvir R. Shah DIN 00041398	Non-Wholetime Independent Director	4	Yes	1	--	--
Dr.Vithal Rajan DIN 00021571	Non-Wholetime Independent Director	6	Yes	1	1	--
Shri.M.S.V.M.Rao DIN 00432640	Non-Wholetime Independent Director	6	Yes	1	1	--

\* 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 (including this Company) have been considered.

- Shri. Vinod R.Sethi, Smt. Irmgard Velagapudi M.Rao and Smt. V.Kiran Rao are relatives.
- Independent Directors do not have any direct or indirect material pecuniary 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 2011 - 12 on the following dates:

1.	6th April 2011	4.	29th September 2011
2.	27th May 2011	5.	19th October 2011
3.	11th August 2011	6.	9th February 2012

#### ❖ **Details of Directors seeking re-election :**

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

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

### **3. Audit Committee**

#### ❖ **Composition and Terms of Reference :**

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

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

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

#### ❖ **Meetings and attendance during the year:**

There were five meetings of the Audit Committee during the year, viz., on 06.04.2011, 27.05.2011, 11.08.2011, 19.10.2011 and 09.02.2012. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Shri.K.A.Rangaswamy	5
Shri. Vinod R.Sethi	5

Smt.V.Kiran Rao	5
Dr Vithal Rajan	5
Shri.M.S.V.M.Rao	5

#### 4. Remuneration COMMITTEE :

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

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

The Whole-time Directors are paid salaries, allowances/perquisites, and in addition, commission if it arises, within the limits under the Companies Act, 1956 and subject to the further limits, if any as approved by the Shareholders. The remuneration paid to the Whole-time Directors during 2011-12 is as below:

(Rs. in Lakhs)					
Directors	Salary & Allowance	Contribution to PF	Perquisites	Commission	Total
Shri.Vinod R.Sethi	12.00	1.44	0.72	*7.66	21.82
Smt.Irmgard Velagapudi M.Rao	48.00	—	—	—	48.00
Smt.V.Kiran Rao	36.00	4.32	0.55	—	40.87

\* This amount includes an amount of Rs.3,356/- paid as pro-rata commission for the period 01.04.2010 to 07.04.2010, payable for the tenure as Non-Wholetime Director (paid in FY 2011-12).

The Committee had not met during the financial year 2011 – 12.

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 entitled to a 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 2011–12 to 2015-16, in terms of the approval granted by the Shareholders at the Sixteenth Annual General Meeting held on 29.09.2011. The details of the remuneration paid to the Non- Executive Directors during the year 2011 - 12 are given below:

(Rs. in Lakhs)			
Directors	Commission	Sitting Fees	Total
Shri.K.A.Rangaswamy	1.75	4.00	5.75
Shri. Ranvir R.Shah	1.75	0.80	2.55
Dr.Vithal Rajan	1.75	2.20	3.95
Shri.M.S.V.M.Rao	1.75	2.20	3.95
Total	7.00	9.20	16.20

**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	1,38,642
Dr.Vithal Rajan	Nil
Shri.M.S.V.M.Rao	10

**6. SHARE TRANSFER & Investors / Shareholders Grievance Committee :**

The Share Transfer Committee is vested with the powers to look into the problems / grievances of Shareholders/Investors as per SEBI norms. The Chairman of the Committee is Shri.K.A.Rangaswamy, a Non-Wholetime Independent Director with Smt.Irmgard Velagapudi M.Rao, Managing Director, and Smt.V.Kiran Rao, Executive Director, as its other Members. The Committee normally meets once in 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 nine 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	9
Smt.Irmgard Velagapudi M.Rao	7
Smt.V.Kiran Rao	7

Shri.S.Chidambaram, 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, 786 queries / complaints were received from the shareholders, all of which have been resolved.

Nature of Queries / Complaint	During the year ended 31.03.2012	
	Received	Attended to
Non-receipt of Certificates	12	12
Non-receipt of Interest / Dividend Warrants/ Cheques / Drafts	24	24
Issue of Duplicate Share Certificates	3	3
Issuance of Duplicate Dividend Warrant / Cheque / Drafts / Revalidation	316	316
Correction in Share Cert./Dividend Warrant / Cheque / Drafts	242	242
Non-Receipt of Annual Report	1	1
General queries-request for change of address, procedure for transmission of shares/procedure for loss of share certificates/ Nomination	188	188
TOTAL	786	786

**7. Venue and Time OF LAST three Annual General MEETINGS:**

AGM for the financial year ended	Date / Time	No of Special resolutions	Members Present	
			in Person	By Proxy
31.03.2009	23.09.2009 at 10.00 a.m.	—	348	11
31.03.2010	19.08.2010 at 10.00 a.m.	1	414	18
31.03.2011	29.09.2011 at 10.00 a.m.	1	54	4

- a. All the three AGMs were held at "Sathguru Gnanananda Hall", Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai 600018.
- b. All Special Resolutions set out in the Notice for the AGMs were passed by the Shareholders at the respective meetings with requisite majority.
- c. 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 Chief Financial Officer, have certified the Board / Audit Committee in accordance with Clause 49(V) of the Listing Agreement was placed before the Board at its Meeting on 11.05.2012.
- The Financial Statements for the year 2011-12 have been prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and there are no deviations.
- During the year under review, the Company has not raised any funds from public issue / rights issue / preferential issue.
- The Company has a whistle blower policy and affirms that no personnel have been denied access to the Audit Committee.
- The Board is of the bona fide belief that there are no materially significant Related Party Transactions made by the Company with its Promoters, Directors or the Management, their Subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.
- Transactions with the Related Parties are disclosed in Note No.41 of Notes to the Financial Statements in the Annual Report.
- During the last three years, there were no strictures for penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the Capital Markets.

#### **❖ COMPLIANCE:**

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

#### **❖ Compliance with Corporate Governance Norms:**

The Company has complied with mandatory requirements of the Code of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchanges for the quarters ended 30.06.2011, 30.09.2011, 31.12.2011 and 31.03.2012. 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.

#### **Reconciliation of Share Capital Audit:**

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Chartered Accountant carries out the Reconciliation of Share Capital 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.

#### **Electronic Filing**

##### **NEAPS:**

Quarterly Reports to be filed with the National Stock Exchange Ltd are filed through NSE Electronic Application Processing System (NEAPS) effective from quarter ended 31.12.2011.

##### **SCORES:**

As advised by SEBI, vide its circular dated 03.06.2011, the investor complaints, if any, are viewed and Action Taken Report (ATR) with supporting documents is submitted in SEBI Complaints Redress System (SCORES), a centralized web based complaint system.



### Quarterly Compliance Report:

The Company has submitted for each of the four quarters during 2011-12, the Compliance Report to the Stock Exchanges in the prescribed format within the stipulated time.

#### ❖ 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 or The Financial Express (in English) and Dina Malar or Malai Murasu or Malai Sudar (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.

### 10. GREEN INITIATIVES IN CORPORATE GOVERNANCE:

Ministry of Corporate Affairs have taken a Green Initiative in Corporate Governance by allowing paperless compliance by the Companies after considering the relevant sections of the Information Technology Act, 2000, for legal validity of compliances under Companies Act, through electronic mode.

The MCA Circular No.17/2011 dt. 21.04.2011 clarified that a Company would have complied with Section 53 of the Companies Act, if the service of document has been made through electronic mode, provided the Company has obtained the e-mail of Members for sending the Notice and documents through e-mail by giving advance opportunity to every shareholder to register his/her e-mail address and changes therein from time to time with the Company.

In pursuance of the said circular, the Company had sent notices to all shareholders during the financial year 2011-12 well in advance of dispatch of Annual Report 2010-11 and the Company is once again sending similar notice ahead of dispatch of Annual Report for the financial year 2011-12, requesting the shareholders to furnish the e-mail address / change in their e-mail address of the members to effectively implement the said Green Initiative of MCA.

### 11. CORPORATE SOCIAL RESPONSIBILITY:

As part of corporate social responsibility, the Company has been involving and participating in various events by organizing rallies, processions, campaigns to propagate and sensitize employees, colony residents and public of the vicinity on the eve of:

- World Environment Day
- National Safety Day
- Celebration of Fire Service Week
- Celebration of World Health Day
- World Earth Hour

The Company has been organizing Mega Health Checkup camps every year to identify types of diseases by proper diagnosis and distribute medicines by involving doctors of corporate hospitals in various disciplines. Further, one million saplings plantation programme was organized by undertaking plantation and distributed so far one lakh saplings in and around Vuyyuru, surrounding villages and our manufacturing facilities for the development of green cover. Further, the Company had developed avenue plantation on both sides of the highways and along the interior roads at a stretch of about 600 Kms in Krishna District and this is ongoing process in every year.

The Company has been digging re-charge wells to conserve the water and also widely encouraging drip irrigation as part of best water management practices by enlightening the farmers. The Company has subsidized to the farmers to an extent of 25% of the cost of the re-charge bore wells and in this process the Company had spent an amount of Rs.1.00 crore.

As part of development of organic farming, the Company has been propagating the use of Bio-fertilizers manufactured in the Company's Biotech facilities for application to the crops for better output and yield which enriches the land health and fertility. Bio insecticides are being used widely to discourage chemical insecticides.

The Company has also been putting its efforts to supply clean potable drinking water in participation with Naandi Foundation and other NGO's to nearby villages and educational institutions.

The Company has been organizing every year Mega health camps, Veterinary camps, Eye camps in massive scale in entire Krishna District. Further, blood donation camps were organized and also were arranging blood donors to the needy patients among the Company's employees.

The Company had donated for the construction of panchayat buildings, police stations, fire stations, veterinary hospitals, cyclone shelters, school buildings. The Company is also conducting periodically Immunization camps, family welfare camps and AIDS and polio awareness camps, etc.

The Company has been conducting awareness programmes on Pulse Polio programme, AIDS, Population day, World Olympic day, etc, through involvement of voluntary organizations like Rotary Club, Lions Club, Inner Wheel Club of Vuyyuru.

The Company has been organizing camps / rehabilitation centres for fire and flood victims by providing food / utensils / clothes / medicines in times of natural calamities and fire accidents.

The Company is having a world class 100 bed Eye hospital where 1,10,000 surgeries were performed so far free of cost and also an old age home (VANAPRASTHA) with world class facilities is being run through Rotary Community Service Trust, Vuyyuru.

The Company is organizing by donating liberally for promotion of the following community development activities:

- Building houses for poor.
- Building Bus shelters and low cost individual toilets.
- Building roads, bridges and culverts for better connectivity.
- Helping Educational Institutions and children of rural areas to promote literacy.
- Liberally donating relief fund in times of natural disasters.
- Environment and safety awareness sessions conducted in nearby schools and villages.
- Financial assistance to poor patients for surgery, treatment, etc.

## 12. General Shareholder Information :

- **AGM: Date, Time and Venue:** 17th Annual General Meeting – on 28th day of September 2012 at 10.00 a.m. at "Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T.T.K.Road, Chennai 600018.

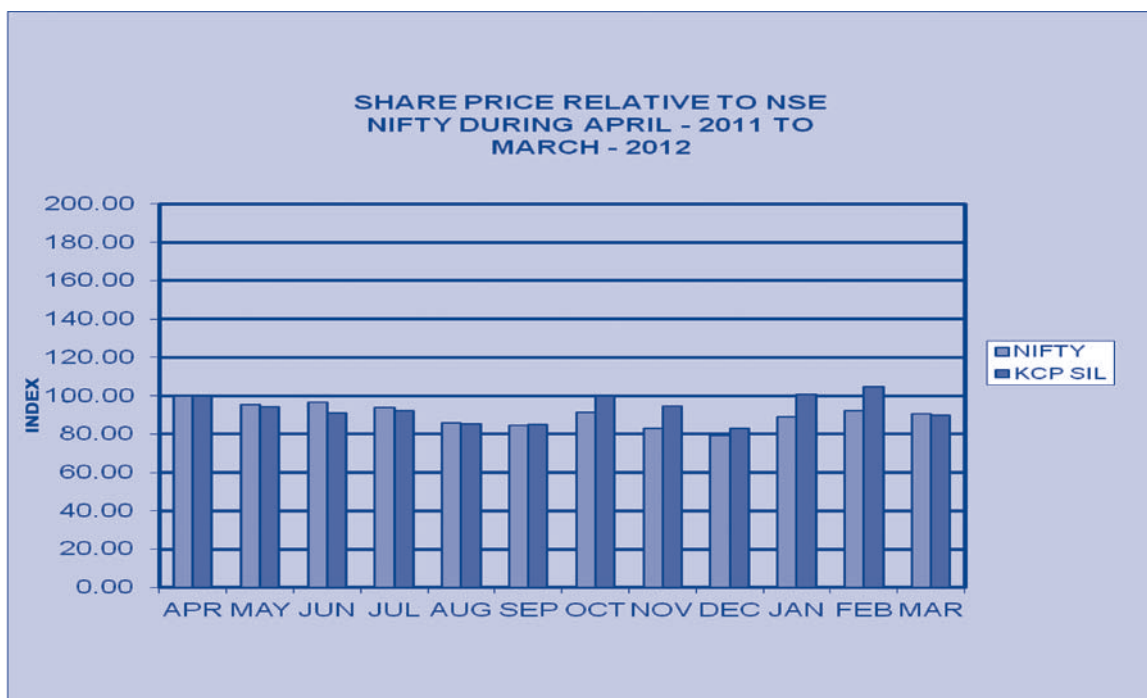
## Date of Book Closure

For the year ended 31.03.2012	Book Closure Date (s)	Dividend paid / payable
Dividend	21.09.2012 to 28.09.2012 (both dates inclusive)	The Board of Directors at their Meeting held on 11.05.2011 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 28th September 2012 but within the statutory time limit.

- i. Financial Year – 1st April to 31st March.
  - ii. First Quarter Results on or before 14.08.2012.
  - iii. Half-yearly Results on or before 14.11.2012.
  - iv. Third Quarter Results before 14.02.2013.
  - v. Results for the year ending 31.03.2013 on or before 30.05.2013.
- National Stock Exchange of India Ltd and
  - The Bombay Stock Exchange Ltd.
- Annual listing fees have been paid to the National Stock Exchange and there is no amount outstanding as on date.
  - The Company has already paid Custodial Charges to NSDL and CDSL for the financial year 2012-13.
- Shareholders who hold shares in physical mode are requested to convert their holding to demat mode considering the merits of depository system.
  - SEBI vide its circular dt. 27.04.2007 made PAN as the sole identification number for all participants transacting in the securities market, irrespective of the transaction amount. Further, SEBI vide its circular dt. 20.05.2009 made it mandatory to furnish a copy of the PAN card of the Transferee to the Company / RTA for registration of transfer of shares of the Listed Companies in physical form and off market / private transactions. Furnishing a copy of PAN card for transmission / transposition of shares has been made mandatory by SEBI vide its circular dt. 27.01.2010.
  - Investors are requested to take note of the aforesaid circulars.
- “KCPSUGIND” on both the National Stock Exchange and Bombay Stock Exchange (Scrip No. 533192)
- INE790B01024.
- L15421TN1995PLC033198
- High / Low of market price of the Company's shares (Face Value Re.1/-) traded on the National Stock Exchange and Bombay Stock Exchange, during the financial year 2011 – 12 is furnished below:

(Rs. per share)

Period	High		Low		Period	High		Low	
	NSE	BSE	NSE	BSE		NSE	BSE	NSE	BSE
April '11	18.75	20.00	16.75	16.50	October '11	17.60	17.69	14.10	14.00
May '11	17.25	17.35	14.95	15.05	November '11	20.50	20.50	15.25	15.40
June '11	16.30	16.55	14.40	14.50	December '11	16.45	16.30	13.20	13.15
July '11	16.40	16.40	15.00	15.10	January '12	18.00	17.75	11.75	13.35
August '11	16.35	16.95	13.50	13.75	February '12	20.00	20.00	15.25	16.40
Sept '11	16.50	16.50	14.00	14.10	March '12	18.40	18.45	15.00	14.00



- Registrar /Transfer Agents  
Depository Registrars :

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](http://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 31.03.2012:

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

No of shares held	No. of Shareholders	% of Shareholders	Aggregate shares held	% of Shareholding
Upto 5000	24,856	94.47	1,53,21,406	13.50
5001 – 10000	684	2.60	49,62,335	4.38
10001 – 20000	338	1.28	48,25,897	4.26
20001 – 30000	140	0.53	34,33,110	3.03
30001 – 40000	83	0.32	29,31,891	2.59
40001 – 50000	47	0.18	21,54,383	1.90
50001 – 100000	79	0.30	54,61,372	4.82
100001 and above.	85	0.32	7,42,94,656	65.52
<b>TOTAL</b>	<b>26,312</b>	<b>100.00</b>	<b>11,33,85,050</b>	<b>100.00</b>

**b. By ownership:**

Name of the Company: K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED.							Shares pledged or otherwise encumbered		
Scrip Code: KCPSUGIND				Quarter ended: 31.03.2012					
(I) Cate gory Code	(II)  Category of Share holder	(III) No. of Share holders	(IV)  Total No. of Shares [Face Value: Re.1/- per Share]	(V)  No. of Shares held in Dematerialised Form	Total No. of shareholding as a percentage of Total No. of Shares				
					(VI)  As a % of (A+B)	(VII)  As a % of (A+B+C)	(VIII)  Number	(IX)  As a % (IX)=(VIII)/ (IV)*100	(X)  (X)=(VIII) / (IV) A + B + C *100
A	Shareholding of Promoter and Promoter Group:								
1	INDIAN								
a.	Individual / Hindu Undivided Family	3	1733300	1733300	1.529	1.529	Nil	Nil	Nil
b.	Central Government / State Govt.	0	0	0	0	0	Nil	Nil	Nil
c.	Bodies Corporate	1	42421015	42421015	37.413	37.413	Nil	Nil	Nil
d.	Financial Institutions / Banks	0	0	0	0	0	Nil	Nil	Nil
e.	Any other (specify)	0	0	0	0	0	Nil	Nil	Nil
	SUB TOTAL A (1)	4	44154315	44154315	38.942	38.942	Nil	Nil	Nil

REPORT ON CORPORATE GOVERNANCE (CONTD.)

<b>2</b>	<b>FOREIGN</b>								
a.	Individual (Non-Resident / Foreign)	0	0	0	0	0			
b.	Bodies Corporate	0	0	0	0	0			
c.	Institutions	0	0	0	0	0			
d.	Any other (Specify)	0	0	0	0	0			
	<b>SUB-TOTAL A (2)</b>	0	0	0	0	0			
	<b>Total share holding of Promoter and Promoter Group (A) = A(1) + A(2)</b>	4	44154315	44154315	38.942	38.942			
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>								
<b>1</b>	<b>Institutions</b>								
a.	Mutual Funds / UTI	6	11,220	4,750	0.010	0.010			
b.	Financial Institutions / Banks	12	28090	1250	0.025	0.025			
c.	Central Government / State Govt.	0	0	0	0.000	0.000			
d.	Venture Capital Funds	0	0	0	0.000	0.000			
e.	Insurance Companies	2	632836	632836	0.558	0.558			
f.	Foreign Institutional Investors	1	500	0	0.000	0.000			
g.	Foreign Venture Capital Investors	0	0	0	0	0			
h.	Any Other (specify)	0	0	0	0	0			
	<b>SUB TOTAL B (1)</b>	21	672646	638836	0.593	0.593			
<b>2</b>	<b>Non-Institutions</b>								
a.	Bodies Corporate (Indian / Foreign / Overseas)	387	14948338	4975938	13.184	13.184			
b.	Individuals (Resident / NRI / Foreign National)								
(i).	Individual shareholders holding Nominal Share Capital upto Rs.1 lakh	25694	36053204	28549911	31.797	31.797			

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

(ii).	Individual shareholders holding Nominal Share Capital above Rs.1 lakh.	70	16922716	14531351	14.925	14.925			
c.	Any other								
(i).	Clearing Member	135	631311	631311	0.557	0.557			
(ii).	Trust	1	2520	2520	0.002	0.002			
	<b>SUB TOTAL B (2)</b>	<b>26287</b>	<b>68558089</b>	<b>48691031</b>	<b>60.465</b>	<b>60.465</b>			
	<b>Total Public shareholding (B) = B(1)+B(2)</b>	<b>26308</b>	<b>69230735</b>	<b>49329867</b>	<b>61.058</b>	<b>61.058</b>			
	<b>TOTAL (A) + (B)</b>	<b>26312</b>	<b>113385050</b>	<b>93484182</b>	<b>100.000</b>	<b>100.000</b>			
<b>C.</b>	Shares held by Custodians and against which Depository Receipts have been issued:	<b>NOT APPLICABLE</b>							
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>26312</b>	<b>113385050</b>	<b>93484182</b>	<b>100.000</b>	<b>100.000</b>			

**I (b) Statement Showing Shareholding of Persons belonging to the Category PROMOTER AND PROMOTER GROUP**

No. (I)	Name of the Shareholder (II)	No. of Shares (III)	Shares as percentage of Total No. of Shares (i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above)n (IV)	Shares pledged or otherwise encumbered		
				Number (V)	As a % (VI) = (V)/(III)*100	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a) (VII)
1	Smt. Irmgard Velagapudi	1435780	1.266	Nil	Nil	Nil
2	Durgamba Investment Private limited	42421015	37.413	Nil	Nil	Nil
3	Smt. Kiran Velagapudi	255020	0.225	Nil	Nil	Nil
4	Smt. Irmgard Velagapudi	42500	0.037	Nil	Nil	Nil
	<b>TOTAL</b>	<b>44154315</b>	<b>38.942</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**I (c) Statement showing Shareholding of Persons belonging to the Category PUBLIC HOLDING MORE THAN 1% of the Total Number of Shares**

No.	Name of the Shareholder	No. of Shares	Shares as percentage of Total No. of Shares (i.e. Grand Total (A) + (B) + (C) indicated in statement at para I(a) above)			
	<b>TOTAL</b>					
(I) (C) (II)	<b>Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the company</b>					
1.	V.R.K.Grandsons Investment Pvt.Ltd.	9578330	8.448			

**I (d) Statement showing details of locked-in shares**

No.	Name of the Shareholder	No. of locked-in shares	Shares as percentage of Total No. of Shares (i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above)			
	NOT APPLICABLE					

**II (a) Statement showing details of Depository Receipts (DRs)**

No.	Type of outstanding DR (ADRs,GDRs) AND SDRs etc)	No of outstanding DRs	No.of shares underlying outstanding DRs	Shares underlying outstanding DRs as percentage of total No.of shares (ie.Grand Total (A+B+C) indicated in statement at para 1 (a) above		
	Nil	Nil	Nil	Nil		
	<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>		

**II (b) Statement showing details of Depository Receipts (DRs) where underlying shares in excess of 1% of the total no of shares**

No.	Name of DR holder	Type of outstanding DR (ADRs,GDRs) AND SDRs etc)	No.of shares underlying outstanding DRs	Shares underlying outstanding DRs as percentage of total No.of shares (ie.Grand Total (A+B+C) indicated in statement at para 1 (a) above)
	Nil	Nil	Nil	Nil
	<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Partly paid-up Shares</b>	<b>No of partly paid-up shares</b>	<b>As a % of total No.of paid-up shares</b>	<b>As a % of total No.of shares of the Company</b>
	Held by Promoter / Promoter group	N.A	N.A	N.A
	Held by Public	N.A	N.A	N.A
	<b>Total</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>
	<b>Outstanding Convertible Securities</b>	<b>No of outstanding convertible securities</b>	<b>As a % of total No.of outstanding convertible securities</b>	<b>As a % of total No.of shares of the Company, assuming full conversion of the convertible securities</b>
	Held by Promoter / Promoter group	N.A	N.A	N.A
	Held by Public	N.A	N.A	N.A
	<b>Total</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>
	<b>Warrants</b>	<b>No of warrants</b>	<b>As a % total No.of warrants</b>	<b>As a % of total No.of shares of the Company, assuming full conversion of warrants</b>
	Held by Promoter / Promoter group	N.A	N.A	N.A
	Held by Public	N.A	N.A	N.A
	<b>Total</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>
	<b>Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities</b>			

**Shares in Physical and Electronic form:**

Shareholders in	No.of Shareholders	(%)	No.of Shares	%
<b>Physical Mode</b>	4,406	16.75	1,99,00,868	17.55
<b>- Sub-Total</b>	<b>4,406</b>	<b>16.75</b>	<b>1,99,00,868</b>	<b>17.55</b>
<b>Electronic Mode:</b>				
- NSDL	16,014	60.86	8,28,72,381	73.09
- CDSL	5,892	22.39	1,06,11,801	9.36
<b>- Sub-Total</b>	<b>21,906</b>	<b>83.25</b>	<b>9,34,84,182</b>	<b>82.45</b>
<b>GRAND TOTAL</b>	<b>26,312</b>	<b>100.00</b>	<b>11,33,85,050</b>	<b>100.00</b>



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

- The Company has not so far issued any GDRs/ADRs/Warrants or any other convertible instruments.
- TTop ten individual shareholders of the Company other than Promoter category as on 31.03.2012:

Sl. No	Name of the Shareholder	Shares	% to Capital
1	NAREN RAJAN	9,09,730	0.80
2	PADMINI RAJAN	8,88,000	0.78
3	HAROON MAHMUD ADAM	8,85,000	0.78
4	SAKUNTHALA DEVI BOPPANA	8,70,100	0.77
5	BOPPANA VINAY KUMAR	8,55,250	0.76
6	RANI S B	5,09,060	0.45
7	DIWAN BAHADUR P.S.G. RANGASWAMY NAIDU	4,68,270	0.41
8	KOGANTY SRIHARI RAO	3,41,063	0.30
9	MALINI NARASIMHAN	3,10,120	0.27
10	RAJESWARI VENKATESH K	3,03,750	0.27
	<b>Total</b>	<b>63,40,343</b>	<b>5.59</b>

## Unclaimed Shares

In accordance with clause 5A(II) of the Listing Agreement and SEBI Circular No. CIR/CFD/10.2010 dt. 16.12.2010, the Company has identified 220 folios comprising of 2,59,900 equity shares of face value of Re.1/- each, which were unclaimed as on 31.03.2012. The Company had sent three reminders in accordance with the said clause in the current financial year in the financial year 2011-12, and the Company is planning to send two more reminders to the shareholders concerned in the current financial year keeping the deadline for claim upto 30.07.2012, after which the Unclaimed Shares will be dematerialized and credited to a special account to be opened with a title "Unclaimed Securities Suspense Account". Any claims received subsequent to the credit of the unclaimed shares to the said account will be met by way of transfer of shares from the said account to the credit of the shareholder after proper verification. The voting rights in respect of these unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

## Plant Locations

The Company has got sugar, distillery, ethanol, Biotech, Incidental Cogeneration, CO<sub>2</sub>, Calcium Lactate units at Vuyyuru; sugar and Incidental Cogeneration units at Lakshmipuram, both in Krishna District and all of them in Andhra Pradesh.

## Address for Correspondence

Shareholders correspondence should be addressed to Registrar and Share Transfer Agents at the address mentioned above. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant. Shareholders may also contact Shri.S.Chidambaram, General Manager (Finance) & Company Secretary at the Registered Office of the Company for any assistance.

Tel.Nos. 28555171 – 76 Extn: 103

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

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

Place : Chennai

Date : 11.05.2012

**VINOD R. SETHI**  
EXECUTIVE CHAIRMAN

## DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, this is to confirm that the Members of the Directors as well as the Employees in the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31.03.2012.

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

Place : Chennai

Date : 11.05.2012

**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, 2012 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, 2012, no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company and produced for our verification.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**K.V.N.S. KISHORE**  
Partner  
(M. No. 206734)

Place : Chennai

Date : 11th May, 2012.

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, 2012, 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, 2012 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of under clause (g) of sub section (1) of section 274 of the companies act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and Accounting Policies give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012 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 : 11.05.2012

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

**K.V.N.S. KISHORE**  
Partner  
(M. No. 206734)

**ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- i) In respect of Fixed assets:
  - a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
  - b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Material discrepancy noticed between book balance and physical assets of fixed assets have been properly dealt with in the books of accounts.
  - c) During the year, the Company has not disposed off any substantial part of Fixed Assets.
- ii) In respect of inventory:
  - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) In respect of Loans:
  - a) According to the information and explanations given to us, the Company has granted loan to two companies, covered in the register maintained under section 301 of the companies act, 1956. The maximum amount involved during the year was Rs.4,16,67,373 and the year-end balance of the loans granted to such parties was Rs.NIL
  - b) In our opinion, the rate of interest and other terms and conditions of such loans are not *prima facie*, prejudicial to the interest of the company.
  - c) The companies have repaid the principal amount as stipulated and have also been regular in the payment of interest to the company.
  - d) There is no overdue amount in excess of Rs.1 lakh in respect of the above loans.
  - e) The Company has not taken any loans, from companies, firms or other parties, covered in the register maintained u/s 301 of the companies Act, 1956, except an amount of Rs.3.00 Crores (Rupees Three crores only) from a Director of the company in accordance with the companies (Acceptance of Deposits) Rules 1975.  
In our opinion, the rate of interest and other terms and conditions on which loans (deposits) have been taken by the company from the parties covered in the register maintained under section 301 of the companies act, 1956 are not, *prima facie*, prejudicial to the interest of the company.  
The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v)
  - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA and other applicable provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information furnished to us, the Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal has passed no order on the company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the company at its Sugar, Distillery, and Power generation units pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.

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

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

Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due date	Date of payment
Andhra Pradesh Agri Lands Assessment Act	Non Agri Land Assessment Tax	8,62,152	FY 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 31-03-2012 for a period of more than six months from the date they became payable.
- c) According to the information given to us, there no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty and Cess which have not been deposited on account of any dispute.
- x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the company is not a Chit Fund or a Nidhi /Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) The nature of Company's business/activities during the year does not include dealing in shares, securities, debentures or other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us the company did not avail of any term loans during the year under report.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year under report.
- xx) The Company has not raised any money by way public issue during the year and hence the question of disclosure and verification of end use of such moneys does not arise during the year.
- xxi) Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Chennai  
Date : 11.05.2012

**For B Purushottam & Co.**  
Chartered Accountants,  
FRN 002808S  
**K.V.N.S. Kishore**  
Partner  
(M. No. 206734)

Amt in Rs.					
Particulars	Note No.	As at end of current reporting period 31.03.2012		As at end of previous reporting period 31.03.2011	
<b>I EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	2	113385050		113385050	
(b) Reserves & Surplus	3	1823950297		1651945993	
			1937335347		1765331043
<b>2. Non - current liabilities</b>					
(a) Long term borrowings	4	277616000		290886000	
(b) Deferred tax liabilities (Net)	5	198031131		234378196	
(c) Other long term liabilities	6	10184743		8185086	
(d) Long term provisions	7	20025296		19899540	
			505857170		553348822
<b>3. Current Liabilities</b>					
(a) Short term borrowings	8	794940000		650066000	
(b) Trade payables	9	689993610		741954097	
(c) Other current liabilities	10	203137026		272748136	
(d) Short term provisions	11	104770540		72778361	
			1792841176		1737546594
<b>TOTAL</b>			4236033693		4056226459
<b>II ASSETS</b>					
<b>1. Non - current assets</b>					
(a) Fixed Assets					
(i) Tangible assets	12	1204603554		1291989918	
(ii) Capital work in progress	13	19784688		18254160	
		1224388242		1310244078	
(b) Non - current investments	14	258885695		167419881	
(c) Long term loans and advances	15	5289520		5155265	
			1488563457		1482819224
<b>2. Current Assets</b>					
(a) Current Investments	16	98194926		86339428	
(b) Inventories	17	2279353660		2100849092	
(c) Trade receivables	18	123853114		114803799	
(d) Cash and Bank balances	19	74204053		86843928	
(e) Short term loans and advances	20	171864483		184570988	
			2747470236		2573407235
<b>TOTAL</b>			4236033693		4056226459

The note nos. 1 to 45 attached form an integral part of Financial Statements

In accordance with our Report attached

For and behalf of the Board

For B.PURUSHOTTAM & CO.

Chartered Accountants

FRN 002808S

K.V.N.S. KISHORE

Partner

M.No. 206734

Chennai

11.05.2012

R.GANESAN  
Chief Financial Officer

S.CHIDAMBARAM  
General Manager (Finance) &  
Company Secretary

IRMGARD VELAGAPUDI M. RAO

Managing Director

V. KIRAN RAO

Executive Director

K.A.RANGASWAMY

Director &  
Chairman-Audit Committee

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

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

Amt in Rs.					
	Particulars	Note No.	For the current reporting period 2011 - 12		For the previous reporting period 2010 - 11
I	Revenue from Operations	21		4106005822	2697611023
	Less: Inter Divisional Transfers			716009643	569662190
				3389996179	2127948833
	Less: Excise duty			110478754	71194658
				3279517425	2056754175
II	Other Income	22		86089084	82985829
III	<b>Total revenue (I + II)</b>			<b>3365606509</b>	<b>2139740004</b>
IV	Expenses				
	Cost of materials consumed	23	2645041641		2434821274
	Less: Inter Divisional Transfers		97630300		77344242
			2547411341		2357477032
	Changes in inventories of finished goods, work in progress and stock in trade	24	(173552665)		(1001611957)
				2373858676	1355865075
	Employee benefits expense	25		278398600	264440614
	Finance costs	26		63416121	50057397
	Depreciation	12		108286726	109544291
	Impairment loss on capital assets			14535030	-
	Other expenses	27		209599810	227029607
	<b>Total Expenses</b>			<b>3048094963</b>	<b>2006936984</b>
V	Profit before tax (III-IV)			317511546	132803020
VI	Tax expense:				
	(1) Current tax		83000000		30000000
	(2) Deferred tax		(36347065)		(3486965)
	(3) Provision for taxation relating to earlier years		6609049		(12032997)
				53261984	14480038
VII	Profit for the year			264249562	118322982
VIII	Earning per equity share:				
	Basic & Diluted			2.33	1.04

The note nos. 1 to 45 attached form an integral part of Financial Statements

In accordance with our Report attached

For and behalf of the Board

For **B.PURUSHOTTAM & CO.**

Chartered Accountants

FRN 002808S

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

Partner

M.No. 206734

Chennai

11.05.2012

**R.GANESAN**  
Chief Financial Officer

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

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

**V. KIRAN RAO**

Executive Director

**K.A.RANGASWAMY**

Director &  
Chairman-Audit Committee



**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****a. 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.

**b. FIXED ASSETS**

- i. 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.
- ii. Modvat Credit availed on acquisition of Fixed Assets is reduced from the cost of the concerned assets.

**c. 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.

**d. 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.

**e. INVENTORIES**

- i) 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.
- ii) Stock of Scrap is not valued and therefore not recognised in the accounts. Sale of Scrap, as and when made, is accounted for.
- iii) Crops under cultivation are valued at cost.
- iv) 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.
- v) 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.

**f. SALES AND OTHER EARNINGS**

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

**g. FOREIGN EXCHANGE TRANSACTIONS**

- i) 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.
- ii) 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
- iii) 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

**h. 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.



**i. EMPLOYEE BENEFITS**

(i) Long-term Employee Benefits

(a) Defined Contributions 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 is funded with Life Insurance Corporation of India, which is recognised by the Income Tax authorities and administered through Trustees. Liability for Defined Benefit Plan is provided on the basis of valuation carried out by LIC of India with regard to the employees for whom the same is funded with LIC. In the case of other employees, the same is provided on the basis of the valuation carried out by an independent actuary as at the Balance Sheet date. The actuarial valuation method used 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.

**j. 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.

**k. 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.

**l. 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.

**m. 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.

Amt in Rs.				
Particulars	Number	As at end of current reporting period 31-03-2012	Number	As at end of previous reporting period 31-03-2011
<b>2 . SHARE CAPITAL</b>				
<b>Authorised :</b>	<b>250000000</b>	<b>250000000</b>	250000000	250000000
Equity shares of Rs.1 /- each				
<b>Issued, Subscribed and Paid-up:</b>				
Equity shares of Rs.1 /- each	<b>113385050</b>	<b>113385050</b>	113385050	113385050
<b>Reconciliation of No. of. Shares</b>				
At the beginning of the reporting period	<b>113385050</b>	<b>113385050</b>	113385050	113385050
Changes during the year	-	-	-	-
At the closing of the reporting period	<b>113385050</b>	<b>113385050</b>	113385050	113385050
Rights, Preferences and restrictions attached to shares				
The company has one class of equity shares having a par value of Re.1/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding, however no such preferential amounts exist currently.				
<b>Particulars of equity share holders holding more than 5% of the total number of equity share capital:</b>				
a. Durgamba Investments Private Limited	42421015		41667648	
	37.41 %		36.75 %	
b. V.R.K. Grandsons Investments Pvt Ltd.	9578330		9578330	
	8.45 %		8.45 %	

### 3 . RESERVES & SURPLUS

Particulars	Capital redemption reserve	Investment redemption reserve	General reserve	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period	15545110	4505000	1063000000	568895883	<b>1651945993</b>
Transferred from/to Profit & Loss Account			270000000	264249562	<b>291249562</b>
Transferred to General Reserve				270000000	<b>270000000</b>
Proposed Dividends				79369535	<b>79369535</b>
Provision towards dividend distribution tax				12875723	<b>12875723</b>
At the close of the reporting period	15545110	4505000	1090000000	713900187	<b>1823950297</b>
At the close of the previous reporting period	15545110	4505000	1063000000	568895883	<b>1651945993</b>

Amt in Rs.

Particulars	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>4. Long term Borrowings</b>		
<b>Unsecured</b>		
Fixed Deposits	277616000	290886000
<b>5. Deferred tax liabilities (Net)</b>		
(a) Deferred tax liability:		
On account of depreciation on fixed assets	227400347	252204229
(b) Deferred tax asset:		
On account of timing differences in recognition of expenditure	29369216	17826033
Net Deferred tax liability	198031131	234378196
<b>6. Other Long term liabilities</b>		
Interest accrued but not due on fixed deposits	10184743	8185086
<b>7. Long term Provisions</b>		
Interest accrued but not due on fixed deposits	20025296	19899540
<b>8. Short term Borrowings</b>		
<b>Unsecured Loans:</b>		
a) Loans repayable on demand		
- from banks	700000000	548050000
The above loans have been guaranteed by directors and others.		
b) Fixed Deposits maturing within one year.	94940000	102016000
	794940000	650066000
<b>9. Trade Payables</b>		
a) To Micro, Small and Medium Enterprises	-	-
b) Trade payables to Suppliers and service providers	689993610	741954097
	689993610	741954097

Note: 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.

Particulars	Amt in Rs.	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>10. Other current liabilities:</b>		
a) Current maturities of long term debt	-	72496556
b) Interest accrued but not due on borrowings	17659975	24894657
c) Advances received from customers	1312758	2797459
d) Unpaid dividends	12863368	13141994
e) Unpaid matured deposits and interest accrued thereon	9565227	8014650
f) Statutory Liabilities	104301618	96503875
g) Outstanding Liabilities for Expenses	55934437	53386200
h) Earnest Money and Other Deposits	1499643	1512745
	<b>203137026</b>	<b>272748136</b>
<b>11. Short term provisions:</b>		
a) Provision for employee benefits	12525282	9750624
b) Provision for Dividend	79369535	51023274
c) Provision for tax on distributed profits	12875723	8277250
d) Provision for Income Tax (Net)	-	3727213
	<b>104770540</b>	<b>72778361</b>
<b>13. Capital work in progress:</b>		
a) Plant and Machinery	16277426	14746898
b) Building under Construction	3507262	3507262
	<b>19784688</b>	<b>18254160</b>

# NOTES TO FINANCIAL STATEMENTS (CONTD.)

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

12. FIXED ASSETS										Amt in Rs.	
Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		
	Cost upto 31.03.2011	Additions during the Year	Deductions during the Year	Cost upto 31.03.2012	Upto 31.03.2011	For the Year	Impairment Loss	On Deductions upto 31.03.2012	As at 31.03.2012	As at 31.03.2011	
Lands	84797458	—	7998	84789460	—	—	—	—	84789460	84797458	
Buildings											
Own Buildings	297405860	5696068	64231	303037697	52334590	7290356	1117747	16111	60726582	242311115	
Leasehold Buildings	112189	—	—	112189	112189	—	—	—	112189	—	
Plant & Machinery	1758286853	18595445	7500947	1769381351	851793845	89926902	13417283	4793246	950344784	819036567	
Tramways & Railways Sidings	23097214	—	—	23097214	10153544	1166502	—	—	11320046	12943670	
Furniture and Fixtures	8019813	221633	61982	8179464	4316307	359188	—	38906	4636589	3703506	
Vehicles	55425451	10109104	—	65534555	29942884	5687237	—	—	35630121	25482567	
Computers, Office Equipments	64416028	3600037	2456173	65559892	50917589	3856541	—	2456173	52317957	13498439	
TOTAL	2291560866	38222287	10091331	2319691822	999570948	108286726	14535030	7304436	1115088268	1291989918	
PREVIOUS YEAR	2244254858	50027600	2721592	2291560866	891910077	109544291	—	1883420	999570948	1352344781	

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.

# NOTES TO FINANCIAL STATEMENTS (CONTD.)



## 14. Non Current Investments

Amt in Rs.

Description	Opening Balance as on 01-04-2011		Purchased during the year		Sold during the year		Closing Balance as on 31-03-2012	
	No of Shares	Value	No of Shares	Value	No of Shares	Value	No of Shares	Value
<b>Long Term Investments - at cost</b>								
<b>i) Trade (unquoted)</b>								
<b>Equity shares in Subsidiaries</b>								
The Eimco - K.C.P. Ltd	600000	6000000	-	-	-	-	600000	6000000
(Including 10 shares held by the nominees of the company)								
KCP Sugars Agricultural Research Farms Limited	2250000	22500000	-	-	-	-	2250000	22500000
(Including 6 shares held by the nominees of the company)								
<b>ii) Others (Quoted)</b>								
<b>Investments in Equity shares</b>								
Krishna Industrial Corporation Ltd	52501	500010	-	-	-	-	52501	500010
Jeypore Sugar Company Ltd	16580	821936	-	-	-	-	16580	821936
Sri Sarvaraya Sugars Limited	150000	1700000	-	-	-	-	150000	1700000
Nava Bharat Ventures Limited	40	205	-	-	-	-	40	205
(face value of Rs.2/- each)								
Bajaj Hindustan Limited	1000	5601	-	-	-	-	1000	5601
(face value of Re. 1/- each)								
Balrampur Chini Mills Limited	1000	9146	-	-	-	-	1000	9146
(face value of Re. 1/- each)								
Bannari Amman Sugars Limited	50	2547	-	-	-	-	50	2547
The Dhampur Sugar Mills Ltd	100	6013	-	-	-	-	100	6013
Kothari Sugars and Chemicals Limited	5	50	-	-	-	-	5	50
Oswal Sugars Limited	100	404	-	-	-	-	100	404
Sakthi Sugars Limited	50	815	-	-	-	-	50	815
Thiru Arooran Sugars Limited	100	7326	-	-	-	-	100	7326

14. Non Current Investments (Continued)

Amt in Rs.

Description	Opening Balance as on 01-04-2011		Purchased during the year		Sold during the year		Closing Balance as on 31-03-2012	
	No of Shares	Value	No of Shares	Value	No of Shares	Value	No of Shares	Value
Simbhaoli Sugars Limited	100	1026	-	-	-	-	100	1026
Eid Parry (India) Ltd	1000	7486	-	-	-	-	1000	7486
Jubilant Life Science Ltd (formerly jubilant organosys ltd.)	1600	11268	-	-	-	-	1600	11268
(face value of Re. 1/- each )								
Jubilant Industries Ltd	80	-	-	-	-	-	80	-
(face value of Re. 1/- each )								
The Andhra Sugars Ltd	100	2348	-	-	-	-	100	2348
Avon Organics Ltd	100	5580	-	-	-	-	100	5580
Citric India Ltd (pending registration of transfer)	100	790	-	-	-	-	100	790
Indian Sucrose Ltd (formerly lactose (i) ltd.)	100	680	-	-	-	-	100	680
Coromandel International Ltd	330	-	-	-	-	-	330	-
(face value of Re. 1/- each )								
Automotive Stampings and Assemblies Ltd	2000	208814	-	-	-	-	2000	208814
Blue Star Ltd	61268	22920476	34000	10877061	-	-	95268	33797537
(face value of Rs.2/- each )								
Gujarat Gas Company Ltd	18897	5638450	15100	5950344	-	-	33997	11588794
(face value of Rs.2/- each )								
Indraprastha Gas Ltd	148835	31384817	173050	72164781	152000	32347122 (63717617)	169885	71202476
ISMT Ltd	12000	661917	119500	4881889	-	-	131500	5543806
Subex Ltd	4268	1526151	-	-	-	-	4268	1526151
Yukon India Ltd	15165	3727927	4200	1078430	-	-	19365	4806357
Container Corporation of India Ltd	5728	7236731	3750	4469673	-	-	9478	11706404
Bank of Baroda	370	100191	-	-	-	-	370	100191
Bharat Petroleum Corporation Ltd	30	11732	-	-	-	-	30	11732
Bank of India	650	100095	-	-	-	-	650	100095
Union Bank of India	775	99540	-	-	-	-	775	99540
Precision Wires India Ltd	90197	10732795	50177	5919658	-	-	140374	16652453

# NOTES TO FINANCIAL STATEMENTS (CONTD.)



## 14. Non Current Investments (Continued)

Amt in Rs.

Description	Opening Balance as on 01-04-2011		Purchased during the year		Sold during the year		Closing Balance as on 31-03-2012	
	No of Shares	Value	No of Shares	Value	No of Shares	Value	No of Shares	Value
Savita Oil Technologies Ltd	50083	25082261	27179	14891197	—	—	77262	39873458
Axys Health	50000	3250000	—	—	—	—	50000	3250000
Tata Motors Ltd (A ordinary shares) (face value of Rs.10/- each split in to Rs.2/- each)	33	10065	—	—	—	—	165	10065
Geodesic Information Systems Ltd (face value of Rs.2/- each )	93136	9038627	73500	6068032	—	—	166636	15106659
Vikas Wsp Ltd (face value of Re. 1/- each )	440350	13606061	17500	818262	435000	13447483 (26307917)	22850	976840
Garware Polyester Ltd	—	—	65660	10141092	—	—	65660	10141092
iii) Other Non Current Investments (unquoted)								
Agri Business Finance (AP) Ltd	50000	500000	—	—	—	—	50000	500000
<b>Total</b>		<b>167419881</b>		<b>137260419</b>		<b>45794605</b>		<b>258885695</b>
<b>Note:</b>								
1. The Face value of the above Equity Shares is Rs. 10/- each unless otherwise mentioned.								229885695
2. Aggregate of Quoted Investments - At cost - At Market Value	138419881 161115602	— —	— —	— —	— —	— —	— —	193859100
3. Aggregate of Unquoted Investments at cost	29000000	—	—	—	—	—	—	29000000
4. Figures in brackets denotes sale value of shares sold								



		Amt in Rs.	
Particulars	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011	
<b>15. Long term loans and advances:</b>			
Unsecured considered good			
Security Deposits	5289520	5155265	
	5289520	5155265	
<b>16. Current Investments:</b>			
Investments in Mutual funds: Valued at Cost or NAV whichever is lower			
SBI Magnum Insta Cash Fund - Daily Dividend Option. ( No of units :12004.05 ) -Unquoted	20107144	—	
SBI SHF Ultra Short Term Fund - Institutional plan - Daily Dividend. No of units : 44347.942 (PY: 8628765511) Unquoted	44374551	86339428	
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend No of units 33704.805 -Quoted	33713231	—	
	98194926	86339428	
Aggregate value of quoted investments	33713231	—	
Aggregate market value of quoted investments	33713231	—	
Aggregate value of Unquoted investments	64481695	86339428	
<b>17. Inventories:</b>			
a) Raw materials	502696	282274	
b) Work in progress	36821399	28545668	
c) Finished goods	2192164254	2025948696	
d) Stores and spares	48779819	44048338	
e) Crops under cultivation	1085492	2024116	
	2279353660	2100849092	
Note : For mode of valuation refer Note No.1 para 5.			
<b>18. Trade receivables:</b>			
i) Trade receivables exceeding six months - Unsecured			
a) Considered good	1456430	41891889	
b) Doubtful	6226863	6304846	
ii) Others - Unsecured considered good	122396684	72911910	
	130079977	121108645	
Less: Provision for doubtful debts	6226863	6304846	
	123853114	114803799	

		Amt in Rs.	
Particulars	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011	
<b>19. Cash and Bank balances :</b>			
i) Cash and cash equivalents:			
a) Balances with Banks			
- in Current accounts	44760117	56817015	
b) Cash on hand	747569	776440	
ii) Other balances with Bank			
a) - in unpaid dividend accounts	12863367	13141994	
b) - in margin money security for borrowings guarantees and other commitments	15833000	16108479	
	74204053	86843928	
<b>20. Short term loans and advances:</b>			
Unsecured considered good			
a) Advances to suppliers and service providers	163870247	174427451	
b) Advances to employees	2316595	2504443	
c) Advance taxes duties etc (Net)	5677641	7639094	
	171864483	184570988	

		Amt in Rs.	
Particulars	For the current reporting period 2011 - 12	For the previous reporting period 2010 - 11	
<b>21. Revenue from operations:</b>			
i) Sale of products			
Sugar	2817051987	1704825476	
Molasses	126684968	126239735	
Bagasse	383494337	307196409	
Industrial Alcohol	274881141	186562534	
Bio Fertilizer	42390886	34581666	
Electrical Energy	136055422	117099399	
Steam	253049442	206063270	
Others	18376119	15042534	
Total	4051984302	2697611023	
ii) Other operating revenues	54021520	—	
	4106005822	2697611023	
Less: Inter Divisional Transfers	716009643	569662190	
	3389996179	2127948833	
Less: Excise duty	110478754	71194658	
	3279517425	2056754175	
<b>22. Other Income:</b>			
a) Interest income	3413339	19761929	
b) Dividend Income			
- from long term investments	6234230	2722664	
- from current investments	10313894	12373599	
c) Net gain/loss on sale of current investments	354086	—	
d) Net gain/loss on sale of long term investments	43876843	32464155	
e) Rent Received	5719133	4284689	
f) Miscellaneous Receipts	8242970	6215461	
g) Profit on sale of fixed assets (Net)	3899735	2961772	
h) Unclaimed Balance credited back	1494059	38607	
i) Claims Received	649074	579637	
j) Carbon Credit	—	812046	
k) Provision no longer required withdrawn	1891721	771270	
	86089084	82985829	
<b>23. Cost of materials consumed:</b>			
a) i) Consumption of raw materials	2537776873	2341596838	
Less: Inter Divisional Transfers	97630300	77344242	
	2440146573	2264252596	
ii) Consumption of stores and spare parts	107264768	93224436	
	2547411341	2357477032	
b) Consumption of major raw materials			
i) Sugarcane	2408574528	2242850245	
ii) Molasses	26417022	19134507	
iii) Others	5155023	2267844	

		Amt in Rs.	
Particulars	For the current reporting period 2011 - 12	For the previous reporting period 2010 - 11	
<b>24. Changes in inventories of finished goods work in progress and stock in trade:</b>			
Stocks at the end of the year			
i) Work in progress			
a) Sugar	34269879	26216137	
b) Molasses	1889211	1648428	
c) Bio Fertilizer	55653	26537	
d) Calcium Lactate	606656	654566	
e) Crops under cultivation	1085492	2024116	
Total	37906891	30569784	
ii) Finished goods			
a) Sugar	2096342789	1917005900	
b) Molasses	73402194	77275678	
c) Industrial Alcohol	12797956	17432189	
d) Ethanol	11000	236500	
e) Bio Fertilizer	4927010	9373743	
f) Calcium Lactate	4683305	4624686	
Total	2192164254	2025948696	
Grand Total	2230071145	2056518480	
Less:			
Stocks at the beginning of the year			
iii) Work in progress			
a) Sugar	26216137	9594373	
b) Molasses	1648428	7469	
c) Bio Fertilizer	26537	101916	
d) Calcium Lactate	654566	23638	
e) Crops under cultivation	2024116	2819599	
Total	30569784	12546995	
ii) Finished goods			
a) Sugar	1917005900	882457798	
b) Molasses	77275678	102657485	
c) Industrial Alcohol	17432189	44879966	
d) Ethanol	236500	545434	
e) Bio Fertilizer	9373743	10530804	
f) Calcium Lactate	4624686	1288041	
Total	2025948696	1042359528	
Grand Total	2056518480	1054906523	
Changes in inventories	(173552665)	(1001611957)	
<b>25. Employee Benefit Expenses:</b>			
a) Salaries and wages	208002780	211202815	
b) Contribution to provident and other funds	23601000	22832384	
c) Remuneration to whole time directors	23681722	11039702	
d) Staff welfare expenses	23113098	19365713	
	278398600	264440614	

		Amt in Rs.	
Particulars	For the current reporting period 2011 - 12	For the previous reporting period 2010 - 11	
<b>26. Finance Costs:</b>			
a) Interest expense	59845521	46709942	
b) Other borrowing costs	3570600	3347455	
	63416121	50057397	
<b>27. Other Expenses:</b>			
a) Power and fuel	635257647	508857734	
Less: Inter Divisional Transfers	618379343	492317948	
	16878304	16539786	
b) Rent	113760	154130	
c) Repairs to buildings	7354694	8830426	
d) Repairs to machinery	87612031	77492774	
e) Repairs others	8570863	6670368	
f) Insurance	3265829	2673058	
g) Rates and taxes (Net)	10817221	52075555	
h) Payment to the auditors			
- as auditor	280900	275750	
- for other services	209570	209570	
- for reimbursement of expenses	69422	65116	
i) Selling expenses	15994901	8538888	
j) Irrecoverable loans and advances written off	165888	-	
k) Assets Written Off	3035357	-	
l) Donations	400000	1000000	
m) Legal and professional charges	4273906	3369213	
n) Directors sitting fees	920000	1040000	
o) Remuneration to non whole time directors - Commission	700000	703356	
p) Miscellaneous expenses	48937164	47391617	
	209599810	227029607	

**28. Contingent liabilities and Capital Commitments:****Contingent Liabilities:****Claims against the company not acknowledged as debts:**

Particulars	31.03.2012	31.03.2011
Labour Cases	5232242	4847218
Share transmission	1105851	-
Case on Duty relating to Captive Power Generation	26169375	26169375
<b>Total</b>	<b>32507468</b>	<b>31016593</b>

Outstanding Guarantees furnished by banks on behalf of the company is Rs.5099438/- (Rs. 5049438/-)

**29. Outstanding dues to Micro Small and Medium Enterprises**

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.

**30. Disclosure under Accounting standard 15 (AS 15):**

**Employee Benefits:**

Defined benefit plans		Amt in Rs.				
	Gratuity	2011-12	2010-11	2009-10	2008-09	2007-08
<b>(I) Change in Benefit Obligation</b>						
Liability at the beginning of the year		91135575	81597380	63383088	59933869	25487348
Transitional liability						27490995
Interest Cost		7249640	6479760	5058809	4275733	4165059
Current Service Cost		4026285	4014320	4019201	4027524	3064192
Benefits Paid		4833824	3569470	5905464	5955861	1866099
Actuarial (gain)/loss on obligations		3331629	2613585	15041746	1101823	1592374
Liability at the end of the year		<b>100909305</b>	<b>91135575</b>	<b>81597380</b>	<b>63383088</b>	<b>59933869</b>
<b>(II) Fair value of Plan Assets</b>						
Fair value of plan assets at the beginning of the year		78505406	58319551	55186008	25386351	21321243
Expected Return on Plan Assets		7109714	6123308	4916007	3543487	2069381
Contributions		5852945	17516632	3309712	31569300	3437144
Benefit Paid		3783479	3454085	5092176	5141662	1288739
Actuarial gain /(loss) on Plan Assets		0	0	0	171468	152678
Fair Value of plan assets at the end of the year		<b>87684586</b>	<b>78505406</b>	<b>58319551</b>	<b>55186008</b>	<b>25386351</b>
<b>(III) Actual Return on Plan Assets</b>						
Expected Return on Plan Assets		7109714	6123308	4916007	3543487	2069381
Actuarial gain/(loss) on plan Assets		0	0	0	171468	152678
Actual Return on Plan Assets		<b>7109714</b>	<b>6123308</b>	<b>4916007</b>	<b>3372019</b>	<b>1916703</b>
<b>(IV) Amount Recognised in the Balance Sheet</b>						
Liability at the end of the year		100909305	91135575	81597380	63383088	59933869
Fair value of Plan Assets at the end of the year		87684586	78505406	58319551	55186008	25386351
Difference (Funded Status)		13224719	12630169	23277829	8197080	34547518
<b>Amount Recognised in the Balance Sheet</b>		<b>13224719</b>	<b>12630169</b>	<b>23277829</b>	<b>8197080</b>	<b>34547518</b>
<b>(V) Expenses Recognised in the Income Statement</b>						
Current Service Cost		4026285	4014320	4019201	4027524	3064192
Interest Cost		7249640	6479760	5058809	4275733	4165059
Expected Return on Plan Assets		7109714	6123308	4916007	3543487	2069381
Net Actuarial (Gain)/ loss to be recognised		3331629	2613585	15041746	1273291	171748
Expenses Recognised in P & L		7497840	6984357	19203749	6033061	5331618
<b>(VI) Actuarial Assumptions : For the Year</b>						
Discount Rate Current		8.00%	8.00%	8.00%	8.00%	8.00%
Salary Escalation Current		7.00%	7.00%	7.00%	5.00%	5.00%
Expected rate of return on plan assets		9.30%	9.30%	8%	8 & 9.25%	8 & 9.25%

**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.

Amt in Rs.

**31. 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	17019995	7965324	5659460	19325859
Provision for gratuity	12630169	4685714	4091164	13224719
Provision for Income Tax	228549636	89609049	205158685	113000000
Proposed Dividend	51023273	79369535	51023273	79369535
Tax on Proposed Dividend	8277250	12875723	8277250	12875723
<b>Total</b>	<b>317500323</b>	<b>194505345</b>	<b>274209832</b>	<b>237795836</b>

**32. 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 ended - Rs.	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
The Eimco-K.C.P.Ltd.	-	700000	40700000	53801374
KCP Sugars Agricultural Research Farms Ltd.	-	-	967373	9945200

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

PRODUCTS / SERVICES	Units	2011-2012		2010-2011	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	1011439	2814170737	611277	1702065226
Sale of export license on free sugar			54021520		
Molasses	MTs	11950	36412905	15424	57004566
Bagasse	MTs	80909	104066581	80595	95043729
Industrial Alcohol	BLs	10061154	274881141	7157324	186562534
Bio Fertiliser	Qtls	129964	40660522	136490	34581666
Electrical Energy	Kwh	14209800	50456956	14300500	43200053
Others	-		15325817		9491059
<b>Total</b>			<b>3389996179</b>		<b>2127948833</b>

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

PRODUCTS / SERVICES	Units	2011-2012		2010-2011	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	1050	2881250	990	2760250
Molasses	MTs.	39100	90272063	25440	69235169
Bagasse	MTs.	235565	279427755	206844	212152680
Electrical energy	KWH	24317746	85598466	20994132	73899346
Steam	MTs.	401979	253049442	875276	206063270
Filter Cake	MTs.	46899	468988	38750	387501
Sugarcane - Agricultural Produce	MTs.	1810	4007999	2726	4961322
Bio Gas	M3	759200	303680	506629	202652
<b>Total</b>			<b>716009643</b>		<b>569662190</b>

#### 34. Raw Materials Consumed

PARTICULARS	Units	2011-2012		2010-2011	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar - Sugarcane	MTs	1116558	2412582527	1049613	2247811568
Distillery - Molasses	MTs	39100	116689085	25440	88369676
Others			8505261		5415594
<b>TOTAL</b>			<b>2537776873</b>		<b>2341596838</b>
Less: Inter Divisional Transfers			97630300		77344242
<b>Net Consumption</b>			<b>2440146573</b>		<b>2264252596</b>

#### 35. Opening Stock of Finished Goods

PARTICULARS	Units	As at 01.04.2011		As at 01.04.2010	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	785757	1917005900	363445	882457798
Molasses	MTs	37949	77275678	27469	102657485
Industrial Alcohol	BLs	995240	17432189	1514414	44879966
Bio Fertiliser	Qtls	4419	9373743	5161	10530804
Others		–	4861186	–	1833475
<b>Total</b>			<b>2025948696</b>		<b>1042359528</b>

#### 36. Closing Stock of Finished Goods

PARTICULARS	Units	As at 31.03.2012		As at 31.03.2011	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	836535	2096342789	785757	1917005900
Molasses	MTs	42740	73402194	37949	77275678
Industrial Alcohol	BLs	885649	12797956	995240	17432189
Bio Fertiliser	Qtls	2281	4927010	4419	9373743
Others			4694305		4861186
<b>Total</b>			<b>2192164254</b>		<b>2025948696</b>



**37. Particulars regarding Capacity and Production**

PARTICULARS	Capacity			Actual Production	
	Licenced	Installed		2011-2012	2010-2011
	(as certified by the management)				
			Units		
a. Sugar					
(i) Vuyyuru Unit	7500	7500	Qtls	821820	784419
	(Tonnes of Cane crushed per day)				
(ii) Lakshmipuram	4000	4000	Qtls	241447	250160
	(Tonnes of Cane crushed per day)				
b. Molasses (By-Product)			MT's	55842	51345
c. Industrial Alcohol / Anhydrous Alcohol	50000	50000	BL per day	9951563	6638150
d. Bio Fertiliser			Qtls	128264	135748
e. Electrical Power					
(i) Incidental Co - Generation Power Plant. Vuyyuru	15 MW	15 MW	Kwh	35583100	33298100
(ii) Incidental Co - Generation Power Plant. Lakshmipuram	5 MW	5 MW	Kwh	7588148	6904124

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

Particulars	2011 – 2012 Rs.	2010 – 2011 Rs.
i) Raw Materials	NIL	NIL
ii) Components and Spare parts	NIL	NIL
iii) Capital Goods	NIL	NIL

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

Particulars	2011 – 2012 Rs.	2010 – 2011 Rs.
i) Foreign Travel	–	388310
ii) Others	–	319645

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

Particulars	2011 – 2012 Rs.	%	2010 – 2011 Rs.	%
a) Raw Materials:				
i) Imported	–		–	
ii) Indigenous	2440146573	100	2264252596	100
	2440146573		2264252596	
b) Spare parts and Components: (debited to respective heads)				
i) Imported	–	–	11813	–
ii) Indigenous	176753104	100	166131657	100

**41. RELATED PARTY DISCLOSURES:**

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

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

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

**(B) Transactions During the year**

**Amt in Rs.**

Particulars	Subsidiaries		Key Management Personnel	
	2011 - 12	2010 - 11	2011 - 12	2010 - 11
Interest Received	880352	3599078		
Rent Received	270000	270000	1200000	400000
Remuneration Paid to key Management Personnel			23681722	11104758
Advances Given	40967373	222445200		
Advances Received Back	41667373	235245200		
Interest on Fixed Deposits Paid to			3054000	3220104
<b>(C) Closing balances as on 31/03/2012</b>				
Party				
(a) The Eimco Kcp Ltd	—	700000		
(b) Kcp Sugars Agricultural Research Farms Ltd	—	—		
(c) Share Capital held in Subsidiary Companies	28500000	28500000		
(d) Share Capital held by key Management Personnel			1733310	1733310
(e) Fixed Deposits held by			30000000	30000000

**42. Earnings in Foreign Currency during the financial year on account of::**

Particulars	2011 – 2012 Rs.	2010 – 2011 Rs.
i) Carbon Credit	—	812046
ii) Others	—	—

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

Particulars		2011 – 2012 Rs.	2010 – 2011 Rs.
Profit attributable to the Shareholders	A	264249562	118322982
Basic / Weighted average number of Equity Shares outstanding during the year	B	113385050	113385050
Nominal value of Equity Shares		1.00	1.00
Basic / Diluted Earnings per share	A/B	2.33	1.04

**44. SEGMENT REPORTING**

(I) The Company has identified the reportable segments as on 31-03-2012 and others taking into account the nature of products and services the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

Amt in Rs.

Particulars	PRIMARY SEGMENT				Total
	Sugar	Chemicals	Power & Fuel	Others	
<b>1. Segment Revenues</b>					
Eexternal Revenues	3010768908	286379429	50456956	42390886	3389996179
Inter Segment Revenues	377058055	890907	338060681	0	716009643
<b>Total Revenues</b>	<b>3387826963</b>	<b>287270336</b>	<b>388517637</b>	<b>42390886</b>	<b>4106005822</b>
<b>2. Segment Results</b>					
Profit before Depreciation Interest and Taxation	307465515	104197722	88965360	19118342	519746939
Less : Interest	55559136	3236931	570312	479142	59845521
Less : Depreciation and amortizations	56799885	14127033	34377664	2982144	108286726
Less : Impairment on capital assets			14535030		14535030
<b>3. Unallocable Expenditure</b>					(19568116)
Less : Tax					53261984
<b>Total Profit</b>					<b>264249562</b>
<b>Capital Employed</b>					
4. Segment Assets	3097465738	212612473	335416338	49420948	3694915497
5. Unallocable Assets					541118196
6. Segment Liabilities	1544501948	2987710	2147537	1064037	1550701232
7. Unallocable Liabilities					747997114
8. Capital Employed					<b>1937335347</b>
9. Capital Expenditure		634670	879347	4173312	<b>46460563</b>

Note:

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

**ii) Geographical Segment :**

Particulars	Current Reporting Period	Previous Reporting Period
Sales within India	3389996179	2127948833
Sales outside India	—	—
<b>Total</b>	<b>3389996179</b>	<b>2127948833</b>

**Note:** Company does not own or operate any business outside India.

**Carrying Amounts of Geographical Assets & Additions to Tangible & Intangible Fixed Assets :**

Particulars	Carrying amounts of segment assets		Additions to fixed assets & Intangible assets	
	Current reporting period	Previous reporting period	Current reporting period	Previous reporting period
Located in India	4236033693	4056226459	38222287	50027600
Located outside India	—	—	—	—
<b>Total</b>	<b>4236033693</b>	<b>4056226459</b>	<b>38222287</b>	<b>50027600</b>

**45. General :**

Sundry debtorscreditors 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.

In accordance with our report attached

For and behalf of the Board

**For B.PURUSHOTTAM & CO.**

Chartered Accountants  
FRN 002808S

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

Partner  
(Membership No.206734)

Chennai  
11.05.2012

**R.GANESAN**  
Chief Financial Officer

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

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

**V. KIRAN RAO**

Executive Director

**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.

	2011 - 12	2010 - 11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and Extraordinary Items	317511546	132803020
Adjustments for:		
Depreciation	108286726	109544291
Loss/(Profit) on Sale of Assets	(3899735)	(2961772)
Assets written off	3035357	—
Impairment of Assets	14535030	—
Dividend Income	(16548124)	(15096263)
Interest paid	59845521	46709942
Profit on Sale of Investments	(44230929)	(32464155)
Interest received	(3413339)	(19761929)
<b>Operating Profit before Working Capital Changes</b>	<b>435122053</b>	<b>218773134</b>
Adjustments for :		
Trade and other Receivables	(6551887)	(29865986)
Inventories	178504568	991029490
Trade Payables	(24475260)	(914186161)
	<b>147477421</b>	<b>46977343</b>
<b>Cash Generated from Operation</b>	<b>287644632</b>	<b>171795791</b>
Direct Taxes Paid	92638000	(9734824)
<b>Cash Flow Before Extraordinary Items</b>	<b>195006632</b>	<b>181530615</b>
Extraordinary items	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>195006632</b>	<b>181530615</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	38222287	50027600
Investments purchased	149115917	74174840
Increase in Capital Work in Progress	4517763	776875
Sale of Investments	(90025534)	(42472878)
Sale of Fixed Assets	(6638507)	(3799944)
Interest Received	(3413339)	(19761929)
Dividend Received	(16548124)	(15096263)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>75230463</b>	<b>43848301</b>

Amt. in Rs.				
	2011 - 12		2010 - 11	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of Long Term Borrowings	<b>13270000</b>		(41522973)	
Interest Paid	<b>59845521</b>		46709942	
Repayment of Finance Lease Liabilities	—		—	
Dividends and Tax on dividend Paid (Including Interim)	<b>59300523</b>		99162668	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>132416044</b>		104349637
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>		<b>(12639875)</b>		33332677
Cash and Cash Equivalents beginning of the reporting period		<b>86843928</b>		53511251
Cash and Cash Equivalents end of the reporting period		<b>74204053</b>		86843928

In Accordance with our Report attached

**For B.PURUSHOTTAM & CO.**  
Chartered Accountants  
FRN 002808S  
**K.V.N.S. KISHORE**  
Partner  
M.No. 206734  
Chennai  
11.05.2012

**R.GANESAN**  
Chief Financial Officer

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

**IRMGARD VELAGAPUDI M. RAO**  
Managing Director

**V. KIRAN RAO**  
Executive Director

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

## CERTIFICATE

To  
The Members of  
K.C.P. Sugar and Industries Corporation Limited  
Chennai.

We have examined the attached Cash Flow Statement of **K.C.P.Sugar and Industries Corporation Limited**, for the year ended 31st March, 2012. 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 11th May, 2012 to the Members of the Company.

Place : Chennai  
Date : 11<sup>th</sup> May, 2012.

For **B Purushottam & Co.**  
Chartered Accountants,  
FRN 002808S  
**K.V.N.S. KISHORE**  
(M.No. 206734)  
Partner

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

### 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 600000 shares of Rs.10/- each fully paid up (including 10 shares held by its Nominees).
2. The financial results for the year ended 31.03.2012 and the figures for the corresponding previous financial year is summarized below:

Amt in Rs.

Particulars	Current Reporting Period 2011 - 12	Previous Reporting Period 2010 - 11
Profit for the year before tax	29323279	12891682
Provision for current/prev. year taxation	10300000	4600000
Prior period adjustments	-880488	- 187531
Deferred taxation/ (reversal)	733464	- 854406
Profit for the year after tax	19170303	9333619
Profit / (Loss) brought forward from previous year	43538535	34204916
Profit carried forward to Balance Sheet	62708838	43538535

3. The Eimco-KCP limited has not proposed any dividend for the year-ended 31.03.2012. (Previous year: Nil).
4. 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 2250000 shares (P:Y.:2250000) of Rs.10/- each fully paid up (including 6 shares held by its Nominees) as on 31st March 2012.
2. The financial results for the year ended 31.03.2012 and the figures for the corresponding previous financial year is summarized below:

Amt in Rs.

Particulars	Current Reporting Period 2011 - 12	Previous Reporting Period 2010 - 11
Profit for the year before tax	1615953	478792
Provn for current/prev. year taxation & FBT	—	64504
Prior period adjustments	—	26
Deferred taxation/ (reversal)	5875	15829
Profit for the year after tax	1610078	398485
Profit / (Loss) brought forward from previous year	579529	181044
Profit carried forward to Balance Sheet	2189607	579529

3. KCP Sugars Agricultural Research Farms Limited has not proposed any dividend for the year ended 31.03.2012.
4. No part of the above profits or reserves have been dealt with in the Company's Accounts.

For and behalf of the Board

**IRMGARD VELAGAPUDI M. RAO**  
Managing Director

**V. KIRAN RAO**  
Executive Director

Chennai  
11.05.2012

**R.GANESAN**  
Chief Financial Officer

**S.CHIDAMBARAM**  
General Manager (Fin) and  
Company Secretary

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

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

# *Forty Fourth Annual Report* *2011 – 2012*

### **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 Corporation 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 Forty fourth 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 Thursday, 27th day of September 2012 at 10.00 a.m. to transact the following business:

### ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 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. J. Satyanarayana, who retires by rotation and is eligible for reappointment.
- 3 To appoint the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

// By Order of the Board //

For THE EIMCO-K.C.P. LIMITED

Place : Chennai  
Date : 10.05.2012

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 : 10.05.2012

IRMGARD VELAGAPUDI M. RAO  
CHAIRPERSON

**TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Forty Fourth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2012.

**REVIEW OF OPERATIONS**

During the period under review the Company has received Orders totaling to Rs.3629.55 lakhs as compared to Rs. 2488.39 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 2012 was Rs.3426.06 lakhs as against Rs. 2970.05 lakhs in the previous year. The Profit was at Rs.293.23 lakhs for the year under review as against profit of Rs. 129.14 lakhs for the previous year. After providing for current and deferred taxation, the net profit for the year was Rs.191.70 lakhs to which after adding the brought forward surplus of Rs.435.38 lakhs, the carry forward surplus to the next year amounted to Rs. 627.08 lakhs.

**DIVIDEND**

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

**CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION**

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

**PARTICULARS OF EMPLOYEES**

Information as per Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of employees) Rule 1975 and forming a part of Director's Report for the year ended 31st March 2012 is not applicable as there was no employee covered by the same.

**EXPORTS & FOREIGN EXCHANGE EARNINGS & OUTGO**

Our Exports earnings during 2011-12 was Rs.400.62 lakhs (PY.- Rs. 474.54 Cr.). During the period under review the Company has incurred expenditure in foreign currency amounting to Rs.38.81 lakhs towards foreign travel and import of components. There are no specific areas in which Research and Development has been carried out by the Company.

**DIRECTORS**

At the forthcoming Annual General Meeting Shri. J. Satyanarayana 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 2008 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.

**STATUTORY STATEMENTS:**

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

**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. 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 : 10.05.2012



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

To

The Members

**M/s. The Eimco - K.C.P Limited**

183, New No.239, Anna salai, "Ramakrishna Buildings,  
Chennai: 600 006.

I have examined the registers, records, books and papers of M/s. **THE**

**EIMCO-K.C.P 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, 2012**. 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 recorded.
- The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies.
- The Company is a Public Limited Company and hence no comments are required.
- The Board of Directors duly met 4(Four) times respectively on 26.05.2011, 10.08.2011, 18.10.2011 and 31.01.2012 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 on 31st March 2011 was held on 28.09.2011 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.
- No Extra Ordinary General Meeting was held during the year.
- 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 31st March 2012. 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 : 10.05.2012

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

#### **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 during the financial year ending on 31st March, 2012.**

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 and P&L 23AC/23ACA XBRL	220	the year ended 31.03.2011	22.12.2011 P83561175	Yes	
2	Annual Return -20B	159	As on 28.09.2011	28.10.2011 P76168079	Yes	
3	Secretarial Compliance Certificate - 66	383A	the year ended 31.03.2011	16.11.2011 P79338430	No	Yes
4.	Appointment of Auditors - Form 23B	224	The year ended 31-03-2012	11.10.2011 S06177620	Yes	
5.	Form 8	135	Modification	27.04.2011 B10964393	Yes	
6.	Form 8	135	Modification	27.04.2011 B10965853	Yes	

Place: Chennai

Date : 10.05.2012

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

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

- 1) We have audited the attached Balance Sheet of **THE EIMCO-K.C.P.LIMITED**, as at **31st March, 2012**, and also the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
  - iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
  - v) On the basis of written representations received from the directors, of the company as at 31st March, 2012 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of under clause (g) of sub section (1) of section 274 of the companies act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and Accounting Policies give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012 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 : 10-05-2012.

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

## i) In respect of Fixed assets:

- a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
- b) The assets have not been physically verified by the Management during the year under report.
- c) During the year, the Company has not disposed 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 company, covered in the register maintained u/s 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.407.00 Lakhs and the year-end balance of the loan taken from such party was Rs.NIL. In our opinion, the rate of interest and other terms and conditions on which loan has been taken are not, prima facie, prejudicial to the interest of the company. According to the information and explanations furnished to us, the company has been regular in paying the principal and interest amounts as stipulated on the loans taken by it from the persons listed in the register maintained under Section 301 of the Companies Act 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted public deposits covered under the provisions of section 58A and 58AA and other applicable provisions of the Companies Act, 1956.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) The Provisions of Section 209(1)(d) of the Companies Act 1956, relating to maintenance of cost records, do not apply to the company, during the year under report.
- ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise Duty, and other material statutory dues applicable to it.
- b) According to the information and explanation given to us no undisputed amounts payable in respect of Income tax, Sales tax, wealth tax, Service tax, Customs Duty and Excise Duty and Cess were in arrears, as at 31-03-2012 for a period of more than six months from the date they became payable.
- c) According to the information given to us, there no dues of Income tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited on account of any dispute except in respect of Income 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	Income tax and related demands (F.Y 2007-08)	Income Tax	19,28,609	Commissioner of Income Tax Appeals
2	Income tax and related demands (F.Y 2008-09)	Income Tax	6,64,880	Commissioner of Income Tax Appeals

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

FOR B. PURUSHOTTAM & CO  
Chartered Accountants  
FRN 002808SK.V.N.S. KISHORE  
Partner  
M.No. 206734Place : Chennai  
Date : 10-05-2012



Amt in Rs.			
Particulars	Note No.	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	6000000	6000000
(b) Reserves & Surplus	3	74713026	55542723
		80713026	61542723
<b>2. Non - current liabilities</b>			
(a) Deferred tax liabilities (Net)	4	96279	—
(b) Long term provisions	5	26944677	20681720
		27040956	20681720
<b>3. Current Liabilities</b>			
(a) Short term borrowings	6	19164258	40940778
(b) Trade payables	7	44242087	42125607
(c) Other current liabilities	8	46509740	46735797
(d) Short term provisions	9	12720246	4936973
		122636331	134739155
<b>TOTAL</b>		230390313	216963598
<b>II ASSETS</b>			
<b>1. Non - current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	19414404	17989322
(b) Deferred tax assets (Net)	4	—	637185
(c) Long term loans and advance	11	3586860	1350884
(d) Other non current assets	12	14057166	12207999
		37058430	32185390
<b>2. Current Assets</b>			
(a) Inventories	13	68663425	72567447
(b) Trade receivables	14	110919781	91437576
(c) Cash and cash equivalents	15	3463050	6487083
(d) Short term loans and advances	16	10285627	14286102
<b>TOTAL</b>		230390313	216963598

The note numbers 1-46 attached form an integral part of the Financial Statement

In accordance with our Report attached

For and behalf of the Board

**For B.PURUSHOTTAM & CO.**

Chartered Accountants

FRN 002808S

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

Partner

M.No. 206734

Chennai

10.05.2012

**IRMGARD VELAGAPUDI M. RAO**

Chairperson

**V. KIRAN RAO**

Vice-Chairperson

Amt in Rs.

Particulars		Note No.	for the current reporting period 2011 - 2012	for the previous reporting period 2010 - 2011
I	Revenue from Operations	17	342605754	297005111
	Less: Excise duty		27829944	20556227
			314775810	276448884
II	Other Income	18	7053000	4934099
	<b>Total revenue</b>		<b>321828810</b>	<b>281382983</b>
III	<b>Expenses</b>			
	Cost of materials consumed	19	178598205	139705728
	Changes in inventories of finished goods, work in progress and stock in trade	20	(892201)	1989780
	Employee benefits expense	21	42220872	44592101
	Finance costs	22	6463522	9137774
	Depreciation and amortization expense	23	3270839	3633115
	Other expenses	24	62844294	69410583
	<b>Total Expenses</b>		<b>292505531</b>	<b>268469081</b>
IV	<b>Profit/(Loss) before tax ( (I+II)-III)</b>		<b>29323279</b>	<b>12913902</b>
V	<b>Tax expense:</b>			
	(1) Current tax		10300000	4600000
	(2) Deferred tax		733464	(854406)
	(3) Rev. of excess provision for taxation relating to earlier years		880488	187531
			10152976	3558063
VI	<b>Profit for the year</b>		<b>19170303</b>	<b>9355839</b>
VII	<b>Earning per equity share:</b>			
	Basic & Diluted		31.95	15.59

The note numbers 1-46 attached form an integral part of the Financial Statement

In accordance with our Report attached

For and behalf of the Board

For B.PURUSHOTTAM & CO.

Chartered Accountants

FRN 002808S

K.V.N.S. KISHORE

Partner

M.No. 206734

Chennai

10.05.2012

IRMGARD VELAGAPUDI M. RAO

Chairperson

V. KIRAN RAO

Vice-Chairperson





## 1. ACCOUNTING POLICIES

### i. Basis of Preparation of Financial Statements

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

### ii. Fixed Assets :

- (a) Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of all freight, duties, taxes, incidental expenses relating to the cost of acquisition and the cost of installation/erection as applicable.
- (b) Modvat availed, if any, during the year on Fixed Assets, is not included in the cost of such Fixed Assets capitalized during the year.

### iii. Depreciation :

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

### iv. Investments:

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

### v. Inventories:

- a. Finished Goods are valued at lower of cost and net realizable value, as increased by excise duty thereon as applicable.
- b. Scrap is valued at net realizable value.
- c. Work in progress is valued at lower of cost or net realizable value of the finished goods duly adjusted according to the percentage of progress.
- d. Raw materials, Stores, Spare parts, Material in Transit, etc., are valued at cost, except when the net realizable value of the finished goods they are used in is less than the cost of the finished goods and if in such an event the replacement cost of such materials etc., is less than their holding cost, in which case they are valued at replacement cost. Cost is determined on the basis of weighted average method.

### vi. Revenue Recognition:

Revenue from the sale of goods is recognized as and when dispatches were made, as per the terms of the contract. Sales are inclusive of excise duty recovered and net of discount and rebates.

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

### vii. Foreign Currency Transactions :

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

### viii. Research and Development Expenditure

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

### ix. Employee Benefits:

- a. Defined Contribution Plans: Fixed contribution to provident fund and employees state insurance made on monthly basis with relevant authorities are absorbed in Profit and Loss Account.
- b. Defined Benefit Plans (Long term employee benefits)
  - Gratuity:** Contributions to Gratuity Fund are made on the basis of Actuarial Valuation made by LIC using Projected Unit Credit Method. Gratuity Benefits is funded with LIC.
  - Leave Encashment:** Provision is made in the accounts for the estimated liability towards leave encashment on retirement / cessation of the services of the staff, as per the rules of the company. In respect of workmen, un-availed leave wages is paid during the end of the calendar year and accounted on accrual basis.
  - Short Term employee benefits:** Short-term employee benefits are absorbed as an expense as per the company's scheme based on expected obligation on undiscounted basis.

### x. Taxation:

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

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

### xi. Borrowing Costs:

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

### xii. Impairment of Assets

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

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

### xiii. Provisions, Contingent Liabilities, Contingent Assets, Warranty and Guarantee Claims.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

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



Particulars	Number	As at end of current reporting period 31-03-2012	Number	As at end of previous reporting period 31-03-2011
<b>2 . SHARE CAPITAL</b>				
<b>Authorised :</b>	<b>1000000</b>	<b>10000000</b>	1000000	10000000
Equity shares of Rs.10 /- each				
<b>Issued, subscribed and fully paid up:</b>	<b>600000</b>	<b>6000000</b>	600000	6000000
600000 Equity shares of Rs.10 /- each				
<b>Reconciliation of number of shares</b>				
At the beginning of the reporting period	<b>600000</b>	<b>6000000</b>	600000	6000000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	<b>600000</b>	<b>6000000</b>	600000	6000000

**Rights, Preferences and Restrictions attached to shares**

The Company has one class of equity shares having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding however no such preferential amounts exist currently.

Details of shares held by the holding company	No of Shares	Amount	No of Shares	Amount
K.C.P Sugar and Industries Corporation Ltd.	<b>600000</b>	<b>6000000</b>	600000	6000000
% of holding		<b>100</b>		100

**3. Reserves and Surplus:**

Particulars	Amt. In Rupees		
	General reserve	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period	12004188	43538535	55542723
Transferred from/to Profit & Loss Account	-	19170303	19170303
At the close of the reporting period	12004188	62708838	74713026
At the close of the previous reporting period	12004188	43538535	55542723



Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>4. Deferred tax liability:</b>		
a) On account of depreciation on fixed assets	161467	154038
b) On account of timing differences in recognition of expenditure	348045	350790
	509512	504828
<b>Deferred tax asset:</b>		
a) On account of timing differences in recognition of expenditure	413233	1142013
<b>Net Deferred tax liability/(asset)</b>	96279	(637185)
<b>5. Long term Provisions:</b>		
a) Provisions for employee benefits	1448692	2388834
b) Others - Provisions for Liquidated Damages	25495985	18292886
	26944677	20681720
<b>6. Short term Borrowings:</b>		
<b>Secured Loans:</b>		
Loans repayable on demand		
- from banks	19164258	40240778
	19164258	40240778
<b>Unsecured Loans:</b>		
Loans and advances from related parties	—	700000
	—	700000
<b>Total</b>	<b>19164258</b>	<b>40940778</b>

**Additional Information:**

- a Details of security for secured loans Secured by exclusive charge on the entire current assets of the company and collaterally by hypothecation of entire movable fixed assets of the company alongwith equitable mortgage of factory land and buildings at Ambattur, Chennai.

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>7. Trade Payables:</b>		
i) To Micro, Small and Medium Enterprises	-	-
ii) Trade payable for Goods and Services	44242087	42125607
	44242087	42125607
<b>8. Other current liabilities:</b>		
i) Statutory Liabilities	2398667	2639034
ii) Accrued Salaries, Wages & Benefits payable	575255	589318
iii) Advance received from customers	43535818	43507445
	46509740	46735797
<b>9. Short term provisions:</b>		
a) Provision for employee benefits	7130895	5506991
b) Provision for Income Tax (Net)	5589351	(570018)
	12720246	4936973

**10. Fixed Assets**

Amt in Rs.

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
Particulars	As at beginning of current reporting period	Additions for the year	Deductions during the year	As at end of current reporting period	As at beginning of current reporting period	For the year	Deductions	As at end of current reporting period	As at end of current reporting period	As at end of previous reporting period
<b>Tangible Assets</b>										
<b>Own assets</b>										
Land	632110	—	—	632110	—	—	—	—	632110	632110
Buildings	12259892	672725	—	12932617	4755973	761458	—	5517431	7415186	7503919
Plant & Machinery	24786242	2483592	—	27269834	18140535	1484751	—	19625286	7644548	6645707
Furniture & Fixtures	3197546	108394	—	3305940	2414705	170222	—	2584927	721013	1182905
Vehicles	1269105	—	—	1269105	419402	219988	—	639390	629715	849703
Office equipment	1546961	45317	—	1592278	1146898	71574	—	1218472	373806	—
Others (Specify nature)Computers	9912054	1385894	—	11297948	8737076	562846	—	9299922	1998026	1174978
	53603910	4695922	—	58299832	35614589	3270839	—	38885428	19414404	17989322
<b>Intangible assets</b>										
Others (Specify nature)Knowhow	235000	—	—	235000	235000	—	—	235000	—	—
	235000	—	—	235000	235000	—	—	235000	—	—
<b>Total</b>	<b>53838910</b>	<b>4695922</b>	<b>—</b>	<b>58534832</b>	<b>35849589</b>	<b>3270839</b>	<b>—</b>	<b>39120428</b>	<b>19414404</b>	<b>17989322</b>



Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>11. Long term loans and advances:</b>		
<b>Unsecured considered good</b>		
i) Security Deposits	1200773	1350884
ii) IT Refund Receivable	2386087	-
	3586860	1350884
<b>12. Other non current assets:</b>		
<b>Unsecured considered good</b>		
i) Interest Receivable	1256063	152749
ii) Margin Money fixed deposits with Bank	12801103	12055250
	14057166	12207999
<b>13. Inventories:</b>		
i) Raw materials	29568144	34365723
ii) Work in progress	27694309	24844439
iii) Finished goods	11134354	13092023
iv) Loose tools	266618	265262
	68663425	72567447
<b>14. Trade receivables:</b>		
<b>Unsecured, considered good</b>		
i) Trade receivables exceeding six months	5657677	34776364
ii) others	105262104	56661212
	110919781	91437576
<b>15. Cash and cash equivalents:</b>		
i) Balances with banks		
- in Current accounts	3325750	6377053
ii) Cash on hand	137300	110030
	3463050	6487083

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>16. Short term loans and advances:</b>		
<b>Unsecured, considered good</b>		
i) Advances for Supply of goods and rendering of services	6376526	9960370
ii) Loans and advances to Employees	210389	311481
iii) Withholding and Other taxes	1070496	1722320
iv) Others	2628216	2291931
	10285627	14286102
	For the current reporting period 2011 - 2012	For the previous reporting period 2010 - 2011
<b>17. Revenue from operations:</b>		
i) Sale of products		
Filters	23107134	46656905
Thickeners, Components, Spares, Bar Screens, etc.,	313771985	246558095
ii) Sale of services	3668430	2337837
iii) Other operating revenue	2058205	1452274
	342605754	297005111
<b>Less: Excise Duty</b>	27829944	20556227
	314775810	276448884
<b>18. Other Income:</b>		
i) Interest income	1254845	723520
ii) Miscellaneous Receipts	3271086	868130
iii) Packing & Forwarding Charges	690971	410039
iv) Difference in Foreign Exchange	(470589)	176487
v) Provision no longer required withdrawn	2200921	2247743
vi) Credit Balance Written Back	105766	508180
	7053000	4934099



Particulars	Amt. In Rupees	
	For the current reporting period 2011-12	For the previous reporting period 2010-11
<b>19. Cost of materials consumed:</b>		
i) Consumption of raw materials		
Stainless Steel	12352198	15976266
Iron and Steel	15759972	28808326
ii) Consumption of stores and spare parts	150486035	94921136
	178598205	139705728
<b>20. Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the end of the year		
i) Work in progress	27694309	24844439
ii) Finished goods	11134354	13092023
Total	38828663	37936462
Stocks at the beginning of the year		
i) Work in progress	24844439	39772191
ii) Finished goods	13092023	154051
Total	37936462	39926242
Net	(892201)	1989780
<b>21. Employee Benefit Expenses:</b>		
i) Salaries and wages	37607306	38929711
ii) Contribution to provident and other funds	2573472	3726175
iii) Staff welfare expenses	2040094	1936215
	42220872	44592101
<b>22. Finance Costs:</b>		
i) Interest expense	3622363	5989995
ii) Other borrowing costs	2841159	3147779
	6463522	9137774

Particulars	Amt. In Rupees	
	For the current reporting period 2011-12	For the previous reporting period 2010-11
<b>23. Depreciation and amortization:</b>		
Depreciation	<b>3270839</b>	3633115
	<b>3270839</b>	3633115
<b>24. Other expenses:</b>		
i) Power and fuel	<b>2495874</b>	2114978
ii) Rent	<b>279735</b>	270000
iii) Research , inspection and testing charges	<b>50016</b>	83251
iv) Machining and fabrication charges	<b>19028224</b>	22735479
v) Repairs to buildings	<b>1355931</b>	506841
vi) Repairs to machinery	<b>42500</b>	44450
vii) Repairs others	<b>495116</b>	1194226
viii) Insurance	<b>185241</b>	180697
ix) Rates and taxes	<b>490584</b>	3142946
x) Payment to the auditors		
- as auditor	<b>22472</b>	22060
- for other services	-	7170
xi) Selling expenses	<b>15540727</b>	14320576
xii) Performance and delivery guarantee claims	<b>13471021</b>	12777644
xiii) Bad trade receivables written off	-	2149865
xiv) Irrecoverable loans and advances written off	<b>394817</b>	397313
xv) Legal and professional charges	<b>1119617</b>	1771065
xvi) Miscellaneous expenses	<b>7872419</b>	7692022
	<b>62844294</b>	69410583



**25. 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, 60,30,443 /- (Rs. 8,05,40,944/-) are secured by stores and spares (including those lying with subcontractors), Work in progress and Finished goods.
- b) **No provision has been made towards:-**
- Disputed ESI demand raised by ESI authorities under ESI Act for the years 1990-91 to 1993-94 amounting to Rs.68233/-. Pending disposal of its appeal against the said demands the company paid Rs.15,000/- under protest, and the same is grouped under Loans and Advances. Disputed ESI demand raised by ESI authorities under ESI Act for the years 2000-01 to 2003-04 amounting to Rs.106256/-. Pending disposal of its appeal against the said demands the company paid Rs.26, 564 /- under protest, and the same is grouped under Loans and Advances.
  - Disputed Income Tax demand raised by Income Tax authorities under Income Tax Act for the years 2007-08(A.Y-2008-2009) amounting to Rs.19,28,609/- including interest. Pending disposal of its appeal against the said demands with Commissioner of Income Tax Appeals(III)
  - Disputed Income Tax demand raised by Income Tax authorities under Income Tax Act for the years 2008-09(A.Y-2009-2010) amounting to Rs.6,64,880/- including interest. Pending disposal of its appeal against the said demands with Commissioner of Income Tax Appeals (III)

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

Particulars		Current Reporting Period 2011 -2012		Previous Reporting Period 2010 -2011	
		Qty.	Value Rs.	Qty.	Value Rs.
(I)	<b><u>SALES:</u></b>				
	Filters (in Nos)	5 Nos	23107134	6Nos	46656905
	Thickeners, Components, Spares, Bar screens, etc. (Unit quantification not possible)		313771985		246558095
	Scrap		2058205	90610 Kgs	1452274
	Chemicals	-	-	-	-
	<b>TOTAL</b>		338937324		294667274
(II)	<b><u>SERVICES:</u></b>				
	Service Charges		3047230		1237837
	Design, Erection & Fabrication		621200		1100000
	<b>TOTAL</b>		342605754		297005111

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

Particulars	Current Reporting Period 2011 -2012		Previous Reporting Period 2010 -2011	
	MT	Rs.	MT	Rs.
Stainless Steel	53.91	12352198	79.88	15976266
Iron and Steel	471.79	15759972	857.27	28808326
<b>TOTAL</b>	525.70	28112170	937.15	44784592

Note: The above does not include of Rs 150486035/- (P.Y.Rs. 94921136/-) being the cost of Motors, Components, Pipes, Spares etc., consumed.



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

Particulars	OPENING STOCK				CLOSING STOCK			
	Current Reporting Period 2011 -2012		Previous Reporting Period 2010 -2011		Current Reporting Period 2011 -2012		Previous Reporting Period 2010 -2011	
	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
Filters	-	-	-	-	-	-	-	-
Washers, Classifiers, Clarifiers, Components Spares etc (Unit Quantifi- cation not Possible)	-	13092023	-	154051	-	11269263	-	13092023
Chemicals	-	-	-	-	-	-	-	-
<b>Total</b>		<b>13092023</b>		<b>154051</b>		<b>11269263</b>		<b>13092023</b>

**29. Purchase of Finished Goods**

Particulars	Current Reporting Period 2011 -2012		Previous Reporting Period 2010 -2011	
	Qty.	Value Rs.	Qty.	Value Rs.
Chemicals	NIL	NIL	NIL	NIL

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

**Actual Production :** 4Nos.(6Nos.) Filters, besides Washers, Classifiers, Clarifiers, Components, Spares etc.

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

Particulars	Current Reporting Period 2011 -2012		Previous Reporting Period 2010 -2011	
	VALUE Rs	%	VALUE Rs	%
<b>Raw materials:</b>				
<b>Imported</b>	NIL	NIL	NIL	NIL
<b>Indigenous</b>	28112170	100.00	44784592	100.00
<b>Spares and Components:</b>				
<b>Imported</b>	3198244	2.13	1722413	1.24
<b>Indigenous</b>	147287791	97.87	93198723	98.76
<b>TOTAL</b>	<b>150486035</b>	<b>100.00</b>	<b>94921136</b>	<b>100.00</b>



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

Particulars	Current Reporting Period 2011 -2012	Previous Reporting Period 2010 -2011
Foreign Travel Expenses	682833	250617
<b>TOTAL</b>	<b>682833</b>	<b>250617</b>

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

Particulars	Current Reporting Period 2011 -2012	Previous Reporting Period 2010 -2011
Components	3198244	1722413
Finished Goods- Chemicals	–	–
<b>TOTAL</b>	<b>3198244</b>	<b>1722413</b>

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

Particulars	Current Reporting Period 2011 -2012	Previous Reporting Period 2010 -2011
Export of Goods- FOB Value*	40062395	47453963
<b>Total</b>	<b>40062395</b>	<b>47453963</b>

**35.** 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.

**36. Disclosure under Accounting Standard 15-Employee Benefits:**

**GRATUITY :**

1. Assumptions	<u>31/03/2012</u>	<u>31/03/2011</u>
Discount Rate	8.0%	8.0%
Salary Escalation	5%	5%

**2. Table showing changes in present value of obligations**

	Rs.	Rs.
Present value of obligations as at beginning of year	4758354	3296869
Interest cost	380668	263750
Current Service Cost	468975	346738
Benefits Paid	(495248)	447749
Actuarial loss on obligation	57536	1298746
Present value of obligations as at end of year	5170285	4758354

**3. Table showing changes in the fair value of Plan assets**

**LIC FUND**

Fair value of plan assets at beginning of year	5070322	3573115
Expected return on plan assets	439050	311968
Contributions	590846	1632988
Benefits paid	(495248)	447749
Actuarial gain on plan assets	–	–
Fair value of plan assets at the end of year	5604970	5070322

	Rs.	Rs.
<b>4. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	5070322	3573115
Actual return of plan assets	439050	311968
Contributions	590846	1632988
Benefits Paid	(495248)	447749
Fair value of plan assets at the end of year	5604970	5070322
Funded status (Asset)	434685	311968
Excess of Actual over estimated return on plan assets	—	—
<b>5. Actuarial Gain/Loss recognised</b>		
Actuarial Gain on obligation	(57536)	1298746
Actuarial loss on plan assets	—	—
Total Gain for the year	57536	1298746
Actuarial Gain recognized in the year	57536	1298746
<b>6. 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	5170285	4758354
Fair value of plan assets as at the end of the year	5604970	5070322
Funded status (Asset)	434685	311968
NET ASSET RECOGNIZED IN THE BALANCESHEET	(434685)	311968
<b>7. Expenses Recognized in statement of Profit &amp; Loss</b>		
Current Service Cost	468975	346738
Interest Cost	380668	263750
Expected return on plan assets	(439050)	(311968)
Net Actuarial loss recognized in the year	57536	1298746
Expenses recognized in the profit & loss	468129	1597266

**37. Borrowing Cost as Per AS-16:**

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

**38. The Company operates in a single segment hence there are no reportable segments as per the requirements of Accounting Standard 17 "Segment Reporting".****39. 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 Velagapudi M.Rao Smt.Kiran.V.Rao



ii) Transactions with related parties:

Particulars	Holding Company Rs.	Key Management Personnel Rs.
Rent Paid	279735(P.Y270000)	NIL
Interest Paid	880352(P.Y3599078)	NIL
Advance Received	40000000(P.Y21250000)	NIL
Advance Repaid	40700000(P.Y22530000)	NIL
Guarantees given by	NIL -(P.Y NIL)	NIL

iii) Closing Balances with related parties:

Particulars	As on 31.03.2012 Rs.	As on 31.03.2011 Rs.
Outstanding Balance Payable to KCP Sugar & Industries Corp.Ltd., (Holding Company)	NIL	700000

**40. Operating Lease Disclosures – As per AS-19:**

Rent expenses of Rs.279735- (Previous year Rs.270000 /-) in respect of obligation under operating leases have been recognized in the Profit and Loss Account.

There are no future obligations in respect of the operating leases

**41. Earning per Share (EPS)- As per AS-20:**

Particulars	2011-2012 Rs.	2010-2011 Rs.
Profit attributable to the Shareholders (A)	19170755	9334698
Basic / Weighted average number of Equity shares outstanding during the year (B)	600000	600000
Nominal Value of Equity Shares	10	10
Basic/ Diluted Earnings per Share (A / B )	31.95	15.56

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

Sl. No.	Particulars	Assets Rs.	Liabilities Rs.
1.	Depreciation	--	161467 (P.Y.154038)
2.	Amounts disallowed u/s 43B of I.T Act	413233 (P.Y.1109079/-)	----
3.	VRS Payments amortized as per I.T Act	(P.Y.32935/-)	----
4.	Gratuity	--	39816 (PY 103628/-)
5.	Leave encashment-Disallowed last year-U/s 43(b) of Income Tax Act	--	308229 (PY 27162/-)
	TOTAL	413233 (PY 1142013)	509512 (P.Y504828/-)

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

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

45. Previous year figures have been regrouped wherever necessary.

46. Paise have been rounded off.

In accordance with our report attached.

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

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

Chennai  
10.05.2012

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

**V. KIRAN RAO**  
Vice-Chairperson



PARTICULARS	Amount in Rs.			
	2011-2012		2010-2011	
<b>Cash flows from operating activities</b>				
Profit before taxation		29323279		12891682
Adjustments for:				
Depreciation and amortization expense	3270839		3633115	
Investment Written off	-		10841	
Debit Balances Written off	394817		397313	
Bad Debts Written off	-		2149865	
Excess Provision credited back	(2200921)		(2247743)	
Credit Balances written back	(105766)		(508180)	
Interest Paid	6463522		9137774	
Interest Received	(1254845)		(723520)	
		6567646		11849465
		35890925		24741147
(Increase)/ decrease in trade and other receivables	(17972090)		6916008	
(Increase)/ decrease in inventories	3904022		3889807	
Increase/decrease in trade payables and others	12083971		20456325	
		(1984097)		31262140
		33906828		56003287
		(5249743)		(3594687)
Income taxes paid		28657085		52408600
Net cash from operating activities				
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(4695921)		(1479152)	
Interest received	1254845		723520	
Net cash from investing activities		(3441076)		(755632)
<b>Cash flows from financing activities</b>				
Repayment of short term borrowings	(21076520)		(35142592)	
Receipt of Unsecured Loan	40000000		212500000	
Repayment of Unsecured Loan	(40700000)		(225300000)	
Interest paid	(6463522)		(9137774)	
Net cash from financing activities		(28240042)		(57080366)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(3024033)		(5427398)
<b>Cash and cash equivalents at beginning of reporting period</b>		6487083		11914481
<b>Cash and cash equivalents at end of reporting period</b>		3463050		6487083

In accordance with our report attached.

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

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

Chennai  
10.05.2012

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

**V. KIRAN RAO**  
Vice-Chairperson

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

## ***Thirteenth Annual Report 2011- 2012***

### **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, Flat No.5, 1st Floor 6, Soundararajan Street T. Nagar - Chennai 600017.
<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 Thirteenth 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 Thursday, 27th day of September 2012 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 2012 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 is eligible 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 : 10.05.2012

CHAIRPERSON



Your Directors have pleasure in presenting the Thirteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2012.

#### REVIEW OF OPERATIONS:

During the year ended 31.03.2012, the turnover and other income increased to Rs. 26.74 lakhs from Rs.12.92 lakhs primarily on account of receipts on investments. This resulted in profit of Rs.16.16 lakhs as against Rs. 4.78 lakhs in the previous year. After providing for taxation of Rs.0.06 lakhs, the profit was Rs.16.10 lakhs. After adding balance profit of Rs.5.80 lakhs brought forward from previous year, the balance carried to the Balance Sheet was Rs.21.90 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 2012 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 600017, who were appointed as the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment and to authorize the Board to fix their remuneration.

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

Place : Chennai  
Date : 10.05.2012

**IRMGARD VELAGAPUDI M. RAO**  
**CHAIRPERSON**

**SECRETARIAL COMPLIANCE CERTIFICATE**  
**Registration No : CIN – U73100TN1978PLC041501**  
**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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies under the Act and the rules made there under.
3. The Company is a Public Limited Company and therefore no comments are required.
4. The Board of Directors duly met 4 (Four) times respectively on 26.05.2011, 10.08.2011, 18.10.2011 and 08.02.2012 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 2011 was held on 28th September 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company has not conducted any Extra Ordinary General Meeting during the year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to under Section 295 of the Act.
9. According to the Register of Contracts, the Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificate during the year under review.
13. The Company has :
  - i. not made any allotment / Transmission / transfer of securities during the financial year.
  - ii. not declared any dividend for the financial year.
  - iii. Payment/Posting of dividend warrants to all the members within a period of 30 days from the date of declaration and transfer of unclaimed/unpaid dividend to unpaid dividend Account of the Company is not applicable since the Company has not declared any dividend for the year under review.
  - iv. Transfer of amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund is not applicable to the Company.
  - v. As per the information/explanation provided by management, the company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment / cessation of a Director during the year.
15. The Company's Paid-up Capital being less than the prescribed Rs.5.00 crores, it is not required to appoint the Managing Director / Whole-time Director / Manager and accordingly the provisions of Section 269 of the Act to that extent are not applicable.
16. The Company has not appointed any sole-selling agents during the financial year.
17. During the said year, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the year under review.
20. The Company has not bought back any shares during the year under review.
21. The Company has not issued any Redeemable Preference Shares / Debentures.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the year under review.

24. The Company has not made any borrowings during the financial year ended 31st March 2012.
25. The Company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate during the year.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the company, and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Provisions of Section 418 of the Companies Act 1956 are not applicable to the company.

Place : Chennai  
Date : 10.05.2012

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

**ANNEXURE A**

**Registers as maintained by the Company**

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

**ANNEXURE B**

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31st March, 2012.

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 31.03.2011	06.12.2011 P82227240	Yes	
2	Annual Return -20B	159	As on 28.09.2011	02.11.2011 P78023868	Yes	
3	Secretarial Compliance Certificate - 66	383A	the year ended 31.03.2011	16.11.2011 P79339057	No	Yes
4	Appointment of Auditors - Form 23B	224	2011-2012	04.10.2011 S06072417	NA	

Place : Chennai  
Date : 10.05.2012

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

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

1. We have audited the attached Balance Sheet of K.C.P. AGRICULTURAL & RESEARCH FARMS LIMITED No.239 (Old No 183), Ramakrishna Buildings, Anna Salai, Chennai 600 006 as at 31st March, 2012, the Profit and loss account and also the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. **Further to our comments in the Annexure referred to above, we report that:**
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956
  - e) On the basis of written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 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, 2012 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

Place : Chennai  
Date : 10.05.2012

**K.R. Adivarahan**  
Partner  
(M.No. 25420)

**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, Employee Provident Fund Act and ESI Act are not applicable to the Company. Other applicable statutory dues have been remitted in time.  
(b) There are no disputed amounts payable in respect of Sales tax/Income Tax/customs tax/excise duty/cess which are outstanding for a period of more than 6 months from the date they became payable.
- x. According to the information and explanations furnished to us, the Company does not have 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

Place : Chennai  
Date : 10.05.2012

**K.R. Adivarahan**  
Partner  
(M.No. 25420)

Amt in Rs.					
Particulars	Note No.	As at end of current reporting period 31-03-2012		As at end of previous reporting period 31-03-2011	
<b>I EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	2	22500000		22500000	
(b) Reserves & Surplus	3	2189607		579529	
			24689607		23079529
<b>2. Non - current liabilities</b>					
Deferred tax liabilities	4		133438		127563
<b>3. Current Liabilities</b>					
Other current liabilities	5		30455		30207
<b>TOTAL</b>			24853500		23237299
<b>II ASSETS</b>					
<b>1. Non - current assets</b>					
(a) Fixed Assets - Tangible assets	6	4671256		4379443	
(b) Non - current investments	7	13144830		11325973	
			17816086		15705416
<b>2. Current Assets</b>					
(a) Current Investments	8	5815985		6381834	
(b) Inventories	9	464430		418749	
(c) Cash and Bank balances	10	92813		67114	
(d) Short Term Loans and Advances	11	664186		664186	
			7037414		7531883
<b>TOTAL</b>			24853500		23237299

The note numbers 1 to 18 attached form an integral part of Financial Statements

As per our report of even date

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

**K.R.ADIVARAHAN**  
Partner  
M. No. 25420

For and on behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

**R.GANESAN**  
Director

Chennai  
10.05.2012

Amt in Rs.					
Particulars	Note No.	For the current reporting period 2011-12		For the previous reporting period 2010-11	
<b>I Revenue from Operations</b>	12		131782		56472
<b>II Other Income</b>	13		2541904		1235559
<b>III Total revenue (I + II)</b>			2673686		1292031
<b>IV Expenses</b>					
Changes in inventories	14		(46346)		(114778)
Employee benefits expense	15		474830		401298
Finance costs	16		2055		1730
Depreciation	6		46147		46016
Other expenses	17		581047		478973
<b>Total Expenses</b>			1057733		813239
<b>V Profit before tax (III-IV)</b>			1615953		478792
<b>VI Tax expense:</b>					
(1) Current tax			-	64504	
(2) Deferred tax		5875	5875	15829	80333
Add : Reversal of excess provision for taxation relating to earlier years			-		26
<b>VII Profit for the year</b>			1610078		398485
<b>VIII Earning per equity share:</b>					
Basic & Diluted			0.72		0.18

The note numbers 1 to 18 attached form an integral part of Financial Statements

As per our report of even date

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

**K.R.ADIVARAHAN**  
Partner  
M.No. 25420

For and on behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

**R.GANESAN**  
Director

Chennai  
10.05.2012

**1. Major accounting policies:****i. General:**

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

**ii. Fixed Assets:**

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

**iii. Depreciation:**

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

**iv. Investments:**

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

**v. Inventories:**

Standing crops at the year end is valued at cost.

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

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

2. Payment of gratuity Act, Provident Fund & ESI Acts are not applicable to the Company.

3. Previous years figures have be regrouped whenever necessary.

4. Contingent Liabilities not provided for : NIL

5. Foreign exchange Income & Outgo : NIL

## 2 . SHARE CAPITAL

Amt in Rs.

Particulars	Number	As at end of current reporting period 31-03-2012	Number	As at end of previous reporting period 31-03-2011
<b>Authorised :</b>				
Equity shares of Rs.10 /- each	5000000	50000000	5000000	50000000
<b>Issued, subscribed and fully paid up:</b>				
Equity shares of Rs.10 /- each				
At the beginning of the reporting period	2250000	22500000	2250000	22500000
Issued during the reporting period	—	—	—	—
Bought back during the reporting period	—	—	—	—
At the close of the reporting period	2250000	22500000	2250000	22500000
Particulars of Equity share holders holding more than 5% of the total number of preference share capital				
K.C.P Sugar and Industries Corporation Ltd	2250000	22500000	2250000	22500000

## 3. Reserves and Surplus:

Particulars	Amt. In Rupees		
	General reserves	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period	—	579529	579529
Transferred from/to Profit & Loss Account	—	1610078	1610078
At the close of the reporting period	—	2189607	2189607
At the close of the previous reporting period	—	579529	579529

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>4. Deferred tax liability:</b>		
On account of depreciation on fixed assets	133438	127563
<b>5. Other Current liabilities:</b>		
Outstanding liabilities for expenses	30455	30207

**6. Fixed Assets****Amt in Rs.**

Description	GROSS BLOCK (AT COST)			DEPRECIATION					NET BLOCK	
	Cost upto 31.03.2011	Additions during the year	Deletions during the year	Cost upto 31.03.2012	upto to 31.03.2011	For the year	On Deletions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
LAND (incl devt)	3686503	0	0	3686503	0	0	0	0	3686503	3686503
FENCING	306424	0	0	306424	114431	10235	0	124666	181758	191991
BUILDING	126500	0	0	126500	39774	4225	0	43999	82501	86727
PLANT & MACHINERY	605319	337958	0	943277	214424	28884	0	243308	699969	391412
VEHICLES	29510	0	0	29510	6182	2803	0	8985	20525	22810
Total	4754256	337958	0	5092214	374811	46147	0	420958	4671256	4379443

**7. Non Current Investments****Amt in Rs.**

Description	OPENING BALANCE AS ON 01-04-2011		PURCHASED DURING THE YEAR		SOLD DURING THE YEAR		CLOSING BALANCE AS ON 31-03-2012	
	NO OF SHARES	VALUE	NO OF SHARES	VALUE	NO OF SHARES	VALUE	NO OF SHARES	VALUE
Long Term Investments - at cost								
Others (Quoted)								
Investment in Equity Shares								
1. Asian Paints Ltd	200	232837					200	232837
2. Blue Star Ltd.	5800	2364753					5800	2364753
(Face value of Rs.2/- each )								
3. Container Corporation of India Ltd.	700	822051					700	822051
4. Geodesic Information Systems Ltd	400	80458					400	80458
(Face value of Rs.2/- each )								
5. Gujarat Gas	3100	838740					3100	838740
(Face value of Rs.2/- each )								
6. Indraprastha Gas Ltd.	8000	1652424	8000	3471281	8000	1652424	8000	3471281
7. ISMT Ltd.	3800	300380					3800	300380
8. Marico Limited	3500	222814					3500	222814
(Face value of Re.1/- each )								
9. Nucleus Soft	200	38058					200	38058
10. Subex Azure Ltd.	50	26322					50	26322
11. Yuken India Ltd.	100	20137					100	20137
12. Monsanto India Ltd	200	167819					200	167819
13. Savita Oil Technologies Ltd	8165	4489223					8165	4489223
14. Precision Wire India Ltd	500	69957					500	69957
TOTAL		11325973		3471281		1652424		13144830

NOTE:

1. The Face Value of the above shares is Rs. 10/- each, unless otherwise mentioned.

2. Aggregate Quoted Investments: At Cost	11325973	13144830
At Market Value	12316864	11338379

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>8. Current Investments:</b>		
Investments in Mutual Funds : Valued at Cost or NAV whichever is lower		
SBI Magnum Insta Cash Fund - Daily Dividend option. (No of units : 3472.9209) Unquoted (PY: 380998.1724)	5815985	6381834
<b>9. Inventories:</b>		
i) Pesticides / fertilisers	1965	2630
ii) Standing crops	462465	416119
	464430	418749
<b>10. Cash and cash equivalents:</b>		
i) Balances with banks	—	—
- in Current accounts	74176	40897
ii) Cash on hand	16138	23718
iii) Fixed deposit	2499	2499
	92813	67114
<b>11. Short term loans and advances:</b>		
Income tax paid in advance	664186	664186
	<b>For the current reporting period 2011 - 2012</b>	<b>For the previous reporting period 2010 - 2011</b>
<b>12. Revenue from operations:</b>		
Sale of agricultural products	131782	56472
<b>13. Other Income:</b>		
i) Interest income - long term investments	228	228
- current investments	—	964622
ii) Dividend Income	—	—
- from long term investments	343620	237675
- from current investments	434152	31834
iii) Miscellaneous Receipts	—	1200
iv) Net gain/loss on sale of long term investments	1763904	—
	2541904	1235559



Particulars	Amt. In Rupees	
	For the current reporting period 2011 - 2012	For the previous reporting period 2010 - 2011
<b>14. Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the end of the year		
Standing Crops	462465	416119
Less:		
Stocks at the beginning of the year		
(a) Standing Crops	416119	297601
(b) Agricultural produce	-	3740
Total	416119	301341
Net	46346	114778
<b>15. Employee Benefit Expenses:</b>		
i) Salaries and wages	453140	387100
II) Staff welfare expenses	21690	14198
	474830	401298
<b>16. Finance Costs:</b>		
ii) Other borrowing costs	2055	1730
<b>17. Other expenses:</b>		
i) Repairs others	63827	35884
ii) Rates and taxes	547	872
iii) Payment to the auditors	13483	13236
iv) Legal and professional charges	27648	10206
v) Cultivation expenses	179988	167880
vi) Labour charges	143787	109960
vii) Pesticides / Fertilizers	133205	130415
viii) Miscellaneous expenses	18562	10520
	581047	478973
<b>18. Earnings per share:</b>		
Profit for the year after tax expense	1610078	398485
Weighted average number of equity shares	2250000	2250000
Earning per share	0.72	0.18

PARTICULARS	Amount in Rs.			
	Current Reporting Period 2011 - 2012		Previous Reporting Period 2010 - 2011	
<b>Cash flows from operating activities</b>				
Profit before taxation		1615953		478792
Adjustments for:				
Depreciation and amortization expense	46147		46016	
Interest received	(228)		(964850)	
Profit on Sale of Investment	(1763904)		-	
Dividends received	(777772)		(269509)	
Interest expenses				
		(2495757)		(1188343)
		(879804)		(709551)
Increase / decrease in trade and other receivables				
Increase / decrease in inventories	(45681)		114787	
Increase/ decrease in trade payables & others	247		-	
		(45434)		114787
		(925238)		(824338)
Income taxes paid		-		24212
Net cash from operating activities		(925238)		(848550)
<b>Cash flows from investing activities</b>				
Purchase of fixed assets	(337958)			
Purchase of investments	(3471282)		15781399	
Sale of investments	3982177			
Interest received	228	-	(964850)	
Dividend received	777772	-	(269509)	
Net cash from investing activities		950937		14547040
<b>Net increase/(decrease) in cash and cash equivalents</b>		25699		(15395590)
<b>Cash and cash equivalents at beginning of reporting period</b>		67114		15462704
<b>Cash and cash equivalents at end of reporting period</b>		92813		67114

As per our report of even date  
for **VENKAT & RANGAA**  
Chartered Accountants  
FRN 004597S

**K.R.ADIVARAHAN**  
Partner  
M.No. 25420

Chennai  
10.05.2012

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

**R.GANESAN**  
Director

*Consolidated Financial Statements*

*of*

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

*and*

*its Subsidiaries*

*2011 - 2012*

**BALANCE SHEET AS AT 31ST MARCH, 2012**

				Amt in Rs.	
Particulars	Note No.	As at end of current reporting period 31-03-2012		As at end of previous reporting period 31-03-2011	
<b>I EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	2	113385050		113385050	
(b) Reserves & Surplus	3	1900852930		1708068245	
			2014237980		1821453295
<b>2. Non - current liabilities</b>					
(a) Long term borrowings	4	277616000		290886000	
(b) Deferred tax liabilities (Net)	5	198260848		233868574	
(c) Other long term liabilities	6	10184743		8185086	
(d) Long term provisions	7	46969973		40581260	
			533031564		573520920
<b>3. Current Liabilities</b>					
(a) Short term borrowings	8	814104258		690306778	
(b) Trade payables	9	734235697		784079704	
(c) Other current liabilities	10	249677220		319514141	
(d) Short term provisions	11	111813145		77715334	
			1909830320		1871615957
<b>TOTAL</b>			4457099864		4266590172
<b>II ASSETS</b>					
<b>1. Non - current assets</b>					
(a) Fixed Assets					
(i) Tangible assets	12	1228689213		1314358683	
(ii) Capital work in progress	13	19784688		18254160	
		1248473901		1332612843	
(b) Non - current investments	14	243530525		150245854	
(c) Long term loans and advances	15	8876380		7170335	
(d) Other non current assets	16	14057166	1514937972	12207999	1502237031
<b>2. Current Assets</b>					
(a) Current Investments	17	104010911		92721262	
(b) Inventories	18	2348481515		2173835288	
(c) Trade receivables	19	234772895		206241375	
(d) Cash and Bank balances	20	77759916		93398125	
(e) Short term loans and advances	21	177136655		198157091	
			2942161892		2764353141
<b>TOTAL</b>			4457099864		4266590172

Note numbers 1-32 attached form an integral part of Financial Statements.

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

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

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

**V. KIRAN RAO**  
Executive Director

Chennai  
11.05.2012

**R.GANESAN**  
Chief Financial Officer

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

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

**K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**PROFIT AND LOSS STATEMENTS** FOR THE YEAR ENDED 31ST MARCH, 2012

		Amt in Rs.			
Particulars		Note No.	For the current reporting period 2011 - 2012		For the previous reporting period 2010 - 2011
I	Revenue from Operations	21		4448743358	2994672606
	Less: Inter Divisional Transfers			716009643	569662190
				3732733715	2425010416
	Less: Excise duty			138308698	91750885
				3594425017	2333259531
II	Other Income	22		95004225	85286409
III	<b>Total revenue (I + II)</b>			3689429242	2418545940
IV	Expenses				
	Cost of materials consumed	23	2823639846		2574935257
	Less: Inter Divisional Transfers		97630300		77344242
			2726009546		2497591015
	Changes in inventories of finished goods, work in progress and stock in trade	24	(174491212)		(999736955)
				2551518334	1497854060
	Employee benefits expense	25	321094302		309434013
	Finance costs	26	69001346		55597823
	Depreciation	12	111603712		113223422
	Impairment loss on capital assets		14535030		-
	Other expenses	27	273225740	789460130	296263128
	<b>Total Expenses</b>			3340978464	2272372446
V	Profit before tax (III-IV)			348450778	146173494
VI	Tax expense:				
	(1) Current tax		93300000		34664504
	(2) Deferred tax		(35607726)		(4325542)
	(3) Provision for taxation relating to earlier years		5728561		(12220554)
				63420835	18118408
VII	Profit for the year			285029943	128055086
VIII	Earning per equity share:				
	Basic & Diluted			2.51	1.13

Note numbers 1-32 attached form an integral part of Financial Statements.

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

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

Chennai  
11.05.2012

**R.GANESAN**  
Chief Financial Officer

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

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

**V. KIRAN RAO**  
Executive Director

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

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****a. SYSTEM OF ACCOUNTING:**

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

**BASIS OF CONSOLIDATION:**

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

**b. FIXED ASSETS**

- i. 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.
- ii. Modvat Credit availed on acquisition of Fixed Assets is reduced from the cost of the concerned assets.

**c. 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.

**d. 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.

**e. INVENTORIES**

- i. 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.
- ii. 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.
- iii. Crops under cultivation are valued at cost.

- iv. 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.
- v. 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.

**f. SALES AND OTHER EARNINGS**

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

**g. 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.

**h. FOREIGN EXCHANGE TRANSACTIONS**

- i. 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.
- ii. 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
- iii. 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

**i. 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.

**j. EMPLOYEE BENEFITS**

**(i) Long-term Employee Benefits**

**(a) Defined Contributions 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 - (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 is funded with Life Insurance Corporation of India, which is recognised by the Income Tax authorities and administered through Trustees. Liability for Defined Benefit Plan is provided on the basis of valuation carried out by LIC of India with regard to the employees for whom the same is funded with LIC. In the case of other employees, the same is provided on the basis of the valuation carried out by an

independent actuary as at the Balance Sheet date. The actuarial valuation method used 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.

**k. 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.

**l. 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.

**m. 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.



**2 . SHARE CAPITAL**

**Amt in Rs.**

Particulars	Number	As at end of current reporting period 31-03-2012	Number	As at end of previous reporting period 31-03-2011
<b>Authorised :</b>				
Equity shares of Rs.1 /- each	250000000	250000000	250000000	250000000
<b>Issued, subscribed and fully paid up:</b>				
Equity shares of Rs.1 /- each	113385050	113385050	113385050	113385050
<b>Reconciliation of No. of. Shares</b>				
At the beginning of the reporting period	113385050	113385050	113385050	113385050
Changes during the year	—	—	—	—
At the closing of the reporting period	113385050	113385050	113385050	113385050

**3. Reserves and Surplus:**

Particulars	Amt. In Rupees				
	Capital redemption reserve	Investment redemption reserve	General reserves	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period	15545110	4505000	1075004188	613013947	1708068245
Transferred from/to Profit & Loss Account			27000000	285029943	312029943
Transfer to General Reserve				27000000	27000000
Proposed Dividends				79369535	79369535
Provision towards dividend distribution tax				12875723	12875723
At the close of the reporting period	15545110	4505000	1102004188	778798632	1900852930
At the close of the previous reporting period	15545110	4505000	1075004188	613013947	1708068245

**4. Long term Borrowings:**

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>Unsecured Loans:</b>		
Fixed Deposits	277616000	290886000

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>5. Deferred tax liabilities (Net):</b>		
<b>i) Deferred tax liability</b>		
On account of depreciation on fixed assets	228043297	252836620
<b>ii) Deferred tax asset</b>		
On account of timing differences in recognition of expenditure	29782449	18968046
<b>Net Deferred tax liability</b>	<b>198260848</b>	233868574
<b>6. Other Long term liabilities:</b>		
Interest accrued but not due on fixed deposits	10184743	8185086
<b>7. Long term Provisions:</b>		
Provision for employee benefits	21473988	22288374
Provision for liquidated damages	25495985	18292886
	<b>46969973</b>	40581260
<b>8. Short term Borrowings:</b>		
Secured Loans		
Loans repayable on demand		
From banks	19164258	40240778
Unsecured Loans:		
a) Loans repayable on demand		
- from banks	700000000	548050000
b) Fixed Deposits maturing within one year.	94940000	102016000
	<b>794940000</b>	650066000
	<b>814104258</b>	690306778
<b>9. Trade Payables:</b>		
i) To Micro, Small and Medium Enterprises	—	—
ii) Trade payables to Suppliers and service providers	734235697	784079704
	<b>734235697</b>	784079704

**Note:**

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.

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>10. Other Current Liabilities</b>		
a) Current maturities of long term debt	–	72496556
b) Interest accrued but not due on borrowings	<b>17659975</b>	24894657
c) Advances received from customers	<b>44848576</b>	46304904
d) Unpaid dividends	<b>12863368</b>	13141994
e) Unclaimed matured deposits and interest accrued thereon	<b>9565227</b>	8014650
f) Statutory Liabilities	<b>106700285</b>	99142910
g) Outstanding Liabilities for Expenses	<b>56540146</b>	54005725
h) Earnest Money and Other Deposits	<b>1499643</b>	1512745
	<b>249677220</b>	319514141
<b>11. Short term provisions:</b>		
a) Provision for employee benefits	<b>19656177</b>	15257615
b) Provision for Dividend	<b>79369535</b>	51023274
c) Provision for tax on distributed profits	<b>12875723</b>	8277250
d) Provision for Income Tax (Net)	<b>(88290)</b>	3157195
	<b>111813145</b>	77715334

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)



## CONSOLIDATED FINANCIAL STATEMENTS

12. Fixed Assets											
Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		
	Cost upto 31.03.2011	Additions during the year	Deletions during the year	Cost upto 31.03.2012	upto to 31.03.2011	For the year	Impairment Loss	On Deductions	upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Lands	89116071		7998	89108073						89108073	89116071
Buildings	—	—	—	—	—	—	—	—	—	—	—
Own Buildings	310098676	6368793	64231	316403238	57244768	8066274	1117747	16111	66412678	249990560	252853908
Leasehold Buildings	112189	—	—	112189	112189	—	—	—	112189	—	—
Plant & Machinery	1783678414	21416995	7500947	1797594462	870148286	91440537	13417283	4793246	970212860	827381602	913530128
Tramways & Railways Sidings	23097214	—	—	23097214	10153544	1166502	—	—	11320046	11777168	12943670
Furniture and Fixtures	11217359	330027	61982	11485404	6731012	529410	—	38906	7221516	4263888	4886411
Computers and Office Equipments	75875043	5031248	2456173	78450118	60801563	4490961	—	2456173	62836351	15613767	14673417
Knowhow and Designs	235000	—	—	235000	235000	—	—	—	235000	—	—
Vehicles	56724066	10109104	—	66833170	30368987	5910028	—	—	36279015	30554155	26355079
TOTAL	2350154032	43256167	10091331	2383318868	1035795349	111603712	14535030	7304436	1154629655	1228689213	1314358683
Previous year	2301368872	51506752	2721592	2350154032	924455347	113223422	—	1883420	1035795349	1314358683	1376913525
K.C.P. Sugar and Industries Corporation Ltd.	2291560866	382222287	10091331	2319691822	999570948	108286726	14535030	7304436	1115088268	1204603554	1291989918
The EIMCO-K.C.P. Ltd.	538338910	4695922	—	58534832	35849589	3270839	—	—	39120428	19414404	17989322
KCP Sugars Agricultural Research Farms Ltd.	4754256	337958	—	5092214	374812	46147	—	—	420959	4671255	43794443
Total	2350154032	43256167	10091331	2383318868	1035795349	111603712	14535030	7304436	1154629655	1228689213	1314358683

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>13. Capital work in progress:</b>		
a) Plant and Machinery	16277426	14746898
b) Building under Construction	3507262	3507262
	<b>19784688</b>	18254160
<b>14. Non Current Investments:</b>		
Investments in Equity Instruments		
Quoted - Fully paid up	243030525	149745854
Unquoted - Fully paid up	500000	500000
	<b>243530525</b>	150245854
Note : Aggregate value of quoted investments at cost	243030525	149745854
Aggregate of quoted investments at Market Value	205197479	173432466
<b>15. Long term loans and advances:</b>		
Unsecured, considered good		
Security Deposits	8876380	7170335
<b>16. Other Non current assets:</b>		
Interest receivable	1256063	152749
Margin money fixed deposits with bank	12801103	12055250
	<b>14057166</b>	12207999
<b>17. Current investments:</b>		
Investments in mutual funds (Cost or NAV whichever is lower)	104010911	92721262
<b>18. Inventories:</b>		
i) Raw materials	30070840	282274
ii) Work in progress	66063665	55830342
iii) Finished goods	2203298608	2039040719
iv) Stores and spares	48781784	78416691
vi) Loose tools	266618	265262
	<b>2348481515</b>	2173835288

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2012	As at end of previous reporting period 31-03-2011
<b>19. Trade receivables:</b>		
i) Trade receivables exceeding six months - Unsecured		
a) Considered good	7114107	76640678
b) Doubtful	6226863	6304846
ii) Others - Unsecured considered good	227658788	129600697
	240999758	212546221
Less: Provision for doubtful debts	6226863	6304846
	234772895	206241375
<b>20. Cash and Bank balances:</b>		
<b>Cash and cash equivalents:</b>		
i) Balances with Banks		
- in Current accounts	48160043	63234965
ii) Cash on hand	901007	910188
Other balances with Bank		
I) - in unpaid dividend accounts	12863367	13141994
ii) - in margin money, security for borrowings, guarantees and other commitments	15835499	16110978
	77759916	93398125
<b>21. Short term loans and advances:</b>		
<b>Unsecured, considered good</b>		
I) Advances to suppliers and service providers	172874989	185979752
ii) Advances to employees	2526984	2815924
iii) Advance taxes, duties etc (Net)	1734682	9361415
	177136655	198157091

**K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**

Particulars	Amt. In Rupees	
	For the current reporting period 2011 - 2012	For the previous reporting period 2010 - 2011
<b>22. Other Income:</b>		
i) Interest income	3788060	17851221
ii) Dividend Income		
- from long term investments	6577850	2960339
- from current investments	10748046	12405433
iii) Rent Received	5449133	4014689
iv) Miscellaneous Receipts	11514056	7494830
v) Profit on sale of fixed assets (Net)	3899735	2961772
vi) Net gain/loss on sale of current investments	354086	-
vii) Net gain/loss on sale of long term investments	45640747	32464155
viii) Unclaimed Balance credited back	1599825	546787
ix) Claims Received	649074	579637
x) Carbon Credit	-	812046
xi) Provision no longer required withdrawn	4092642	3019013
xii) Packing and forwarding charges	690971	-
xiii) Foreign exchange variation	-	176487
	95004225	85286409
<b>23. Cost of materials consumed:</b>		
i) Consumption of raw materials	2565889043	2386789685
Less: Inter Divisional Transfers	97630300	77344242
	2468258743	2309445443
ii) Consumption of stores and spare parts	257750803	188145572
	2726009546	2497591015
<b>24. Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the end of the year		
i) Work in progress	66063665	55830342
ii) Finished goods	2203298608	2039040719
	2269362273	2094871061
Less:		
Stocks at the beginning of the year		
i) Work in progress	55830342	52616787
ii) Finished goods	2039040719	1042517319
	2094871061	1095134106
Changes in inventories	174491212	999736955

Particulars	Amt. In Rupees	
	For the current reporting period 2011 - 2012	For the previous reporting period 2010 - 2011
<b>25. Employee Benefit Expenses:</b>		
i) Salaries and wages	246063226	250533824
ii) Contribution to provident and other funds	26174472	26301429
iii) Remuneration to whole time directors	23681722	11039702
iv) Staff welfare expenses	25174882	21559058
	<b>321094302</b>	<b>309434013</b>
<b>26. Finance Costs:</b>		
i) Interest expense	62587532	52248638
ii) Other borrowing costs	6413814	3349185
	<b>69001346</b>	<b>55597823</b>
<b>27. Other expenses:</b>		
i) Power and fuel	637753521	510972712
Less: Inter Divisional Transfers	618379343	492317948
	<b>19374178</b>	<b>18654764</b>
ii) Rent	123495	154130
iii) Repairs to buildings	8710625	9337267
iv) Repairs to machinery	87654531	77600862
v) Repairs others	9129806	7864594
vi) Insurance	3451070	2853755
vii) Rates and taxes (Net)	11308352	55218501
viii) Payment to the auditors	730847	692902
ix) Selling expenses	31535628	22859464
x) Irrecoverable loans and advances written off	560705	-
xi) Assets Written Off	3035357	-
xii) Donations	400000	100000
xiii) Legal and professional charges	5286171	4925484
xiv) Directors sitting fees	920000	1040000
xv) Remuneration to non whole time directors - Commission	700000	703356
xvi) Difference in foreign Exchange	470589	-
xvii) Testing Charges	50016	83251
xviii) Machine Fabrication charge	19028224	23793586
xix) Performance and delivery guarantee claim	13471021	12777644
xx) Bad debts written off	-	2547178
xxi) Miscellaneous expenses	57285125	55056390
	<b>273225740</b>	<b>296263128</b>



**28. Contingent liabilities and Capital Commitments not provided for:**  
**Contingent Liabilities:**

**Amt in Rs.**

<b>PARTICULARS</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Claims against the company not acknowledged as debts:		
Labour Cases	52,32,242	48,47,218
Sales Tax Cases	-	5,70,852
ESI Cases	1,32,925	1,32,925
Case on Captive Power Generation	2,61,69,375	2,61,69,375
Bank Guarantees	8,11,29,881	8,55,90,382
Disputed Income Tax	25,93,489	19,28,609
<b>TOTAL</b>	<b>11,52,57,912</b>	<b>11,92,39,361</b>

**29. Employee Benefits**

<b>Disclosure under Accounting standard 15 (AS 15): Defined benefit plans</b>			
	<b>Gratuity</b>	<b>2011 – 2012</b>	<b>2010 – 2011</b>
(I)	<b>Change in Benefit Obligation</b>		
	Liability at the beginning of the year	95893929	84894249
	Transitional liability		
	Interest Cost	-	6743510
	Current Service Cost	4495260	4361058
	Benefit Paid	5329072	4017219
	Actuarial (gain)/loss on obligations	3389165	3912331
	Liability at the end of the year	98449282	95893929
(II)	<b>Fair value of Plan Assets</b>		
	Fair value of plan assets at the beginning of the year	83575728	61892666
	Expected Return on Plan Assets	7548764	6435276
	Contributions	6443791	19149620
	Benefit Paid	4278727	3901834
	Actuarial gain /(loss) on Plan Assets	-	-
	<b>Fair Value of plan assets at the end of the year</b>	<b>93289556</b>	<b>83575728</b>
(III)	<b>Actual Return on Plan Assets</b>		
	Expected Return on Plan Assets	7548764	6435276
	Actuarial gain/(loss) on plan Assets	57536	-
	<b>Actual Return on Plan Assets</b>	<b>7491228</b>	<b>6435276</b>
(IV)	<b>Amount Recognised in the Balance Sheet</b>		
	Liability at the end of the year	106079590	95893929
	Fair value of Plan Assets at the end of the year	93289556	83575728
	Difference (Unfunded)	12790034	12318201
	<b>Amount Recognised in the Balance Sheet</b>	<b>12790034</b>	<b>12318201</b>
(V)	<b>Expenses Recognised in the Income Statement</b>		
	Current Service Cost	4495260	4361058
	Interest Cost	7630308	6743510
	Expected Return on Plan Assets	7548764	6435276
	Net Actuarial (Gain)/ loss to be recognised	3389165	3912331
	Expenses Recognised in P & L	7965969	8581623
(VII)	<b>Actuarial Assumptions : For the Year</b>		
	Discount Rate Current (%)	8%	8%
	Salary Escalation Current (%)	7% & 5 %	5% & 7 %
	Expected rate of return on plan assets	8 %	8 %
	L I C Mortality rate 1994- 1996 ultimate		

**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.

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

		<b>2011-2012 Rs.</b>	<b>2010-2011 Rs.</b>
Profit attributable to the Shareholders	A	28,50,29,943	12,80,55,086
Basic / Weighted average number of Equity Shares outstanding during the year	B	11,33,85,050	11,33,85,050
Nominal value of Equity Shares		1.00	1.00
Basic / Diluted Earnings per share	A/B	2.51	1.13

**31. RELATED PARTY DISCLOSURES:**

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

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

- 1. Key Management Personnel**
- a) Shri. Vinod R. Sethi, Executive Chairman
  - b) Smt. Irmgard Velagapudi M Rao, Managing Director.
  - c) Smt.V. Kiran Rao, Executive Director.

(B). Transactions During the year

**Amt in Rs.**

<b>Particulars</b>	<b>Subsidiaries</b>	
	<b>2011 - 12</b>	<b>2010 - 11</b>
Rent Received	<b>1200000</b>	400000
Remuneration Paid	<b>23681722</b>	11104758
Interest on Fixed Deposits	<b>3054000</b>	3220104
Share Capital Held	<b>1733310</b>	1733310
Fixed Deposits Held	<b>30000000</b>	30000000

**K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**32. SEGMENT REPORTING :**

(I) The Company has identified the reportable segments as on 31-03-2012 and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

					Amt in Rs.	
Particulars	Sugar	Chemicals	Power & Fuel	Engineering	Others	Total
<b>Segment Revenues</b>						
External Revenues	3010768908	286379429	50456956	342605754	42522668	3732733715
Inter Segment Revenues	377058055	890907	338060681	—	—	716009643
Total Revenues	3387826963	287270336	388517637	342605754	42522668	4448743358
<b>Segment Results</b>						
Profit before Depreciation Interest and Taxation	306345638	104174838	88961305	36486481	20776906	556745168
Less : Interest	55559136	3236931	570312	2742011	479142	62587532
Less : Depreciation and Amortizations	56799886	14127033	34377664	3270839	3028291	111603712
Less : Impairment on Capital Assets			14535030			14535030
Unallocable Expenditure						(19568116)
Less : Tax						63420835
Total Profit						285029943
<b>Capital Employed</b>						
Segment Assets	3097465738	212612473	335416338	230390313	74274447	3950159309
Unallocable Assets						625618196
Segment Liabilities	1544501948	2987710	2147537	149677287	1227929	1700542411
Unallocable Liabilities						860997114
Capital Employed						2014237980
<b>Capital Expenditure</b>	40773234	634670	879347	4695922	4511270	51494443

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.

**ii. Geographical Segment:**

Particulars	Amt in Rs.
Sales within India	4408680963
Sales Outside India	40062395
<b>Total</b>	<b>4448743358</b>

**Carrying amounts of Geographical Assets & Additions to Tangible & Intangible Fixed Assets:**

Particulars	Amt in Rs.
Carrying amounts of segment assets	4457099864
Additions to fixed assets & Intangible assets	43256167

<b>CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS</b>			
		<b>Amt in Rs.</b>	
	<b>2011-12</b>		<b>2010-11</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit before tax and Extraordinary Items	<b>348450778</b>		146173494
Adjustments for:			
Depreciation	<b>111603712</b>	113223422	
Loss/(Profit) on Sale of Assets	<b>(3899735)</b>	(2961772)	
Assets written off	<b>3035357</b>	10841	
Impairment of Assets	<b>14535030</b>	0	
Bad debts and Debit balances written off	<b>560705</b>	2547178	
Dividend Income	<b>(17325896)</b>	(15365772)	
Profit on Sale of Investments	<b>(45994833)</b>	(32464155)	
Interest paid	<b>62587532</b>	52248638	
Interest received	<b>(3788060)</b>	(17851221)	
Credit balances written back	<b>(1599825)</b>	(508180)	
	<b>119713987</b>		98878979
<b>Operating Profit before Working Capital Changes</b>	<b>468164765</b>		245052473
Adjustments for :			
Trade and other Receivables	<b>12292952</b>	(23981994)	
Inventories	<b>174646227</b>	987254471	
Trade and other Payables	<b>(14782958)</b>	(932394743)	
	<b>172156221</b>		30877734
<b>Cash Generated from Operation</b>	<b>296008544</b>		214174739
Direct Taxes Paid	<b>97887743</b>		(6115926)
Cash Flow Before Extraordinary Items	<b>198120801</b>		220290665
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>198120801</b>		220290665
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets	<b>43256167</b>	51506752	
Investments purchased	<b>152587199</b>	89956239	
Increase in Capital Work in Progress	<b>4517763</b>	776875	
Sale of Investments	<b>(94007711)</b>	(42472878)	
Sale of Fixed Assets	<b>(6638507)</b>	(3799944)	
Interest Received	<b>(3788060)</b>	(17851221)	
Dividend Received	<b>(17325896)</b>	(15365772)	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>78600955</b>		62750051
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Long Term Borrowings	<b>13270000</b>	(6380381)	
Interest Paid	<b>62587532</b>	52248638	
Dividends and Tax on dividend Paid (Including Interim)	<b>59300523</b>	99162668	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>135158055</b>		145030925
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(15638209)</b>		12509689
Cash and Cash Equivalents - Opening	<b>93398125</b>		80888436
Cash and Cash Equivalents - Closing	<b>77759916</b>		93398125

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

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

Chennai  
11.05.2012

**R.GANESAN**  
Chief Financial Officer

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

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

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

To  
**The Board of Directors,**  
**K.C.P. Sugar and Industries Corporation Ltd**  
**Chennai.**

We have examined the attached consolidated Balance sheet of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries as at March 31, 2012, 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's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", prescribed by the Central Government u/s 211(3C) of the companies Act, 1956 and other recognized Accounting practices and policies.

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, 2012.
- b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries for the year then ended, and
- c) the cash-flow statement is in agreement with the above Profit and Loss Account and Balance Sheet.

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

**K.V.N.S. Kishore**  
Partner  
(M. No. 206734)

Place : Chennai  
Date : 11.05.2012

[illegible]

## 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 :

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

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

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

DATE : .....

.....  
(Signature of First holder)

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

**K.C.P. SUGAR AND INDUSTRIES  
CORPORATION LIMITED**  
No.239, Anna Salai,  
Chennai -600 006.

(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 enalble 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>	<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>a) Who can nominate</b>	
	<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.

## SEVENTEENTH ANNUAL GENERAL MEETING

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

Date : **Friday, 28<sup>th</sup> September, 2012**  
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 Seventeenth Annual General Meeting of the Company, to be held at

**10.00 a.m. on Friday the 28<sup>th</sup> day of September 2012** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

S.No	Recieved on	Time	Code

Signed by the said .....

Affix  
Revenue  
Stamp

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

