

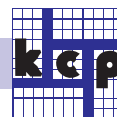
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KEY FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	Year Ended									
	31-3-09	31-3-08	31-3-07	31-3-06	31-3-05	31-3-04	31-3-03	31-3-02	31-3-01	31-3-00
SHARE CAPITAL	1289	1289	1289	1289	1289	1289	1289	1289	1289	1289
RESERVES & SURPLUS	22780	17697	12984	9625	8610	8084	8112	8435	8740	8329
NET WORTH	24069	18986	14273	10914	9899	9374	9401	9725	10029	9618
FIXED ASSETS (NET)	13147	12653	11704	7572	6850	7091	7556	8146	8686	9316
GROSS INCOME	41788	41604	30051	20680	16863	14722	14353	14092	13954	13957
GROSS PROFIT	11369	11284	8321	3448	2445	1385	1122	2734	2544	1139
DEPRECIATION	914	858	618	519	494	667	688	695	701	618
INTEREST	671	692	444	444	489	584	774	1051	1255	1480
PROFIT BEFORE TAX	9784	9734	7259	2485	1462	135	-339	988	587	-959
PROFIT AFTER TAX	6591	6654	4829	1750	967	117	-178	790	567	-962
EARNINGS PER SHARE (Rs.)	51.12	51.61	37.46	13.57	7.50	0.91	-1.38	6.13	4.4	-
BOOK VALUE PER SHARE (Rs.)	186.72	147.27	110.72	84.66	76.79	72.71	72.93	75.43	77.79	74.61
DIVIDEND ON EQUITY (%)	100	100	100	50	30	10	10	20	11	10
DEBT EQUITY RATIO	0.27	0.15	0.21	0.39	0.03	0.05	0.13	0.23	0.35	0.43



BOARD OF DIRECTORS

DUTT V.L

Chairman and Managing Director

INDIRA DUTT V.L

Joint Managing Director

KAVITHA D. CHITTURI

Executive Director

GANDHI V.

Technical Director

KOTESWARA RAO P.

RAMAKRISHNA A.

RAMAKRISHNAN V.H.

SWAMINATHA REDDY O.

CHIEF FINANCIAL OFFICER

RAMACHANDRAN M.R.

COMPANY SECRETARY

VIJAYA KUMAR Y.

AUDITORS

M/s. **BRAHMAYYA & CO**
Chartered Accountants, Vijayawada

COST AUDITORS

M/s. **NARASIMHAMURTHY & CO**
Cost Accountants, Hyderabad

BANKERS

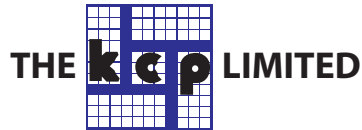
STATE BANK OF INDIA
CANARA BANK
HDFC BANK LTD
BANK OF BARODA
BANK OF INDIA

REGISTERED AND CORPORATE OFFICE

“RAMAKRISHNA BUILDINGS”
2, DR. P.V. CHERIAN CRESCENT
EGMORE, CHENNAI - 600 008
Ph: 66772600 Fax: 66772620
E-MAIL: kcp@vsnl.com

REGISTRAR & SHARE TRANSFER AGENT & DEPOSITORY REGISTRARS

M/S INTEGRATED ENTERPRISES (INDIA) LIMITED
II FLOOR “KENCES TOWERS”
NO.1 RAMAKRISHNA STREET
NORTH USMAN ROAD, T. NAGAR
CHENNAI - 600 017
Ph: 28140801 Fax: 28142479
Website: www.iepindia.com



Regd. Office : "Ramakrishna Buildings", 2, Dr. P.V. Cherian Crescent, Egmore, Chennai - 600 008.

Notice to Shareholders

NOTICE is hereby given that the Sixty Eighth Annual General Meeting of the Company will be held on Monday 27th, July 2009 at 11 A.M. at the Registered Office of the Company at "Ramakrishna Buildings", No. 2, Dr. P.V. Cherian Crescent, Egmore, Chennai-600 008 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2009, the Profit and Loss account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares for the year ended 31.03.2009.
3. To appoint a Director in place of Sri.O. Swaminatha Reddy, who retires by rotation and being eligible, offers himself for re-appointment and for the said purpose to consider and if thought fit, to pass the following Resolution with or without modification(s) as an **Ordinary Resolution**.
"RESOLVED THAT Sri. O.Swaminatha Reddy, who retires by rotation be and is hereby re-appointed as a Director of the Company liable to retire by rotation."
4. To appoint a Director in place of Sri. P. Koteswara Rao, who retires by rotation and being eligible, offers himself for re-appointment and for the said purpose to consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**.
"RESOLVED THAT Sri. P. Koteswara Rao, who retires by rotation, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."
5. To appoint M/s. Brahmayya & Co., Chartered Accountants, Vijayawada retiring Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to fix their remuneration and for the said purpose to consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**.
"RESOLVED THAT M/s. Brahmayya & Co., Chartered Accountants, Vijayawada be and are hereby re-appointed as the Statutory Auditors

of the Company to hold such office until the conclusion of the next Annual General Meeting, at a remuneration to be fixed by the Board on mutually agreed terms and conditions."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), and the provisions of the Articles of Association of the Company and subject to such sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded for re-appointment of Smt. Kavitha Dutt Chitturi as Executive Director of the Company for a period of five (5) years with effect from 1/10/2009 with a remuneration as detailed below with liberty to the Board to alter and vary the terms and conditions of the said appointment as may be agreed between the Board of Directors and Smt. Kavitha Dutt Chitturi

I	Salary	: Rs.1,00,000 per month, (in the scale of Rs.1,00,000 –10,000 – Rs.1,60,000)
II	Perquisites	
	1. Housing	: HRA Rs.25,000 per month
	2. Medical Reimbursement	: Rs.25,000 per annum, or Rs.1,25,000 in a block of five years, for self and family.
	3. Club Fees	: Two clubs
	4. Personal Accident Insurance	: As per Company Rules.
	5. Provident Fund	: (Presently 12% of salary)
	Superannuation Fund/Annuity Fund	: (Presently 15% of salary) as per Company's Rules and applicable provisions of the Relevant Statutes.

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| <p>6. Gratuity : In accordance with Payment of Gratuity Act, read with Company rules.</p> <p>7. Car and Telephone : Will be provided with one or more cars, and one or more telephones (including mobile phones) at her residence or such other places as necessary for use in connection with the Company's business.</p> <p>III Commission : Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is subject to an overall ceiling of 1% of the net profits of the Company in a financial year, computed in accordance with the provisions of Sec. 349 of the Companies Act, 1956.</p> <p>IV Minimum Remuneration : Where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits computed in accordance with Section 349 of the Companies Act, 1956 are inadequate, the Company will pay her remuneration by way of salary and perquisites as specified above subject to the provisions of Schedule XIII of the Companies Act, 1956.</p> | <p>1 SALARY : Rs.250,000 per month</p> <p>2 PERQUISITES :</p> <p>1. Housing : Free furnished accommodation</p> <p>2. Medical Reimbursement : Rs.25000 per annum, or Rs.1,25,000 in a block of five years, for self and family.</p> <p>3. Club Fees : Two clubs</p> <p>4. Personal Accident Insurance : As per Company Rules.</p> <p>5. Car and Telephone : Will be provided with one or more cars, and one or more telephones (including mobile phones) at his residence or such other places as necessary for use in connection with the Company's business.</p> <p>III Commission : Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is subject to an overall ceiling of 2.5% of the net profits of the Company in a financial year, computed in accordance with the provisions of Sec. 349 of the Companies Act, 1956.</p> <p>IV Minimum Remuneration : Where in any financial year during the currency of the tenure of the Chairman and Managing Director, the Company has no profits or its profits computed in accordance with Section 349 of the Companies Act, 1956 are inadequate, the Company will pay his remuneration by way of salary and perquisites as specified above subject to the provisions of Schedule XIII of the Companies Act, 1956.</p> |
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“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to take all such steps, actions give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard and to file necessary forms with Registrar of Companies.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an [Ordinary Resolution](#):

“RESOLVED THAT in partial modification of the resolution passed on 27-09-2006 in this regard, and as per the recommendations of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), subject to such sanctions as may be necessary, approval of the Company be and is hereby accorded for payment of the following revised remuneration to Dr. V.L.Dutt, Chairman and Managing Director of the Company with effect from 01-10-2009, for the remaining tenure of his office and that all other existing terms for his appointment and remuneration will remain unaltered”

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard and to file necessary forms with Registrar of Companies.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an [Ordinary Resolution](#):

“RESOLVED THAT in partial modification of the resolution passed on 27.09.2006 in this regard, as per the recommendations of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), subject to such sanctions and approvals as may necessary,

approval of the company be and is hereby accorded for payment of the following revised remuneration to Smt. V.L. Indira Dutt, Joint Managing Director of the Company with effect from 01-10-2009, for the remaining tenure of her office and that all other existing terms for her appointment and remuneration will remain unaltered”

- I SALARY : Rs.2,00,000 per month
- II PERQUISITES
 - 1. Medical Reimbursement : Rs.25,000 per annum, or Rs.1,25,000 in a block of five years, for self and family.
 - 2. Club Fees : Two clubs
 - 3. Personal Accident Insurance : As per Company Rules.
 - 4. Provident Fund : (Presently 12% of salary)
Superannuation : (Presently 15% of salary)
Fund/Annuity Fund : as per Company's Rules and applicable provisions of the Relevant Statutes.
 - 5. Gratuity : In accordance with Payment of Gratuity Act, read with Company rules.
 - 6. Car and Telephone : Will be provided with one or more cars, and one or more telephones (including mobile phones) at her residence or such other places as necessary for use in connection with the Company's business.
- III Commission : Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is subject to an overall ceiling of 2.5% of the net profits of the Company in a financial year, computed in accordance with the provisions of Sec. 349 of the Companies Act, 1956.
- IV Minimum Remuneration : Where in any financial year during the currency of the tenure of the Joint Managing Director, the Company has no profits or its profits computed in accordance with Section 349 of the Companies Act, 1956 are inadequate, the Company will pay her remuneration by way of salary and perquisites as specified above subject to the provisions of Schedule XIII of the Companies Act, 1956.

“**FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard and to file necessary forms with Registrar of Companies.”

- 9. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** in partial modification of the earlier resolution passed on 27.09.2006 in this regard, as per the recommendations of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), subject to such sanctions and approvals a may be necessary, approval of the Company be and is hereby accorded for payment of the following revised remuneration to Sri. V. Gandhi, Technical Director of the Company with effect from 01-10-2009 (with a power to the Board to revise the remuneration within the scale), for the remaining tenure of his office and that all other existing terms for his appointment and remuneration will remain unaltered”

- I SALARY : Rs.1,00,000 per month – (In the scale Rs.1,00,000-Rs.10,000-Rs.160,000)
- II PERQUISITES
 - 1. Housing : Free furnished accommodation and Rs.25,000 per month as house related expenses.
 - 2. Medical Reimbursement : Rs.15,000 per annum, or Rs.75,000 in a block of five years, for self and family.
 - 3. Leave Travel Concession : Rs.15,000 per annum
 - 4. Club Fees : One club
 - 5. Personal Accident Insurance : As per company rules.
 - 6. Provident Fund : (Presently 12% of salary)
Superannuation : (Presently 15% of salary)
Fund/Annuity Fund : as per Company's Rules and applicable provisions of the Relevant Statutes.
 - 7. Gratuity : In accordance with Payment of Gratuity Act, read with Company rules.
 - 8. Encashment Leave : Accumulated leave can be encashed at the end of contract period.
 - 9. Car and Telephone : Will be provided also with one or more cars, and one or more telephones (including mobile phones) at his residence or such other places as necessary for use in connection with the Company's business.
- III Commission : Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is subject to an overall ceiling of 1% of the net profits of the Company in a financial year, computed in accordance with the provisions of Sec. 349 of the Companies Act, 1956.

- IV Minimum Remuneration : Where in any financial year during the currency of the tenure of the Technical Director, the Company has no profits or its profits computed in accordance with Section 349 of the Companies Act, 1956 are inadequate, the Company will pay his remuneration by way of salary and perquisites as specified above subject to the provisions of Schedule XIII of the Companies Act, 1956.

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard and to file necessary forms with Registrar of Companies.”

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in supersession of our earlier resolution passed in the 67th Annual General Meeting of the Company held on 25.09.2008, the consent of the Company be and is hereby accorded, pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding Rs.1000,00,00,000/- (Rupees one thousand crore), and that the Board of Directors be and are hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.”

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/agreements and to create charge/mortgage as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to

settle any question, difficulty or doubt that may arise in regard to creating mortgage/charge as aforesaid and also to delegate all or any of the above powers to the Committee of Directors or the Chairman and Managing Director, Joint Managing Director, Executive Director, Technical Director and/or the Executive/Executives of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution(s) and to file necessary forms with Registrar of Companies.”

11. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of all our earlier resolutions and pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the Authorized Share Capital of the Company of Rs.55,00,00,000 (Rupees fifty five crore) divided into 5,50,00,000 Equity Shares of Rs.10/- (Rupees ten only) each be and is hereby re-classified into 1,28,97,748 (One crore twenty eight lakhs ninety seven thousand seven hundred and forty eight) Equity Shares of Rs.10/- (Rupees ten only) each, 4,21,02,252 (Four crore twenty one lakhs two thousand two hundred and fifty two) Unclassified Shares of Rs 10/- (Rupees ten only) each; with a power to the Board to decide on the extent of variation in such rights and to classify and re-classify from time to time such shares into any class of shares.

“FURTHER RESOLVED THAT the existing clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:

‘V. The Authorised Capital of the Company is Rs. 55,00,00,000 (Rupees Fifty five crore) divided into 1,28,97,748 (One crore twenty eight lakhs ninety seven thousand seven hundred and forty eight) Equity Shares of Rs.10/- (Rupees ten only) each, 4,21,02,252 (Four crore twenty one lakhs two thousand two hundred and fifty two) Unclassified Shares of Rs 10/- (Rupees ten only) each; with a power to the Board, to divide the shares in the capital for the time being into several classes and

to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to classify and re-classify from time to time such shares into any class of shares.

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard and to file necessary forms with Registrar of Companies.”

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a [Special Resolution](#):

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered in the following manner:

[Article 5](#) of the Articles of Association be deleted and in its place the following new article shall be substituted

‘5. The Authorised Capital of the Company is Rs. 55,00,00,000 (Rupees Fifty five crore) divided into 1,28,97,748 (One crore twenty eight lakhs ninety seven thousand seven hundred and forty eight) Equity Shares of Rs.10/- (Rupees ten only) each, 4,21,02,252 (Four crore twenty one lakhs two thousand two hundred and fifty two) Unclassified Shares of Rs 10/- (Rupees ten only) each; with a power to the Board, to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to classify and re-classify from time to time such shares into any class of shares.

In [Article 159](#) of the Articles of Association, the words **“thirty-days”** be substituted for the words **“forty-two days”**

After [Article 65](#) of the Articles of Association, new Articles 65A, 65B, 65C, 65D and 65E be inserted:

65A. The cumulative, redeemable, Preference shares shall confer on the holders thereof the right to a fixed cumulative preferential dividend as per the rate fixed by the Board of Directors from time to time either at the time of issue or revising the rate of dividend on the existing preference shares in conformity with the rate from time to time prescribed under the Preference Shares (Regulation of Dividend) Act, 1960 subject to deduction of tax at source at the prescribed rates and in the event of winding up the right to redemption of capital and arrears of the said fixed dividend accrued upto the date of the commencement of the winding up and payable whether such dividend has been earned or declared or not, and shall as regards such dividend and payment in winding up rank in priority to equity shares in the capital of the Company for the time being, but the said preference shares shall not entitle the holder thereof to any further or other participation in the profits or assets of the Company.

65B. The preference shares shall be redeemed as per the terms of issue of such shares and subject to the provisions of Sections 80, 80A and all other applicable provisions of the Companies Act, 1956 as amended from time to time.

65C. If the Company through its Directors decides to redeem only a part of the preference shares for the time being outstanding, the said preference shares to be redeemed on each occasion shall be determined by drawing of lots to be made at such time and place and in such manner as the Directors may determine, but in the presence of at least one of the Directors and representative of the auditors of the Company for the time being.

65D. The Company shall not create and/or issue preference shares in future ranking in priority to the preference shares already issued and further in the event the Company creates and/or issues preference shares in future ranking paripassu with the preference shares already issued, it would do so only with the consent in writing of the holders of not less than 3/4th of the preference shares then outstanding or with the sanction by a special resolution passed at a separate meeting of the holders of preference shares.

65E. Subject to the applicable provisions of the Companies Act, 1956 and rules made there under as amended time to time, the Company may issue equity shares, with non-voting or differential

voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard and to file necessary forms with Registrar of Companies.”

13. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a [Special Resolution](#):

“RESOLVED THAT, pursuant to the provisions of Section 80,81, 81(1A) and other applicable provisions of the Companies Act, 1956 and rules made there under as amended time to time, read with the Memorandum of Association and Regulation 65 of the Articles of Association of the Company, and subject to the approval / sanction of the Statutory Authorities, if any, Board of Directors of the Company be and is hereby authorized to offer and issue 2,00,00,000 (Two crore only) Redeemable, Non-Convertible, Cumulative Preference Shares of Rs.10/- each at a coupon rate to be fixed by the Board, in one or more tranches for Cash at Par / Premium on a Private placement and / or Preferential basis, to promoters and their group associates and / or to any other Financial Institutions /Banks/ Companies subject to the following terms and conditions namely:

- a) That the preference shares shall carry a dividend as per the coupon rate to be fixed by the Board per annum as per the terms of issue and the same shall accrue from the date of allotment thereof to each share holder, the dividends on the above preference shares will be cumulative.
- b) That the redemption shall be made on such date to be decided by the Board of Directors as per the terms of issue of such preference shares subject

to the applicable provisions of the Companies Act, 1956 .

- c) That the above preference shares are transferrable in accordance with the provisions of the Articles of Association of the Company and the terms of issue of such shares.
- d) That the above Preference share holders will not be entitled to receive notices, reports and accounts of the company and to attend and vote at the General Meetings of the Company unlike the Equity Shareholders, except where the rights of the preference share holders affected, or where the general meeting specifically called for preference share holders alone.

“FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution, the Board or any Committee thereof be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting and marketing arrangements and to remunerate the Managers, underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of preference shares, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.”

“FURTHER RESOLVED THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman and Managing Director or any Whole-time Director or any other Executive or Executives of the Company to give effect to the aforesaid resolution and to file relevant forms with Registrar of Companies.”

Place: Chennai
Date: 28th, May, 2009

By Order of the Board
V. L. DUTT
Chairman and Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory statement as required under section 173(2) of the Companies Act, 1956, in respect of items numbering from 6-13 of the notice convening the meeting are annexed hereto.
3. Shareholders are requested to notify their change of address, if any, without delay. Members holding shares in Physical form should mention in all correspondence and the ledger folio number should be indicated. Persons holding shares in Demat form should inform the details to respective Depository Participant.
4. A brief profile of the Directors retiring by rotation and eligible for re-appointment, as required by Clause 49 (VI) (A) of the Listing Agreement(s) signed by the Company with the Stock Exchange(s), is given as item No. 15 in the Directors' Report forming part of the Annual Report.
5. Shareholders are requested to bring with them their copies of the Annual Report.
6. The Register of Members and the Register of Share Transfer books of the Company will remain closed from 18th July, 2009 – 27th July, 2009 (both days inclusive) for the purpose of payment of dividend, if any declared by the shareholders.
7. The Dividend, as recommended by the Board, if approved by the Shareholders will be paid on or before 26th August, 2009.
8. The Company has already transferred the unclaimed Dividend, up to the financial year ended 31st March 2001 to the Investor Education and Protection Fund as per Section 205(A)(5) of the Companies Act, 1956.
9. Members who have not en-cashed their dividend warrants pertaining to financial years 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009 are requested to contact the Company's Registered Office at No. 2, Dr. P.V. Cheriaan Crescent, Egmore, Chennai - 600 008 with their warrants for revalidation. Dividend for these years, which remains unclaimed for a period of 7 years, will be transferred by the Company to Investor Education and Protection Fund.
10. Disclosure pursuant to Clause 49 of the listing agreement with stock exchanges with respect to the Directors seeking re-appointment/ appointment at the forthcoming Annual General Meeting is appearing in the Directors' Report.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of The Companies Act, 1956)

As required under Section 173 of the companies Act, 1956, the following explanatory statements sets out all material facts relating to the items of special business mentioned under Item No. 6 to 13 of the accompanying notice dated 28th May, 2009

Item No.6:

The Board of Directors of the Company at its meeting held on 28.05.2009, has re-appointed Smt. Kavitha Dutt Chitturi as Executive Director for a period of five years from 1.10.2009, on the terms and conditions as recommended by the Remuneration Committee of Directors and as set out in the Resolution in Item No.6 of the Notice convening the 68th Annual General Meeting

Smt. Kavitha Dutt Chitturi is a graduate in Business Management with specialization in International Business from Cedar Crest College Allentown, Pennsylvania.

She also holds a Post-Graduate Diploma in Human Resources.

Smt. Kavitha Dutt Chitturi serves as Director of V Ramakrishna Sons Private Ltd.

She is a Member of Young Presidents' Organization, (YPO) Madras Chapter, an International Organization based at USA and National President of FICCI Ladies Organization (FLO).

Smt. Kavitha Dutt Chitturi holds 59,975 Equity Shares in the Company

Your Directors commend the resolution for your approval.

None of the Directors of the Company except Dr. V.L. Dutt, Chairman and Managing Director and Smt. V.L.Indira Dutt, Joint Managing Director and Smt. Kavitha Dutt Chitturi Executive Director are concerned or interested in the said resolution.

Item No.7:

The company's operational performance has grown both in turnover and profits, over the past few years reflecting the contribution of services by the Chairman and Managing Director. Further, with the ongoing implementation of the expansion programmes in the Engineering and Cement Divisions and the diversification into the Hotel Project, the overall volume of services required of top management becomes enhanced and critical for the company. In view of these and also keeping in mind the revision in the remunerations as a periodic exercise and to match executive remuneration with the market, the remuneration payable to Dr. V.L. Dutt, Chairman and Managing Director is also proposed to be revised for the remaining tenure of his office.

Dr Dutt was educated in London, England and secured the Grad BIM Degree. Dr. V.L. Dutt is the Chairman of The KCP Ltd, Fives-Cail KCP Ltd, KCP Vietnam Industries Limited. Apart from KCP Group, Dr. Dutt is a Director on the Board of DCM Shriram Industries Limited, Chairman of Chennai Willingdon Corporate Foundation and a Director of V Ramakrishna Sons Private Ltd.

Your Directors commend the resolution for your approval.

None of the Directors of the Company except Dr.V.L. Dutt, Chairman and Managing Director and Smt. V.L.Indira Dutt, Joint Managing Director and Smt. Kavitha Dutt Chitturi, Executive Director are concerned or interested in the said resolution.

Item No.8:

The company's operational performance has grown both in turnover and profits, over the past few years reflecting the contribution of services by the Joint Managing Director. Further, with the ongoing implementation of the expansion programmes in the Engineering and Cement Divisions and the diversification into the Hotel Project, the overall volume of services required of top management becomes enhanced and critical for the company. In view of these and also keeping in mind the revision in the remunerations as a periodic exercise and to match executive remuneration with the market, the remuneration payable to Smt. V.L. Indira Dutt, Joint Managing Director is also proposed to be revised for the remaining tenure of her office.

Smt. V.L. Indira Dutt is a B.A (Economics) from Madras University is the Joint Managing Director of the Company. Smt. V.L. Indira Dutt serves as Director of Fives Cail - KCP Limtied, Velagapudi Foundation, KCP Vietnam Industries Limited; KCP Technologies Limited, and V Ramakrishna Sons Private Limited.

Your Directors commend the resolution for your approval.

None of the Directors of the Company except Dr. V.L Dutt, Chairman and Managing Director and Smt. V.L. Indira Dutt, Joint Managing Director and Smt. Kavitha Dutt Chitturi Executive Director are concerned or interested in the said resolution.

Item No.9:

The company's operational performance has grown both in turnover and profits, over the past few years reflecting the contribution of services by the Technical Director. Further, with the ongoing implementation of the expansion programmes in the Engineering and Cement Divisions and the diversification into the Hotel Project, the overall volume of services required of top management becomes enhanced and critical for the company. In view of these and also keeping in mind the revision in the remunerations as a periodic exercise and to match executive remuneration with the market, the remuneration payable to Sri. V. Gandhi, Technical Director is also proposed to be revised for the remaining tenure of his office.

Sri. V. Gandhi is a Metallurgist by profession. After serving in KCP Engineering Unit as Foundry Manager, he took up an assignment as a Project Co-ordinator for rehabilitation of Engineering Unit, having similar functions to this unit for 4 years, in Uganda, funded by multi-lateral funding agencies. He served as General Manager in FCBKCP, looking after planning and procurement and he is a Director in Fives-Cail KCP Ltd.

Your Directors commend the resolution for your approval.

None of the Directors of the Company except Sri. V. Gandhi, Technical Director are concerned or interested in the said resolution.

Item No.10

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the approval of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

In the Annual General Meeting held on 25th September, 2008 the shareholders has authorised the Board to borrow up to Rs, 450 crore.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorizing the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs.1000,00,00,000/ (Rupees thousand crore only).

Your Directors commend the resolution for your approval.

None of the Directors of the Company are concerned or interested in the said resolution.

Item No.11

The Company is proposing to make substantial investments in the areas of business of the Company. As a measure of achieving greater financial flexibility and to enable optimal financial structuring to facilitate speedy implementation of various projects, it is proposed to issue redeemable, non convertible, cumulative preference shares on preferential and/or Private placement basis for which It is proposed to amend the Memorandum of the Company by re-classifying the Existing Authorised share capital comprising of 550,00,000/ Equity shares of Rs.10/- each into 1,28,97,748 (One crore twenty eight lakhs ninety seven thousand seven hundred and forty eight) Equity Shares of Rs.10/- (Rupees ten only) each, 4,21,02,252 (Four crore twenty one lakhs two thousand two hundred and fifty two) unclassified shares of Rs.10/- each with a power to the Board to classify and re-classify the shares into any class of shares by deleting the existing clause V of the Memorandum of Association by substituting with the new clause V.

Your Directors commend the resolution for your approval.

None of the Directors of the Company are concerned or interested in the said resolution.

Item No. 12

- ❖ Consequent to the alteration in clause V of the Memorandum of Association of the Company, the Articles of Association also be altered by deleting the existing Article 5 by substituting with new Article 5.
- ❖ As per the existing Article 159 of the Articles of Association the dividend shall be paid within forty-two days from the date of declaration thereof.
- ❖ The Companies (Amendment) Act, 2000 has substituted the words forty-two days with thirty days hence the alteration is proposed in Article 159.
- ❖ After Article 65 of the Articles of Association, new Articles 65A, 65B, 65C and 65D proposed to be inserted to enable the Company to issue/redeem cumulative non-convertible preference shares as per the applicable provisions of the Companies Act, 1956 and rules made thereunder:

- ❖ The proposed new Article 65E enables the Company to issue shares with / without voting rights or with differential voting rights.

Your Directors commend the resolution for your approval.

None of the Directors of the Company are concerned or interested in the said resolution.

Item No.13

Section 81 of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the Shareholders decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders decide otherwise. The Special Resolution seeks the consent of the Shareholders authorizing the Board of Directors to make the proposed issue of Preference Shares in such manner and such number in accordance with the terms of the issue.

This Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority or authorities as need to be consulted including in relation to the pricing of the Issue which will be a free market pricing and may be at premium or discount to the market price in accordance with the normal practice and (b) powers to issue and market any securities issued including the power to issue such Securities in such tranche or tranches.

Your Directors commend the resolution for your approval.

None of the Directors of the Company are concerned or interested in the said resolution.

Place: Chennai
Date: 28th, May, 2009

By Order of the Board
V. L. DUTT
Chairman and Managing Director

Corporate Social Responsibility

As part of its societal obligations your company has been in constant touch with the communities in which it has been operating. Notable efforts have been put forward to realise its responsibilities and in the process your company has been building value for all its stake-holders. In the past several decades since inception, KCP has taken up innumerable social and community initiatives. Our aim has been to touch the lives of communities positively by taking up health-care, infrastructural, environmental, social, cultural and educational programs. Following is a brief note on KCP fulfilling its part of the social responsibilities.

Non use of Chlorinated Solvents at KCP Biotech

The Management has decided not to use Ethyl Di-Chloride (EDC) solvent in the process of manufacture of Natural Colours in Biotech unit of the company from the inception in order to save consumers of Food and Pharmaceutical products which are harmful for human consumption.

Drinking Water:

A drinking water plant that can generate 4000 ltr of water per hour by reverse osmosis process was commissioned at Macherla in September 2008 to provide safe drinking water to the local public.



Green Belt:



In its quest to maintain the ecological balance, KCP is developing a Green Belt in and around Macherla. Planting of saplings on a monthly basis apart from planting additional saplings on special occasions is being taken up on a serious scale. Hundreds of

saplings have been planted so far to develop the greenery in Macherla and its surroundings. The program of planting saplings has been vigorously pursued this year too.

Health Programmes:

Healthcare and well being of the community has always been in the forefront of KCP's scheme of things. Various Pulse Polio Immunisation programmes were held for the benefit of several villages in Macherla. The local Rotary Club and other service organisation were also roped in to provide services in these programs.



Infrastructure:

KCP has been donating cement bags to various infrastructural development activities in the area. These include building or renovating temples, mosques and repairs to some of the local body offices, police stations, etc. and laying of cement roads, etc.

Other Activities:

Our Engineering Unit has distributed waterpackets at Vadivudai Amman Koil, Thiruvottiyur, Chennai in the month of March, 2009 (Masi Maasam - Tamil Calendar) and arranged vehicles for transporting, Medicines and personal on the pulse Polio Day every-time when it is organised by the Government.

Macherla unit donated 200 bags of cement for construction of a temple. This was done at the behest of the local MLA.

The drinking water pump motor belonging to the local municipal corporation has been repaired and put back to work after its break-down put locals to great hardship.

The surroundings of Sree Terala Siddaiah Swamy temple have been levelled and fresh road laid in view of the hardships being faced by locals.

Tricycles were donated to 25 needy people. This was done in collaboration with the Rotary Club of Macherla.

It is KCP's firm belief to improve and improvise on these activities of social responsibility and expand the scope of their coverage to other areas in a phased manner.

Profile of Directors



Dr. V.L. Dutt
Chairman and Managing Director

Dr. Dutt was educated in London, England and secured the Grad BIM Degree. Dr. Dutt is the Chairman of The KCP Ltd, Fives-Cail KCP Ltd and KCP Vietnam Industries Limited. Apart from KCP Group, Dr. Dutt is a Director on the Board of DCM Shriram Industries Limited, Chairman of Chennai Willingdon Corporate Foundation and Director of V Ramakrishna Sons Private Ltd.

Dr. Dutt is presently the Honorary Consul General of the Republic of Turkey in Chennai, for the States of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Union Territory of Pondicherry.



Smt. V.L. Indira Dutt
Joint Managing Director

Smt. V.L. Indira Dutt, B.A (Economics) from Madras University is the Joint Managing Director of the Company. Smt. Dutt serves as Director of Fives Cail - KCP Limited; Velagapudi Foundation; KCP Vietnam Industries Limited; KCP Technologies Limited; and V. Ramakrishna Sons Private Limited, She is the Chairperson of SAARC Chamber Women Entrepreneurs Council (SCWEC), A subgroup of the SAARC Chamber of Commerce & Industry .



Smt. Kavitha Dutt Chitturi
Executive Director

Smt. Kavitha Dutt Chitturi is a graduate in Business Management with specialization in International Business from Cedar Crest College Allentown, Pennsylvania. She also holds a Post-Graduate Diploma in Human Resources. She is also a Director of V. Ramakrishna Sons Private Limited, She is a Member of Young Presidents' Organization, (YPO) Madras Chapter, an International Organization based at USA and National President of FICCI Ladies Organization (FLO).



Sri. V. Gandhi
Technical Director

Sri. V. Gandhi is a part of the senior management of KCP Ltd with 31 years of experience. He is a Metallurgist by profession. He served as General Manager in FCB KCP, looking after planning and procurement. He is also a Director of Fives-Cail KCP Limited.



Sri. V.H. Ramakrishnan
Director

Sri. V.H.Ramakrishnan, a Chartered Accountant and a Cost Accountant is a retired General Manager of the Bank of India, with 35 years of experience in India and abroad. He is on the panel for nominee Directors in IDBI and other financial institutions. Presently, he is a Director of Andhra Bank, Canara Bank Securities Limited and a member of the Group of Advisers of Shriram Group of Companies.



Sri. O. Swaminatha Reddy
Director

Sri. O. Swaminatha Reddy, a Chartered Accountant by profession has vast banking and industrial experience spanning five decades. He has held various high ranking posts which include Chairman of Andhra Bank and Chairman and Managing Director of Andhra Pradesh State Financial Corporation and is Director of many Companies.



Sri. A. Ramakrishna
Director

Sri. A. Ramakrishna is a structural engineer with 40 years experience. He retired as President and Deputy Managing Director of Larsen and Toubro Limited and is Director of many companies.



Sri. Pinnamaneni Koteswara Rao
Director

Sri. Pinnamaneni Koteswara Rao is an agriculturist and served as Zilla Parishad Chairman of Krishna District of Andhra Pradesh and is the Chairman of Veeraiah Non-Conventional Power Projects Limited.

Profile of the Key Executives



Dr. A. V. SIVARAMA PRASAD
Vice President (HRD & S)

Dr. A.V. Sivarama Prasad, B.E. (Mech)., Ph.D. in Management from Indian Institute of Science aged 49 years, having more than 22 years of experience in Academic, Consultancy and Industry. Dr. Prasad is with The KCP Ltd for more than 11 years, prior to that at Tata Consultancy Services.



Mr. M.R. RAMACHANDRAN
Chief Financial Officer

Mr. Ramachandran, aged 53 years, a qualified Chartered Accountant, Cost Accountant & Company Secretary has about 27 years of experience in General Finance & Treasury , Working Capital Management, Project Finance, Costing and Company Secretarial Practice.



Mr. S. HARINADHA BABU
General Manager (Plant Head)

Mr. Harinadha Babu is aged about 51 years. He is working with KCP Group for the last 28 years, and he has a Diploma in Electrical Engineering.



Mr. K. RAMAKRISHNA
General Manager (Marketing)

Mr. Ramakrishna, aged 44 years, holding B.Sc., PGDMSM., (Executive – MBA) with 22 years of experience with KCP Group. He has been designated as General Manager – Cement Marketing Division of Chennai and Hyderabad, and also taking care of Sales Department.



Dr. G.V.K. PRASAD
General Manager – (Cement Plant –Muktyala)

Dr. G.V.K. Prasad aged about 52 years, obtained Doctorate in Cement Technology from Andhra University and had 27 years of experience in Cement Industry.



Mr. Y. VIJAYAKUMAR
Company Secretary

Mr. Vijayakumar, aged 39 years, a qualified Company Secretary has about 10 years experience in Finance, Legal, Taxation and Secretarial Practice.

Directors' Report

Dear Shareholders,

- Your Directors have pleasure in submitting their Annual Report together with the Audited Accounts of your company for the financial year ended 31st March, 2009..

2. Financial Results

(Rs. In Lakhs)

Particulars	For the year ended	
	31-03-2009	31-03-2008
Gross Turnover	40046	40683
Profit for the year (PBDIT)	11369	11283
Less:-		
a) Interest and finance charges	671	692
b) Depreciation	914	857
c) Provision for current tax	3200	2654
d) Fringe Benefit Tax	30	41
e) Deferred Tax	17	384
Add:-		
Refund of Income Tax	54	
Net Profit	6591	6654
Add:-		
Surplus brought forward from earlier year	2264.	2705
Less:-		
Brought forward loss of KCP Biotech Ltd from earlier year		534
Amount available for appropriations	8855	8825
Transfer to General Reserve	5000	5053
Interim Dividend	967	967
Dividend paid / proposed	322	322
Tax on distributed Profits	219	219
Surplus carried to next year	2347	2264

3. DIVIDEND

Your company has paid an interim dividend of 75% (Rs.7.50 per share) during the year. We are pleased to recommend a final dividend of 25% (Rs. 2.50 per share). Thus the aggregate dividend for the year works out to 100 % (Rs. 10 per share) and the total payment excluding tax thereon will be Rs.1289 lakhs for the financial year 2008-09.

4. CAPITAL & RESERVES

Capital of the Company stood at Rs. 1,289 lakhs and the Reserves stood at Rs.22,780 lakhs as on 31st March, 2009.

5. FIXED DEPOSITS

As at 31st March, 2009, the deposits matured and unclaimed amounted to Rs.60,38,000 due to 212 depositors. Since then, Rs.13,54,000 of 47 depositors were renewed and Rs.5,00,000 of 13 depositors were repaid.

6. CREDIT RATING:

During the year under review, the Company had its Bank Loans such as Term loans, Cash Credit Limits and Non-fund Based limits rated by CRISIL as per the requirements of Banks under the Basel-II norms. The said institution have assigned a rating of A- Stable for Term Loans and Cash Credit limits (including the proposed loans for the ongoing projects) and P2+ for Letters of Credits, bank Guarantees.

7. MANAGEMENT DISCUSSION & ANALYSIS

Company performance (Rs. in lakhs)

FINANCIAL YEAR	2008-2009	2007-2008
Sales	40,046	40,683
Profit before interest & tax	10,455	10,426
Profit(+)/Loss(-) after tax	6,591	6,654
Current ratio	2.25	2.04
Debt equity ratio	0.27	0.15
Inventory Turnover (times)	5.12	6.55

DIVISION-WISE PERFORMANCE

CEMENT DIVISION

Operational Performance:

FINANCIAL YEAR	2008-2009	2007-2008
Cement produced (MT)	7,20,143	7,37,041
Capacity Utilization (%)	109.11	111.67
Cement sold (MT)	7,23,124	7,33,714
Turnover (Rs. In lakhs)	24,963	24,155
Segment Profit (Rs.in lakhs)	4,302	4,656

Overview:

The year under review had mixed fortunes for the cement division. Production and sales were almost similar to the previous year and so was the average selling price realised. The increase in cost of coal (both imported and domestic) especially in the first half of the year had a significant impact on the profitability. The increase, however, corrected itself to the extent of about 50% from the second half of the year.

Cement industry is one of the main beneficiaries of the infrastructure boom. While a spate of acquisitions and mergers were witnessed in the industry just a few years ago, presently several big and small cement companies are actively considering expansion plans in anticipation of further growth in demand for cement. The increase in cement capacities consequent to this, is expected to be absorbed by an increasing demand from projects for housing for the weaker sections of society, construction of roads, flyovers, schools in rural areas etc. apart from several private and public infrastructure projects which are in progress and also on the anvil in the State.

The industry, in general, faces certain specific problems in the area of availability of quality coal on a regular basis. Freight, which accounts for 17% of the total production cost, is also a matter to be concerned about. With transport by road being the preferred mode of transportation within a distance of 250 kms, the inadequacy of railway infrastructure has forced the industry to be heavily dependent on road transport to meet its requirements. It is hoped that measures to be taken by Government to improve overall productivity in the country will, in due course, address these problems also. Reduction of Excise Duty on cement is the first step in this regard.

Outlook

Notwithstanding the above, the outlook for the cement industry looks quite bright. Given the sustained growth in the real estate sector, the government’s emphasis on infrastructure development and increased global demand, it is expected that the cement industry would continue to roll on the path of growth.

Greenfield Cement Plant at Mukthjala:

The Greenfield cement project at Mukthjala with a production capacity of 1.52 Million Tons of cement is progressing satisfactorily with the commencement of civil works at the site with fast progress being made.

Orders for the major equipments have been placed and the initial advances have been paid. The total Cost of the Project has been estimated at around Rs 352 crores of which Rs 203 crores is in the form of loans and the balance from internal generations. The financial closure for the term loans has been completed with Bank of India , Bank of Baroda and Canara Bank. With this and the possibility of deliveries of equipment earlier than originally anticipated, it is expected that commercial production can commence by the third quarter of 2010.

POWER

THERMAL ENERGY GENERATION UNIT, MACHERLA (Waste Heat Recovery):

The unit has been registered under United Nation Forum for Clean Climate Convention (UNFCC) and is now eligible for Carbon Credits effective from 8th November 2008. Proceeds from the sale of carbon credits would be accounted on actual receipt .

Operational Performance

FINANCIAL YEAR	2008-2009	2007-2008
CAPACITY (MW)	2.35	2.35
Power Generation (KWH)	1,17,98,200	1,16,23,800
Turnover (Rs. in lakhs)	379.19	325.47
Segment Profit in (Rs. in lakhs)	139.95	112.50

HYDEL POWER UNIT AT NEKARIKALLU, GUNTUR DISTRICT

Operational Performance

FINANCIAL YEAR	2008-2009	2007-2008
Power generation (in KWH)	3,72,47,400	3,78,90,400
Usage (KWH)	3,42,97,104	3,73,57,769
Turnover (Rs. in lakhs)	946.83	1,048
Segment Profit in (Rs. in lakhs)	351	470

Overview:

The company’s five mini hydel plants located on the Guntur Branch canal of the Nagarjuna Sagar Dam, with an aggregate capacity of 8.25MW have been

functioning satisfactorily. The start of the generation of power in the last season was, however, delayed due to the late release of water into the canal resulting in lower power generation.

Strengthening of the bunds of the canal's upstream has significantly helped in the increased power generation during the year.

Risks:

Being an irrigation canal, water is normally expected to be available for seven to eight months in an year. Electricity generated in these units is wheeled to the Company's Cement Production Unit for use. Generation in excess of the consumption at the cement unit is banked on a monthly basis and is to be used within twelve months of generation. Electricity utilized in the cement factory is deducted from the total consumption from the monthly bills and therefore, get a relief at H.T rates. Electricity not wheeled to the cement unit if any, at the end of 12 months can be sold to the grid to be paid for at the purchase price as per the terms of the agreement with Transmission Corporation of Andhra Pradesh Ltd. (APTRANSCO)

Concerns:

The following matters which are still the subject matter of challenge before legal fora are still pending disposal as indicated:

Increase in wheeling charge for the year 2002-03 by the Andhra Pradesh Electricity Regularity Commission (APERC) was challenged by the Company in AP High Court along with many other power producers. The Hon'ble Court was pleased to quash the order of the APERC in this regard. APTRANSCO has gone on appeal to Supreme Court of India, which is pending.

In regard to subsequent years, the fixation of wheeling charges at different rates, were challenged by the company and other power generators before the Appellate Tribunal for Electricity statutorily constituted by the Government of India. The Hon'ble Tribunal has been pleased to allow the petitions of the company and others holding that the wheeling charges fixed under bilateral agreements between the company and APTRANSCO cannot be changed by the APERC. This decision, has however, been challenged by the APTRANSCO before the Supreme Court of India by Special Leave Petitions which have been admitted

and tagged on to the appeals against the judgement of the A P High Court mentioned earlier.

An increase in the levy of water cess has been challenged by the company and is pending before AP High Court.

Government levied a duty on electricity generated, which was also contested by the Company and is pending before the AP High Court.

APERC has, for the current year fixed wheeling charge of 6% and cash compensation of 84.25 paise per KW per month. The company has contested this order also in the Appellate Tribunal for Electricity, which is pending.

Banked electricity units:

The Government of Andhra Pradesh also amended a regulation stipulating that electricity banked by power project developers and lying unutilised beyond December in any year shall lapse and not be allowed to be adjusted against power drawn from the TRANSCO grid as was hitherto followed. This would entail substantial loss to the company and hence a writ was filed before the High Court of Andhra Pradesh challenging the amendment to the Regulation. This has been allowed and adjustment of banked units is presently being allowed. The APTRANSCO has, however filed an appeal against the judgement of the High Court which is pending.

Outlook:

As stated elsewhere, the production at this Unit is totally dependent on inflow of water into the Nagarjuna Sagar Dam and into the Guntur branch Canals and is subject to considerable variation from year to year. Electricity reform measures being constantly reviewed by the State Government can have the effect of toning down the concessions made available to the developers of power projects including mini-hydel units which is and can be the subject matter of legal challenges and the outcome thereof. Though the benefits presently available to the company from out of captive generation of hydel power are subject to these factors, the decisions in the various judicial fora till now have been against interference by Government in bilateral agreements entered into between power project developers and APTRANSCO.

WIND POWER GENERATING UNIT:

Operational Performances :

(Rs in lakhs)

FINANCIAL YEAR	2008-2009	2007-2008
Segment Turnover	302.59	252.85
Segment Profit	20.38	-107.96

The Wind Farm located in Uthumalai in Tirunelveli District which was set up with an installed capacity of 3.75 MW, generated 79,09,322 units (66,70,717 units) of electricity during the year under consideration, to cater to the requirements of the Engineering Unit with resultant benefit in cost of energy.

ENGINEERING DIVISION

Operational Performance:

(Rs. in lakhs)

FINANCIAL YEAR	2008-2009	2007-2008
Turnover :		
Domestic	10,836	12,778
Export	3,790	3,270
Segment Profit	5,556.46	4,975.85

An increase in interest income on Deposits with Banks and a positive impact of foreign exchange fluctuations have contributed positively to an extent of Rs. 440.39 Lakhs in the Segment Profit.

The company's Engineering Division engaged in the manufacture of Capital Goods for various sectors of the economy, has a varied and wide cross section of customers. This consists of power projects, sugar and cement sectors, general engineering projects etc. The unit's designing capabilities in the orders and projects undertaken have helped in supply of quality goods and timely execution.

As in the last year, the Engineering Division has turned in good results as above.

Modernisation/Expansion Programme:

As reported last year, the facilities at this Unit with its versatile range of machinery and equipment to undertake manufacture of heavy mechanical equipment and capital goods are to be further strengthened with the installation of certain balancing and de-bottlenecking equipment. The Foundry is also proposed to be expanded to facilitate production of larger castings to meet current needs of customers.

However, considering the time-shift in the demand from customers for acquisition of capital goods due to the economic slow-down, it has been decided to judiciously use the company's resources by taking up the installation of the balancing and other machinery costing about Rs. 15 crores immediately and commence implementation of the expansion of the Foundry, expected to cost about Rs. 61 crores in about six months. Consequently, it is expected that the two phases of expansion of the Engineering Division will become fully operative by March 2010 and March 2011 respectively.

The bankers, namely, Canara Bank, Bank of India and Bank of Baroda have already sanctioned the term loan component of Rs. 45 crores with the balance of Rs. 31 crores being met from internal generation.

Overview:

Status of capital goods sector:

Despite easing of inflation and change in commodity cycle, which saw the key raw material prices like steel and aluminum correcting by 25-50% from their highs witnessed the previous two quarters, the engineering industry, in general, is expected to fully benefit from the positive impact of these with a lag effect in about six months. In the case of the Engineering Division of the company, given the nature of contracts and its inventory policies, the performance results have not been adversely affected till date. The effects of the global slowdown of the economy, however, has seen some of the orders from overseas customers being deferred, though not cancelled. In the short term, this can have the impact of lower sales realisations, though to some extent, this has been made good by speeding up of domestic deliveries in the current year.

The Order Book position, which is one of the indicators that determines the performance of a company in the short to medium-term, is extremely satisfactory. The Division's versatile facilities at its factory combined with proven execution capabilities and financial strength have been instrumental in maintaining its Order Book position and it is therefore expected that the turnover and profits will be largely maintained in the current year also.

Opportunities:

It is only a matter of time for the economies of the world including that of India, to go on a growth path after having bottomed out consequent to the global

scenario of slowdown. This should then lead to the revival of industrial production and capital goods sector would be the one to benefit the most. Reports are already available that the world's largest economy, namely the USA is experiencing a flattening of demand indicating the arrest of a decline, though experts believe that a total revival and an upward trend can be witnessed only after a year or so. In the Indian context, the requirement of economies of scale in the current context of global competitiveness, would lead to a demand for machinery of higher capacities and as already mentioned, the Engineering Division has already embarked on a modernization / expansion so as not to be left behind.

It is also widely believed that the current political climate which indicates an era of stability would hasten the revival of the economy by various stimulating measures, paving the way for an active expansion of credit, particularly to the manufacturing sector.

Risks:

The economic slowdown of the economy on a global scale has had only a limited impact on the company as stated earlier. Though it is expected that the present indications of a commencement of a revival of the economy will maintain a steady course and lead to a full-scale revival, any delay in the recovery or worsening of the recession will have its own impact on the prospects of the Engineering Division, particularly in the Export sector.

Besides the above specific factor, the Engineering industry faces a number of difficulties namely: -

- Low Tariffs (Below WTO Bound Rate)
- Inverted duty structure and lack of level playing field
- Domestic policy constraints
- Lack of demand growth due to delayed / shelved projects
- Delayed Government spending on infrastructure
- Removal of restrictions on the import of second hand machinery
- High working capital requirement
- Lack of thrust on export
- Product mix is the deciding factor affecting the performance of this segment. Consequently, this segment results are open to variations in profits depending on the order profile.

The various industry bodies in India have been constantly impressing on the Government, the need to relieve the industrial sector of the above negative factors and it is expected that over a period of time, these will be effectively addressed and provide eventual relief, more relevantly in the present political context.

Outlook:

The order book position of about Rs. 150 Crores combined with execution of on-going orders is expected to maintain the present trend in volume and contribution in the current financial year also. Despatches of deferred orders of the year under review are expected to be cleared during the current financial year. However, as stated earlier, the programme of modernization under implementation will effectively increase productivity and cut production costs to enable the company to be competitive in the higher value-added segment.

BIOTECH UNIT AT HYDERABAD:

Operational Performance:

(Rs. in lakhs)

FINANCIAL YEAR	2008-2009	2007-2008
Turnover :		
Domestic	134.50	202.48
Export	280.21	124.25
Segment Profit	-590.15	-218.84

The Segment loss reported above is after write down in the value of finished goods by Rs 354.43 lakhs to represent realisable values.

Overview:

The Biotech division, which became a unit of the company consequent to the amalgamation of the erstwhile subsidiary company, KCP Biotech Ltd. effective from 1st April, 2007 vide an order of the Hon'ble High Court of Madras dated 14th July, 2008, is basically engaged in the manufacture of natural colours and oleoresins from chillies, turmeric and annatto with specified pungencies and colour with bulk of the finished products being exported. The availability of the basic raw material namely chillies, turmeric and annatto being agricultural products are seasonal and the unit's requirements need to be procured over a four month period in advance for use during the year.

The year under review is the first full year of operations as a unit of this company.

Recession in World economy has effected exports and decline in prices, the stagnant of stocks also led to the loss.

Risks:

Being an extract from a agricultural product, the performance of the division is subject to the vagaries of monsoon. As stated earlier, high levels of inventories of raw materials are to be maintained and with a low production capacity with high cost of utilities, the unit has been operating at suboptimal levels. Though such factors continue to operate during the current year also, it is expected that the infusion of sufficient working funds, will to a large extent benefit the operations. Steps for increase in capacity with the possible addition of another product are being technically assessed for implementation.

Outlook :

The teething problems currently being faced by the division are being addressed and resolved steadily and the concentration of the unit is on the movement of stocks with a view of maintaining optimum level of stocks. Exports have started to look up and the unit has started exporting in significant quantities. The expansion of the capacity of the production would be looked into after the unit has stabilized its operations. Availability of quality power is a prerequisite for continuous production and a good monsoon is awaited for availability of sufficient raw material procurement at the right prices and continuous power supply. The global market for natural colours is vibrant and demand is expected to accelerate with more awareness of the benefits of their use, particularly in food products.

8. CORPORATE INVESTMENTS

Performance:

Fives Cail KCP Limited:

The operations of this company are in the sugar industry. The recession in the industry in India consequent to a perceived glut in stocks has led to a slowdown in the demand for capital goods. There have also been instances of confirmed orders being deferred resulting in piling up of inventory with the company's suppliers. It is the understanding of the company that the revival of the sugar industry is round the corner. Sugar prices

have risen to cover costs and it is expected that the demand for capital goods for expansion and green-field projects to instal plants of an economic size will revive in the near future. with evidence of a rise in sugar prices already available. The setting up of units to better utilise the by-products of sugarcane such as power co-generation and ethanol plants are being more extensively pursued by sugar factories. The company, therefore expects to improve its order book position by offering a platform for integrated solutions and looks forward to higher turnover and profits in the current and ensuing years.

Sudalagunta Sugars Limited:

Our Investment in Sudalagunta Sugars continues to be below 20%.

As reported in earlier years, it was agreed with the promoter of that Company that the entire holding of your company is to be bought back in a phased manner. Accordingly the original share holding of 60, 00,000 equity shares of Rs. 10/- each, stands at 12, 00,000 Equity shares of Rs.10/- each as at 31st March, 2009. The company is hopeful of existing out of this company in the current year.

KCP Vietnam Industries Limited:

The operations of the overseas subsidiary continues to be satisfactory. During the 12 months ended March 2009 details of operations were as follows:

12 months ended March	2009	2008
Crushing Capacity	5,000	3,500
Cane Crushed (Mts)	6,55,281	7,28,218
Sugar Produced (Mts)	65,936	66,978
Recovery Rate	9.09	8.79
Average Sales Realisation (Vietnam Dongs/Mt)	85,53,202	69,80,393
Average Sales Realisation (Rs./Mt)	23,137	17,950
Profit before tax Rs. lakhs	2,437	1,881

As reported last year, the equipment and machinery of an inoperative sugar unit purchased by it has been dismantled and is to be shifted to its sugar factory at Dong Xuan to enhance its crushing capacity. The increased capacity will become operative during the ensuing sugar season..

The company is also exploring the setting up a cogeneration plant to produce power for export to the

Grid and thus improve its profitability. The unit would also be eligible for benefits under the Carbon Credits Scheme.

9. CAUTIONARY STATEMENT

Statements in the “Management Discussion and Analysis” describing the Company’s objectives, expectations or predictions are as perceived currently. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company’s operations include: domestic supply and demand conditions affecting selling prices of finished goods, input prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

10. SAFETY & POLLUTION CONTROL

Cement, Engineering, Biotech and Power units had necessary approvals under pollution control and the emission / effluent levels conformed to standards.

11. PARTICULARS OF EMPLOYEES

The particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, are set out as **ANNEXURE-I** in this report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto marked as **ANNEXURE-2** and forms part of this report.

13. SUBSIDIARY COMPANY:

The Company has received exemption from Ministry of Corporate Affairs, Government of India under Sec.212 (8) of the Companies Act, 1956 thru their letter No.47/150/2009-CL-III, Dt.20.03.2009 from publishing the Balance Sheet etc. of the Subsidiary Company, M/s. KCP Vietnam Industries Limited, Vietnam for the financial year ending 31.03.2009.

However, a statement giving certain information as required vide aforesaid exemption letter Dt.20.03.2009 is placed along with the Consolidated Accounts.

The Company shall provide the copy of Annual Report and other documents of its subsidiary M/s. KCP Vietnam Industries Limited, Vietnam as required under Section 212 of the Companies Act, 1956 to the shareholders upon their request, free of cost

14. DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended the Board of Directors hereby confirms that:

- i) in the preparation and presentation of annual accounts, the applicable Accounting Standards have been followed and there is no material departure;
- ii) the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at 31st March, 2009 and profit of the Company for the year ended 31st March, 2009;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a ‘going-concern’ basis.

15. DIRECTORS

It is a matter of great regret to report the sad demise of two of the Directors of the company during the year under review. Sri P.R. Ramakrishnan, a veteran industrialist and nationalist who was a Director of the company since 1974 passed away on 14th August, 2008. During his tenure, he contributed much to the company’s progress by the dint of his experience and valuable suggestions. His loss will be much felt by the company.

Sri. S. Nandagopal, an eminent Chartered Accountant who was in active practice for over 50 years joined the Board in July, 1999 passed away on 31st December 2008. During this period, he was also the Chairman of the Audit Committee, Remuneration Committee, Investment Committee and Shareholders/ investors Grievance Committees. During this

period, he has contributed significantly to the deliberations of the Board and its Committees and has brought to bear on their functioning, his advice, vast experience and insight in corporate affairs such as taxation, company law, financial management etc. His demise has left a void which will be hard to fill.

Retiring directors:

Sri. O. Swaminatha Reddy and Sri Pinnamaneni Koteswara Rao, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Brief profiles of the retiring Directors, Sri O Swaminatha Reddy and Sri Pinnamaneni Koteswara Rao are given below:

- a) Sri. O. Swaminatha Reddy is a Chartered Accountant by qualification and has vast experience in company and financial management. He has rich experience and has occupied the positions of Chairman and Managing Director of Andhra Bank and the A P State Financial Corporation.
- b) Sri. Pinnamaneni Koteswara Rao is an agriculturist from Krishna District in Andhra Pradesh. He has been on the Board of this company for over 33 years and has contributed much to the company. His experience includes his long stint as Chairman of the Zilla Parishad for over 25 years.

DETAILS OF RETIRING DIRECTORS:

(Disclosure pursuant to Clause 49 of Listing Agreement)

Details of Director seeking re-appointment / appointment at the Annual General Meeting to be held on Monday, 27th July, 2009

Name of Director	Sri. O. Swaminatha Reddy	Sri. Pinnamaneni Koteswara Rao
Date of Birth	25/12/1930	08/09/1929
Date of Appointment	14/03/1991	29/01/1976
Expertise in specific general functional area	Chartered Accountant and former Banker	Agriculturalist
Number of shares held in the Company	NIL	1920
List of outside Chairmanships / Directorships held	<ol style="list-style-type: none"> 1. M/s. Sagar Cements Ltd., - Hyderabad - Chairman 2. M/s. T.C.I. Finance Ltd., - Hyderabad - Chairman 3. M/s. Golkonda Hospitality Services & Resorts Ltd - Hyderabad - Chairman 4. M/s. Sagar Power Limited, Hyderabad - Chairman 5. M/s. Transport Corporation of India Ltd., New Delhi - Director 6. M/s. Surana Telecom Ltd., Hyderabad - Director 7. M/s. Bhagyanagar India Ltd., Hyderabad - Director 8. M/s. K.M. Power Pvt. Ltd, Hyderabad - Nominee Director 9. M/s. Thembu Power Pvt. Ltd, Pune - Nominee Director 10. M/s. E.P.R. Gene Technologies Pvt. Ltd., Hyderabad - Director 11. M/s. E.P.R. Pharmaceuticals Pvt. Ltd., Hyderabad - Director 12. M/s. E.P.R. Centre for Cancer Research and Biometrics Pvt. Ltd., Hyderabad - Director 	Veeraiah Non-conventional Power Projects Ltd - Chairman
Chairman / Member of the Committee of the Board of Directors of the Company	<ol style="list-style-type: none"> 1. Audit Committee – Chairman 2. Remuneration Committee – Chairman 3. Investment Committee- Member 4. Shareholders’ Grievance Committee- Member 	Audit Committee- Member
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he / she is a Director	<ol style="list-style-type: none"> 1. M/s. Sagar Cement Ltd –Chairman- Audit Committee 2. M/s. Transport Corp. of India Ltd -Chairman- Audit Committee 3. M/s. Bhagyanagar India Ltd- Chairman- Audit Committee 4. M/s. Surana Telecom Ltd- Chairman- Audit Committee 	-

Note: Pursuant to Clause 49 of the Listing Agreement, only two Committees, viz Audit

Committee and Shareholder's Committee have been considered.

16. STAFF RELATIONS

Industrial relations throughout the company remained cordial.

17. AUDITORS

M/s. Brahmayya & Co, Chartered Accountants, Vijayawada auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. Brahmayya & Co, have confirmed that their re-appointment, if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointment as Auditors and to fix their remuneration.

M/s. Narasimha Murthy & Co, Hyderabad, Cost Accountants, have been appointed Cost Auditors of the Company for the year 2009-2010 subject to the approval of the Central Government.

18. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. The Internal Audit team continuously monitors the effectiveness of internal control and provides a reasonable assurance of the adequacy and effectiveness of your Company's control, governance and risk management process to the Audit Committee.

M/s RGN Price & Co, Chartered Accountants, Chennai and M/s M.Bhaskara Rao & Co, Chartered Accountants, Hyderabad are the Internal Auditors for Engineering Unit and Cement Divisions respectively. Internal Audit reports submitted by them have covered the areas of internal controls, compliance with statutory and self-governance norms within the company besides the financial audits following a well laid-out audit programme. They have regularly visited the factories and verified various internal documents including stock reports etc. They have presented detailed reports on their internal audit of the respective units at quarterly meetings of the Audit Committee bringing

out the salient features of the spheres of the audit, review of internal and other controls, analysis of risks and their management etc.

Risk Management System:

Your Company is conscious of the risks this entails and has put in place a mechanism for minimising and mitigating the same. The process is reviewed periodically. A Risk Management Committee at the Unit and Corporate Level reviews the risks periodically.

19. CORPORATE GOVERNANCE

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchange with which the Company is listed.

A separate report on Corporate Governance is annexed as a part of the Annual Report along with the Auditors' statement on its compliance.

20. DEPOSITORY SYSTEM

The Company has an arrangement with the National Securities Depository Limited (NSDL) as well as with the Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in a dematerialised form. The Company also offers simultaneous dematerialisation of the physical shares lodged for transfer with the Company.

21. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of The Listing Agreement, Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) - 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. The audited Consolidated Financial Statements form part of the Annual Report.

22. ACKNOWLEDGEMENT

The Board wishes to thank the bankers for their continued and positive support. The Board also places on record their appreciation of the work done by all the employees of the Company.

Place: Chennai (FOR AND ON BEHALF OF THE BOARD)
Date: 28th May 2009

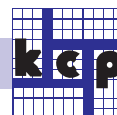
V.L. DUTT
Chairman and Managing Director

Annexures to the Directors' Report

ANNEXURE 1

Statement showing particulars of employees of the Company as required under Sec. 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended 31st March, 2009.

Sl. No.	Particulars	1	2	3	4
1	Name	Dr. V.L. Dutt	Smt. V.L. Indira Dutt	Smt. Kavitha D. Chitturi	Sri. V. Gandhi
2.	Designation	Chairman and Managing Director	Joint Managing Director	Executive Director	Technical Director
3.	Qualification	Grad.B.I.M.	B.A.,	Grad. In Business Management, PGDHR	B.E. (MET)
4.	Experience	50 years	11 years	8 years	31 years
5	Date of Commencement of Employment	3.4.1970	1.7.1996	1.10.1999	25.01.2006
6	Salary in Rs.	16,80,000	12,00,000	10,35,000	10,31,129
7	Commission in Rs.	2,46,05,604	2,46,09,839	87,11,668	87,25,147
8	Benefits in Rs.	26,946	5,02,711	7,78,352	7,68,744
9	Total Remuneration in Rs.	2,63,12,550	2,63,12,550	1,05,25,020	1,05,25,020
10	Nature of employment	Contractual	Contractual	Contractual	Contractual
11	Date of Birth	27/12/1937	14/09/1940	17/05/1971	04/3/1949
12	Particulars of previous employment-Name of the Employer	V. Ramakrishna Sons Private Ltd	Nil	Nil	Fives Cail KCP Limited
13	Designation & period of employment	Administrative Director – 12 years	Nil	Nil	General Manager (PPC)- 7 years



ANNEXURE 2

FORM A (SEE RULE 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY CEMENT UNIT, MACHERLA .

POWER AND FUEL CONSUMPTION	CURRENT YEAR 2008 - 09	PREVIOUS YEAR 2007 - 08
1. ELECTRICITY		
A). PURCHASED FROM APSEB		
Unit K.W.H	2,18,30,217	1,97,91,568
Total Amount Rs.	8,47,17,976	8,12,01,606
Rate/Unit Rs.	3.88	4.10
B). OWN GENERATION		
1) THROUGH DIESEL GENERATOR		
Unit K.W.H	2,74,442	3,52,032
Units per Ltr.of Diesel Oil	3.31	3.56
Cost/Unit Rs.	20.82	19.62
2) THROUGH HYDEL POWER		
Unit K.W.H	3,01,81,190	3,60,95,786
Total Amount Rs.	8,30,73,084	10,10,68,201
Cost/Unit Rs.	2.75	2.80
3) THROUGH W H R POWER		
Unit K.W.H	1,17,98,200	98,34,098
Total Amount Rs.	3,24,45,053	2,75,35,410
Cost/Unit Rs.	2.75	2.80
2. COAL (SPECIFY QUANTITY AND WHERE USED)		
Qty Tonnes	1,21,234	1,14,051
Total cost Rs.	54,11,68,931	39,63,90,959
Average rate Rs.	4463.84	3,475.56
3. DIESEL OIL		
Qty (Ltrs)	8,000	4,650
Total cost Rs.	2,86,835	1,54,781
Average Rate Rs.	35.85	33.29
4. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH	91.86	94.79
Coal	0.179	0.175
Others (Specify)	-	-

FORM B (SEE RULE 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

PARTICULARS	2008 - 2009 Rs.	2007 - 2008 Rs.
1. EXPENDITURE ON RESEARCH AND DEVELOPMENT		
a) Capital	-	-
b) Recurring	2,07,444	2,26,907
c) Total	2,07,444	2,26,907
d) Percentage of R & D Expenses on Total Turnover	0.006%	0.006%
2. TECHNOLOGY ABSORPTION		
The company continues to utilise the in-house R & D facilities	-	-
3. FOREIGN EXCHANGE EARNINGS AND OUTGO		
Total Foreign Exchange used	4,84,05,746	5,20,17,291
Total Foreign Exchange earned	38,61,00,569	32,71,91,427

Report on Corporate Governance

The Company's philosophy on code of Corporate governance

The Company believes that

- Effective Corporate Governance is an essential component of a successful enterprise in a globalised economy.
- Value addition through wider consultations and compliance of standards sharpens the organizational skills to achieve results better than before.
- Appropriate disclosures to shareholders ensure adequate information to assess and match risk of and reward from the enterprise.

- Consequently, Corporate Governance delivers a cohesive group of shareholders who cherish similar values, share similar perspectives and expect similar returns.

The report on Corporate Governance is divided into four parts:

- Board of Directors
- Committees of the Board
- Shareholders' information
- Other disclosures

I. BOARD OF DIRECTORS

a) Composition of Board and attendance particulars:

The Board is headed by Dr.V.L.Dutt, Executive Chairman. The Board has eight Directors as on 31st March, 2009 of which four are non-executive and independent Directors meeting the requirement of the Code of Corporate Governance as per listing agreement

During the year SIX Board meetings were held on the following dates:

30/04/2008, 30/06/2008, 31/07/2008, 25/09/2008, 20/10/2008, 31/01/2009.

Directors	No. of Board Meetings attended during the year	Attendance at last AGM (25-09-2008)	No. of other Directorships	No. of other Board Committees in which Director is a member / Chairman	No. of shares held by Directors
Non-Executive Independent Directors:					
* Sri S. Nandagopal	5	P	-		
Sri Pinnamaneni Koteswara Rao	6	P	1	-	1,920
Sri V.H. Ramakrishnan	6	P	2	1 Chairman 1 Member	-
Sri A. Ramakrishna	3	P	14	9 Member	-
Sri O. Swaminatha Reddy	5	A	8	5 Chairman 1 Member	-
Non-Executive Promoter Directors:					
** Sri P.R. Ramakrishnan	-	-	-	-	-
Executive Promoter Directors:					
Dr. V.L. Dutt, Chairman & Managing Director	6	P	2	2 Chairman	5,49,225
Smt. V.L. Indira Dutt, Joint Managing Director	5	P	3	1 Chairman	2,80,274
Smt. Kavitha D Chitturi, Executive Director	5	P	1	-	59,975
Executive Non Promoter Directors:					
Sri V. Gandhi, Technical Director	6	P	1	-	204

The Board of Directors of the Company has prescribed a detailed Code of Conduct for the Directors and the Employees of the Company. The Code is available on the Company's Corporate Website (www.kcp.co.in).

The Board reviews at every meeting, compliance by the Company with various statutory requirements applicable to it.

b) Remuneration of Directors

i) Remuneration to Non-Executive Directors.

During the year, non-executive Directors were paid sitting fees of Rs. 10,000/- (Rupees Ten Thousand only) each for every meeting of the Board and Committees of the Board attended by them, which is within the limits prescribed under the provisions of the Companies Act, 1956.

The details of sitting fees paid to Non Executive Directors for the year 2008-2009 (for attending to Board Meetings and Audit Committee meetings) are given below:

Particulars	Sitting fees paid
Sri. V. H. Ramakrishnan	Rs. 1,00,000/-
Sri. Pinnamaneni Koteswara Rao	Rs. 1,00,000/-
Sri. P.R. Ramakrishnan	NIL
Sri. O. Swaminatha Reddy	Rs. 90,000/-
Sri. S. Nandagopal	Rs. 80,000/-
Sri. A. Ramakrishna	Rs. 40,000/-

(ii) Remuneration to Executive Directors

Remuneration to all the Executive Directors is paid within the limits prescribed under the provisions of the Companies Act, 1956, and is approved by the Board of Directors based on the recommendations of the Remuneration Committee and sanctioned by the Shareholders at their meeting and by the Government, wherever required.

Particulars of their remuneration for the year ended 31st March 2009 are given below :

Particulars of Executive Directors	Salary & Perquisites (Rs.)	Commission (Rs.)	Total
Dr. V.L. Dutt Chairman & Managing Director	17,04,946	2,46,05,604	2,63,12,550
Smt. V.L. Indira Dutt Joint Managing Director	17,02,711	2,46,09,839	2,63,12,550
Smt. Kavitha Dutt Chitturi Executive Director	18,13,352	87,11,668	1,05,25,020
Sri. V. Gandhi Technical Director	17,99,873	87,25,147	1,05,25,020

II. COMMITTEES OF THE BOARD

A. Audit Committee

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit. The responsibilities of the Audit Committee include among other things overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment and remuneration of internal auditors, external auditors and cost auditors, reviewing the periodical interim and annual financial statements before submission to the Board, reviewing adequacy of internal control systems and discussing the scope of audit with external auditors.

During the year, four Audit Committee meetings were held on the following dates :

30/06/2008, 31/07/2008, 20/10/2008, 31/01/2009.

The Audit Committee comprises 4 Non-Executive Independent Directors and an Executive Director. The Committee was chaired by an independent Director, Sri. S. Nandagopal, a Chartered Accountant who expired on 31/12/2008. Sri. O. Swaminatha Reddy, a Chartered Accountant who is nominated by the Board as a Chairman of the Audit Committee from 31/01/2009. In the opinion of the Board of Directors, all the members of the Audit Committee are financially literate, and also have accounting or related financial management experience.

The committee also meets the requirements of Sec 292A of the Companies Act 1956.

The Composition of the Audit Committee is given below:

Members	Number of Meetings Held	Number of Meetings Attended
Non-Executive Independent Directors :		
Sri. S. Nandagopal, Chairman (Upto the meeting on 20/10/2008)	4	3
Sri. O. Swaminatha Reddy (From the meeting on 31/01/2009)	4	4
Sri. V.H. Ramakrishnan	4	4
Sri. A. Ramakrishna	4	1
Sri. Pinnamaneni Koteswara Rao	4	4
Executive Promoter Director :		
Smt. Kavitha D Chitturi	4	4

The Company Secretary is the Secretary to the Committee. Executive Directors, Statutory Auditors and the Internal Auditors have also attended the audit committee meetings, when invited by the Committee.

The Committee also invites Business and Functional Heads to discuss matters concerning their Business / Departments as and when it deems necessary.

The Audit Committee reviewed the quarterly, half-yearly and annual financial statements of the Company before submission to the Board of Directors. It has also reviewed the financial and other specified information of subsidiary Company. It has reviewed the internal audit reports and discussed the same with them and the concerned officers of the Company, to address the matters contained therein. It has also taken on record the appointment of the Statutory Auditors, Cost Auditors and recommended to the Board the remunerations payable to them, and also to the Internal Auditors.

Sri S. Nandagopal, then Chairman of the Audit Committee, attended the Annual General Meeting of the Company held on 25th September 2008.

B. Investment Committee

The Investment Committee evaluates the various investment proposals of the Company and guides the Board of Directors in evaluating and implementing the same.

The Committee did not have an occasion to meet during the year, 2008-09

The Investment Committee comprises the following 4 Non-Executive Independent Directors. The Committee was chaired by an Independent Director, Sri. S. Nandagopal, a Chartered Accountant by qualification.

Non-Executive Independent Directors :

Sri. S. Nandagopal, Chairman (till 31-12-2008)

Sri. O. Swaminatha Reddy, Member

Sri. V.H. Ramakrishnan, Member

Sri. A. Ramakrishna, Member

C. Share Transfer, Transmission and issue of share certificate committee

This Committee is constituted to approve transfer and transmission of shares.

During the year, 15 meetings of Share Transfer Committee were held on the following dates:

30/04/2008, 29/05/2008, 27/06/2008, 31/07/2008, 11/08/2008, 09/09/2008, 17/09/2008, 16/10/2008, 03/11/2008, 02/12/2008, 31/12/2008, 30/01/2009, 10/02/2009, 09/03/2009, 31/03/2009.

The Committee comprising of the following executives of the Company:

Officers:

Dr. A.V. Sivarama Prasad – Vice President - HRD & S
Sri. R. Nandagopal – Senior Manager – Accounts – RO (till 31st December 2008)

Sri. S. Sankaran – Senior Manager – Legal – RO

Sri. Y. Vijayakumar – Company Secretary (From 29/05/2008)

Sri. M.R. Ramachandran - Chief Financial Officer (From 16/10/2008)

Sri. S. Nandkumar – Senior Manager – Accounts – RO (From 01/01/2009)

D. Shareholders' / Investors' Grievance Committee

This Committee was reconstituted with following Directors with effect from 28.01.2005, to attend to redressal of any specific grievances raised by the shareholders/investors:

Sri. S. Nandagopal, Chairman (Till 31-12-2008)

Sri. V.H. Ramakrishnan, Member

Sri. A. Ramakrishna, Member

Sri. O.Swaminatha Reddy, Member

The Company has not received any complaints during the year, 2008-2009, as per the confirmation received from M/s. Integrated Enterprises India Limited. The Company's Registrar and share transfer Agents, and is taking necessary steps to address matters arising in earlier years.

Remuneration Committee

This Committee evaluates the financial position and state of affairs of the Company vis-à-vis the prevailing comparable remuneration structure of managerial personnel in other Companies and determines the remuneration and benefits for Board Members. The Committee did not have an occasion to meet during the year, 2008-09.

The Remuneration Committee comprises the following Independent Directors:

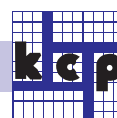
Sri. S. Nandagopal, Chairman (Till 31-12-2008)

Sri. A. Ramakrishna, Member

Sri. V.H. Ramakrishnan, Member

Sri. O. Swaminatha Reddy (Chairman from 31-01-2009)

The Remuneration Policy and the details of the remuneration paid to the Directors are furnished in the Section relating to the Board of Directors herein before.



III. SHAREHOLDER INFORMATION

1. Ensuing Annual General Meeting

Date and Time : Monday, 27th July 2009
at 11.00 a.m.

Venue : "Ramakrishna Buildings",
No.2, Dr. P.V. Cherian Crescent,
Egmore, Chennai 600 008

2. Financial Year : April 1st to March 31st

3. Financial Calendar:

1st Quarter – 1st April to 30th June – Last week of July

2nd Quarter – 1st July to 30th September – Last week of October

3rd Quarter – 1st October to 31st December – Last week of January

4th Quarter – 1st January to 31st March – Last week of June (audited)

4. Book Closure :

18th July 2009 to 27th July 2009 (Both days inclusive)

5. Dividend Payment Date : On or before 26th August 2009

6. Address for Correspondence :

The K.C.P. Limited
"Ramakrishna Buildings":
No.2, Dr. P.V. Cherian Crescent
Egmore, Chennai 600 008

7. Listing on Stock Exchanges:

Name of Stock Exchange	Stock Code
National Stock Exchange of India Limited, Mumbai	KCP
The Bombay Stock Exchange Limited, Mumbai(permited to trade)	590066
Name of the Depositories(for demat only)	
National Securities Depository Ltd	INE 805C01010
Central Depository Services (India) Ltd	INE 805C01010

8. Share Price Data

NATIONAL STOCK EXCHANGE (NSE)

Month	High	Low
April 2008	469.75	387.00
May 2008	474.50	336.85
June 2008	380.00	282.15
July 2008	309.95	220.05
August 2008	340.00	270.10
September 2008	324.00	192.00
October 2008	221.55	111.50
November 2008	157.50	113.20
December 2008	158.90	114.50
January 2009	166.00	117.10
February 2009	163.00	125.10
March 2009	135.65	122.00

9. Relative Stock Performance :

The KCP Limited price Vs NSE Nifty



For the period 01.04.2008 – 31.03.2009

10. Registrar & Share Transfer Agents

For demat & physical shares:

Integrated Enterprises India Limited
II Floor, "Kences Towers"
No.1, Ramakrishna Street, North Usman Road
T.Nagar, Chennai 600 017.
Ph : 2814 0801
Email: sureshbabu@iepindia.com
www.iepindia.com

11. Share Transfer System :

Share Transfer System in physical form is normally effected within a maximum period of 30 days of receipt of the documents, if found in order. All share transfers are duly approved by the Share Transfer Committee, which meets once in three weeks. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

12. Distribution of Shareholding as on March 31st, 2009

No. of Equity Shares held	No. of Share holders	% Share holders	No. of Shares	% Share holding
1 – 500	14,709	90.94	12,50,386	9.70
501 – 1000	667	4.12	4,87,877	3.78
1001 – 2000	344	2.13	4,81,635	3.74
2001 – 3000	145	0.90	3,59,021	2.79
3001 – 4000	75	0.46	2,61,809	2.03
4001 – 5000	50	0.31	2,31,296	1.79
5001 – 10000	83	0.51	5,72,882	4.44
Above 10001	102	0.63	92,47,210	71.73
TOTAL	16175	100.00	1,28,92,116	100.00

13. Categories of Shareholding as on March 31st, 2009

Category	No. of Share holders	No. of Shares	% Share holding
Clearing Member	77	40,346	0.3130
Bank Foreign	1	50	0.0004
Foreign Institutional	3	19,150	0.1486
Indian Financial Institutions	16	2,82,540	2.1916
Indian Promoters	26	59,63,824	46.2595
Mutual Funds & UTI	7	5,29,133	4.1043
NRI / OCBs	215	1,96,132	1.5214
Private Corporate Bodies	347	4,21,727	3.2712
Indian Public	15480	54,34,723	42.1554
Trusts	3	4,491	0.0348
TOTAL	16175	1,28,92,116	100.00

14. Dematerialization of Shares and Liquidity

5490613 total Equity Capital is held in dematerialized form with NSDL and CDSL as on March 31st, 2009.

15. The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments that are outstanding at the Balance Sheet Date.

16. Plant Locations :

CEMENT	Macherla - 522426 Guntur District, Andhra Pradesh
ENGINEERING	1) Tiruvottiyur Chennai 600 019. Tamilnadu 2) Mosur Road Ekhunagar, Arakonam 631 004 Tamilnadu
ELECTRICITY ENERGY	
HYDEL UNIT	B.No. AE-1, NSP Colony Nekarikallu 522 615, Guntur District, AP
WIND POWER	Uthumalai Village Tirunelveli District, Tamilnadu
THERMAL UNIT	Macherla - 522426, Guntur District, AP
BIO TECH	Plot No.14, S.P.Biotech Park Genome Valley, Turkapally (village) – 500078 Shameerpet (Mandal), R.R.District, AP

17. Compliance Certificate of the Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges and the same is annexed to the Report of the Directors.

V. OTHER DISCLOSURES

1. a) During the year there were no materially significant related party transactions that might have had potential conflict with the interest of the company at large.
- b) The Company based on principle of prudence has written off an amount of Rs. 61,52,242/- which is outstanding for a very long time from a Company in which one of the Key Management Personnel has significant influence.
2. During the last three years, there were no instances of non compliance by the company, with any statutory matters concerning capital markets, nor were any penalties or strictures imposed on it with regard thereto by any concerned regulatory authorities
3. The company does not have a whistle-blower policy. However, the company does not deny any of its personnel, access to the audit committee.
4. The Company has, to the best of its understanding, complied with all the mandatory requirements of Clause 49 of the Listing Agreement. With regard to the non-mandatory requirements, in addition to the matters already implemented as reported herein elsewhere,
 - There were no qualifications by the auditors that are material in nature, and the company is taking corrective steps in response to the observations if any made by the auditors
 - All the Directors of the company have considerable experience and expertise as directors in this company and other companies, and hence in the opinion of the Board no further training or evaluation is considered necessary for them.
 - For the time being there is no ceiling on the tenure of the non-executive directors.

1. Details of Annual General Meetings & Special Resolutions :

Location and time of Annual General Meetings held in last 3 years along with Special Resolutions passed:

Year	AGM	Location	Date	Time	Special Resolutions considered thereof	Result
2006	65th	"Ramakrishna Buildings" 2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008	27/09/2006	11.00 a.m	Appointment of Auditors	Passed
2007	66th	"Ramakrishna Buildings" 2, Dr. P.V. Cherian Crescent Egmore, Chennai 600 008	13/08/2007	3.00 p.m	-	-
2008	67th	"Ramakrishna Buildings" 2, Dr. P.V. Cherian Crescent Egmore, Chennai 600 008	25/09/2008	11.00 a.m	-	-

2. Means of Communication

The Quarterly, Half yearly and annual financial results are forwarded to the Stock Exchange(s) where the company's shares are listed. The financial results in the prescribed format were published in the following newspapers:

Business Line (English)
Financial Express (English)
Dhinamani (Tamil)
Malaimurasu (Tamil)

The company does not send a half yearly declaration of its financial performance to each household of its shareholders.

The quarterly financial results, annual reports and the share holding pattern etc. are posted on the Company's website at www.kcp.co.in. Information as prescribed was posted to Electronic Data Information Filing and Retrieval Systems (EDIFAR) during the year. The Company has not issued any official news release, nor made any presentations to the investors about its financial results during the year. A management discussion analysis of relevant matters forms part of the Report of the Board of Directors.

Place : Chennai
Date : 28/05/2009

V.L. DUTT
CHAIRMAN & MANAGING DIRECTOR

Auditors' Certificate on Corporate Governance

The Members
The KCP Limited
Ramakrishna Buildings
No. 2, Dr.P.V.Cherien Crescent
Egmore,
Chennai - 600 008

We have examined the compliance of conditions of Corporate Governance by The KCP Limited for the year ended March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

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

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 BRAHMAYYA & CO
Chartered Accountants

Place: Chennai
Date: 28th May, 2009

C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

Declaration under clause 49 of the Listing Agreement

I, V.L. Dutt, Chairman & Managing Director of the Company hereby confirm that all the members of your Board and the Senior Management Personnel of your Company have confirmed the compliance to the Code of Conduct of the Company during the year ended 31.03.2009.

For **THE KCP LIMITED**

Place: Chennai
Date: 28th May, 2009

V.L. DUTT
Chairman and Managing Director

CEO / CFO Certification

The Board of Directors,
The KCP Limited
We hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of the company for the year ended March 31, 2009 and to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) The disclosures have been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have personal interest. However, none of these transactions have conflict with the interest of the Company at large.

Place: Chennai
Date: 28th May, 2009

For **The KCP Limited**
V.L. Dutt
Chairman and Managing Director

For **The KCP Limited**
M.R. Ramachandran
Chief Financial Officer

Auditors' Report

To
The Shareholders of
The KCP Limited
Chennai

We have audited the attached Balance Sheet of The KCP Limited, as at 31st March 2009, its Profit and Loss Account for the year ended on that date annexed thereto, and its 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.

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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the 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.

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 account as required by law have been kept by the company

so far as appears from our examination of such books;

- c. The Balance Sheet and 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 and Profit and Loss account and the 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 March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009,
 - ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date,
 - iii. In the case of the cash-flow statement, of the cash-flows of the company for the year ended on that date

For BRAHMAYYA & CO
Chartered Accountants

C. MURALI KRISHNA
(ICAI Memb.No.20884)
Partner

Place: Chennai
Date: 28th May, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- 1.1 According to the information and explanations furnished to us, the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- 1.2 According to the information and explanations furnished to us, the company has physically verified some of its fixed assets during the year, in accordance with a phased programme of verification, which, in our opinion, is reasonable, having regard to the size of the company and the nature of the assets. As per the said information and explanations, no material discrepancies were noticed on such verification carried out during the year.
- 1.3 According to the information and explanations furnished to us, the company has not disposed of a substantial part of its fixed assets during the year.
- 2.1 According to the information and explanations furnished to us, the company has physically verified its inventories during the year. In our opinion, the frequency of such verification is reasonable.
- 2.2 In our opinion, 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.
- 2.3 According to the information furnished to us, the company is maintaining proper records of its inventory and the discrepancies if any noticed on verification between the physical stocks and the book records were not material, and have been properly dealt with in the books of account.
- 3.1 According to the information and explanations furnished to us, the company has not granted any loans to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act 1956, at the beginning of the year or during the year, and consequently reporting under sub-clauses b, c and d of clause 4(iii) of the Order does not arise during the year.
- 3.2 According to the information and explanations furnished to us, the company has taken loans aggregating to Rs.8.18 crores from three directors, Rs 0.07 crores from a relative of the director and Rs.3.15 crores from a company, covered by the register maintained under Section 301 of the Companies Act 1956.
- 3.3 In our opinion, the rate of interest and other terms and conditions on which loans have been taken by the company from companies, firms or other parties covered by the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- 3.4 According to the information and explanations furnished to us, the company has been regular in repaying the principal and interest amounts as stipulated on the loans taken by it from the parties listed in the registers maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have not come across any instances of major weaknesses in internal control that require correction and have so continued without correction.
- 5.1 Based on the information and explanations given to us, we are of the opinion that the transactions that are required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions which have been entered into, pursuant to contracts that have been entered in the register maintained under Section 301 of the Companies Act 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. 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, no Order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 58A and 58AA of the Companies Act, 1956.

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the company at its cement and electric 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. However, we are not required to and have not carried out a detailed audit of the same.
 - 9.1 According to the information furnished to us, the company has generally been regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
 - 9.2 There were no undisputed statutory dues mentioned in the preceding paragraph in arrears, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable, except an amount of Rs. 3,16,089 on account of unpaid dividends, and Rs. 81,827 on account of unclaimed interest on public deposits due for remittance to the Investor Education and Protection Fund, which however have been remitted since the Balance Sheet date.
 - 9.3 According to the information furnished to us, there were no amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Wealth Tax, Service Tax that have been disputed by the company, and hence, were not remitted to the concerned authorities at the date of the Balance Sheet under report, except

S. No	Nature of Dues	Applicable Statute	Amount (in Rs.)	Pending Before
1	Excise duty and related demands	Central Excise Act. 1944	6,87,985	Commissioner of Appeals
2	Sales Tax and Related Demands	Sales Tax Acts of Various State Governments	1,17,83,770	Various Appellate Authorities

10. According to the information and explanations furnished to us by the company, it had no accumulated losses at the end of the financial year, and it did not incur cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the company, there were no defaults in repayment of dues to financial institutions, banks or debenture holders at the date of the Balance Sheet.
12. According to the information furnished to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi / mutual benefit fund/ society and hence, the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, and according to the information furnished to us, the terms and conditions on which the company has given guarantees during the year for loans taken by its subsidiary from banks are not prejudicial to the interest of the company.
16. In our opinion, and according to the information and explanations furnished to us, the term loans taken by the company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment,

18. According to the information and explanations furnished to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act, or to any others.
19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.
20. The company has not raised any moneys through public issue of its securities during the year, and the question of end use of such moneys does not arise during the year.
21. According to the information and explanations furnished to us, and based on the audit procedures generally adopted by us, we report that, during the year, no fraud on or by the company has been noticed or reported that is either significant or could have caused a material misstatement in the financial statements.

For BRAHMAYYA & Co
Chartered Accountants

C. MURALI KRISHNA
(ICAI Memb. No. 20884)
Partner

Place: Chennai
Date: 28th May, 2009

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	Schedule	AS AT 31-03-2009		AS AT 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
(I) SOURCES OF FUNDS:					
1. Shareholders' Funds:					
(a) Capital	A	12,89,21,160		12,89,21,160	
(b) Reserves & Surplus	B	2,27,80,45,750		1,76,97,69,245	
			2,40,69,66,910		1,89,86,90,405
2. Loan Funds:					
(a) Secured Loans	C	42,46,25,054		31,99,42,120	
(b) Unsecured Loans	D	24,96,50,000		24,39,40,000	
			67,42,75,054		56,38,82,120
3. Deferred Tax Liability (Net)					
(a) Deferred Tax Liability		18,81,68,563		18,70,50,272	
(b) Less: Deferred Tax Asset		96,30,766	17,85,37,797	1,02,40,684	17,68,09,588
Total			3,25,97,79,761		2,63,93,82,113
(II) APPLICATION OF FUNDS:					
1. Fixed Assets:					
(a) Gross Block	E	2,45,30,23,516		2,32,10,80,498	
(b) Less: Depreciation		1,22,28,26,158		1,13,77,81,964	
(c) Net Block		1,23,01,97,358		1,18,32,98,534	
(d) Capital Work-in-progress		8,45,22,923		8,19,58,776	
			1,31,47,20,281		1,26,52,57,310
2. Investments					
F			25,98,41,121		27,72,41,121
3. Current Assets, Loans and Advances:					
(a) Inventories	G1	78,11,44,195		62,11,45,841	
(b) Sundry Debtors	G2	64,07,38,692		53,31,90,460	
(c) Cash and Bank Balances	G3	70,86,27,189		38,20,91,416	
(d) Other Current Assets	G4	3,03,21,601		1,33,17,860	
(e) Loans and Advances	H	86,42,72,425		60,41,25,121	
		3,02,51,04,102		2,15,38,70,698	
Less: Current Liabilities and Provisions:					
(a) Liabilities	I-1	92,51,73,926		70,94,09,091	
(b) Provisions	I-2	41,47,11,817		34,75,77,925	
		1,33,98,85,743		1,05,69,87,016	
Net Current Assets			1,68,52,18,359		1,09,68,83,682
Total			3,25,97,79,761		2,63,93,82,113

Notes, Schedules & Statement on Accounting Policies form an integral part of the Balance Sheet
(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

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

PARTICULARS		Schedule	For the year ended 31-03-2009	For the year ended 31-03-2008
	Rs.		Rs.	Rs.
INCOME FROM:				
Sale of Products and Services	4,00,46,31,992			
Less: Excise Duty & Cess	51,32,48,286		3,49,13,83,706	3,43,11,42,6371
Other Income		1	17,42,41,060	9,21,24,751
			3,66,56,24,766	3,52,35,51,122
EXPENDITURE ON:				
Materials Consumed		2	63,48,28,009	59,66,47,191
Payments and Benefits to Employees		3	29,90,03,065	27,99,73,392
Manufacturing, Selling, Administrative and other expenses		4	1,58,37,81,476	1,50,42,11,126
Rates and Taxes (excluding income-tax)			1,10,69,211	1,43,45,579
Interest and Finance charges			6,71,17,142	6,92,01,773
Depreciation			9,14,15,260	8,57,97,541
			2,68,72,14,163	2,55,01,76,602
Profit/(Loss) for the year:			97,84,10,603	97,33,74,520
Add: Refund of Income Tax			54,25,419	-
Less: Provision for Current Tax			32,00,00,000	26,54,00,000
Deferred Tax			17,28,206	3,84,83,953
Fringe Benefit Tax			30,00,000	41,00,000
Profit/(Loss) after Taxation			65,91,07,816	66,53,90,567
Balance brought forward from last Year	22,63,95,076		22,63,95,076	21,70,78,174
			88,55,02,892	88,24,68,741
Appropriations (See Directors' Report)	This Year Rs.	Previous Year Rs.		
Less: Transfer to General Reserve	50,00,00,000	50,52,42,354	50,00,00,000	50,52,42,354
Proposed Dividend	3,22,30,290	3,22,30,290	3,22,30,290	3,22,30,290
Interim Dividend paid	9,66,90,870	9,66,90,870	9,66,90,870	9,66,90,870
Tax on distributed Profits	2,19,10,151	2,19,10,151	2,19,10,151	2,19,10,151
Balance carried forward to next Year			23,46,71,581	22,63,95,076
Basic Earnings per equity share of Rs.10 each -(EPS)			51.12	51.61
Profit after tax 65,91,07,816 (Rs. 66,53,90,567) / 1,28,92,116 equity shares (1,28,92,116)				

Notes, Schedules & Statement on Accounting Policies form an integral part of the Profit and Loss Account

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

“SHARE CAPITAL”

Schedule ‘A’

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
Authorised:		
5,50,00,000 (5,50,00,000) Equity Shares of Rs.10/-each	55,00,00,000	55,00,00,000
Issued:		
1,28,97,748 Equity Shares of Rs.10/-each	12,89,77,480	12,89,77,480
Subscribed and Paid-up:		
1,28,92,116 Equity Shares of Rs.10/-each fully paid	12,89,21,160	12,89,21,160
Total taken to Balance Sheet	12,89,21,160	12,89,21,160

Note: Of the above subscribed and paid up equity shares, 1,26,65,220 shares represent Bonus Shares allotted as fully paid up, by capitalisation of Profits / Reserves.

“RESERVES & SURPLUS”

Schedule ‘B’

PARTICULARS	AS AT 31-03-2008 Rs.	Added during the year Rs.	Withdrawn during the year Rs.	AS AT 31-03-2009 Rs.
Capital Reserve - on reorganisation	2,79,91,144	0	0	2,79,91,144
Capital Subsidy	50,00,000	0	0	50,00,000
General Reserve	1,50,00,00,000	50,00,00,000	0	2,00,00,00,000
Amalgamation Reserve	1,03,83,025	0	0	1,03,83,025
Surplus in Profit and Loss Account	22,63,95,076	0	0	23,46,71,581
Total taken to Balance Sheet	1,76,97,69,245			2,27,80,45,750

“SECURED LOANS”

Schedule ‘C’

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
I. Short-Term Loans:		
a) From banks secured by paripassu first charge on the Current Assets and pari passu second charge on the Fixed Assets of the Macherla Cement Division	14,04,44,837	0
b) From a bank secured by charge on current assets and extention of charge on the Fixed Assets of the Biotech Division	2,31,76,251	4,50,32,022
c) From a bank secured by paripassu first charge on the Current Assets and pari passu second charge on the Fixed Assets of the Engineering Division	6,07,88,272	0
II. Long-Term Loans :		
a) From banks secured by paripassu first charge on the Fixed Assets and paripassu second charge on the current assets of Macherla Cement Division	3,83,23,694	8,96,37,446
b) From a bank secured by first charge on the Wind Mills of the Company.	12,19,20,000	15,24,00,000
c) From a bank secured by First charge on the fixed assets and extension of charge on current assets of Biotech Division	3,99,72,000	3,28,72,652
Total taken to Balance Sheet	42,46,25,054	31,99,42,120

“UNSECURED LOANS”

Schedule ‘D’

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
i) Fixed Deposits (including Rs.35,03,000/- (Rs.34,03,000/-) from Directors.)	13,91,50,000	15,52,40,000
ii) From Directors	7,90,00,000	6,52,00,000
iii) Intercorporate Loan	3,15,00,000	2,35,00,000
Total taken to Balance Sheet	24,96,50,000	24,39,40,000

“FIXED ASSETS”

Schedule ‘E’

Sl. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION	NET BLOCK	
		Cost upto 31-03-2008 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Cost upto 31-03-2009 Rs.		Total Depreciation upto 31-03-2009 Rs.	As at 31-03-2009 Rs.
1.	Lands	2,76,00,258	-	-	2,76,00,258	-	2,76,00,258	2,76,00,258
2.	(a) Buildings	22,28,54,495	2,27,67,912	-	24,56,22,407	9,15,75,470	15,40,46,936	13,64,36,527
	(b) Leasehold Buildings	15,47,500	-	-	15,47,500	4,37,566	11,09,934	10,84,710
3.	Tramways & Railway Sidings	67,94,361	-	-	67,94,361	58,63,532	9,30,829	12,53,561
4.	Plant & Machinery	1,96,69,12,644	10,26,09,853	37,62,482	2,06,57,60,015	1,07,08,33,836	99,49,26,180	97,21,77,232
5.	Furniture, Fixtures & Office Equipments	3,42,72,945	35,97,059	28,78,714	3,49,91,290	2,32,62,966	1,17,28,324	97,26,762
6.	Vehicles & Earthmoving Equipments	5,52,48,458	1,05,83,330	9,82,560	6,48,49,228	2,87,61,911	3,60,87,317	3,04,61,647
7.	Research & Development Equipments	44,59,837	8,620	-	44,68,457	7,00,877	37,67,580	44,59,837
8.	Patents	13,90,000	-	-	13,90,000	13,90,000	-	98,000
	Grand Total	2,32,10,80,498	13,95,66,774	76,23,756	2,45,30,23,516	1,22,28,26,158	1,23,01,97,358	1,18,32,98,534
	Previous year	2,09,69,71,021	26,94,19,611	4,53,10,134	2,32,10,80,498	1,13,77,81,964	1,18,32,98,534	1,01,12,03,084

“INVESTMENTS”

Schedule 'F'

PARTICULARS	Details Rs.	AS AT 31-03-2009 Total Rs.	AS AT 31-03-2008 Total Rs.
I. SHARES OF COMPANIES:			
1.Trade Investments:			
(a) Unquoted Equity Shares - Fully paid:			
i) 4,00,000 Shares of Rs.10/- each in Fives Cail KCP Limited	40,00,000		40,00,000
ii) 12,00,000 Equity Shares of Rs.10/- each in Sudalagunta Sugars Limited	1,20,00,000		2,40,00,000
	(A)	1,60,00,000	2,80,00,000
2. Non-Trade Investments:			
(a) Quoted Equity Shares -Fully Paid:			
(i) 350 Shares of Rs.10/- each in ICICI Bank Limited	18,005		18,005
(ii) 360 Shares of Rs.10/- each in State Bank of India	1,25,400		1,25,400
(iii) 100 Shares of Rs. 10 each in Industrial Finance Corporation of India	3,500		3,500
(iv) 14,240 shares of Rs.10/- each in Industrial Development Bank of India	11,57,000		11,57,000
		13,03,905	
	(B)	13,03,905	13,03,905
(b) Unquoted Equity Shares - Fully Paid:			
(i) 30 Equity Shares of Rs.10/-each in Andhra Pradesh Heavy Machinery & Engineering Company Limited	300		
Less : Written off to the extent of	299		
		1	1
(ii) 5,00,000 Equity Shares of Rs.10/- each in Somayajulu & Company Limited.	50,00,000		50,00,000
(iii) 1,00,000 shares of Rs.10/- each in Prudential Mouli Sugars Ltd.	1000000		
Less : Written off to the extent of	999999	1	1
In Subsidiary companies:			
(iv) 83,99,760 Equity Shares of US\$ 1 each, KCP Vietnam Industries Ltd, Vietnam.	23,71,43,668		23,71,43,668
		24,21,43,670	
	(C)	24,21,43,670	24,21,43,670

PARTICULARS	Details Rs.	AS AT 31-03-2009 Total Rs.	AS AT 31-03-2008 Total Rs.
II. OTHER INVESTMENTS:			
(a) Quoted:			
Unit Trust of India (earmarked towards deposits under Companies(Acceptance of Deposits) Rules ,1975)			
(i) 53850 6.75%tax free bonds of Rs100/- each (Sold during the year)	-		53,85,000
(ii) 18,433.029 UTI Balanced Fund Units of Rs.10/- each	3,93,546		3,93,546
(b) Unquoted:			
(iii) National Saving Certificates	15,000		15,000
Less: Written off during the year	15,000		
		3,93,546	
(D)		3,93,546	57,93,546
Total taken to Balance Sheet	(A+B+C+D)	25,98,41,121	27,72,41,121
NOTES:			
1. All the above are long term investments.			
2. Aggregate values of quoted investments :			
At Cost		16,97,451	70,82,451
At Market value		14,17,732	79,10,251
3. Aggregate cost of unquoted investments		25,81,43,669	27,01,58,669

“CURRENT ASSETS”

INVENTORIES

Schedule ‘G-1’

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
(as certified by the Management)		
(1) Stores and Spares at Cost	28,14,34,919	21,49,05,368
(2) Stores and Raw Materials in transit at Cost	33,53,118	-
(3) Stocks-in-trade		
a) Raw Materials at cost	5,74,47,455	1,78,72,844
b) i) Finished Goods at Cost	1,60,33,020	1,25,79,001
ii) Finished Goods at Estimated Realisable Value	2,79,06,155	5,22,74,395
c) Work-in-progress		32,35,14,233
At Cost	38,93,88,898	-
At Estimated Realisable Value	55,80,630	-
Total taken to Balance Sheet	78,11,44,195	62,11,45,841

“SUNDRY DEBTORS”

Schedule ‘G-2’

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
Sundry Debtors		
(A) Debts outstanding for a period exceeding six months: Considered Good		
(a) Fully Secured:	18,67,304	12,66,178
(b) Unsecured :	13,37,04,190	9,21,43,705
	13,55,71,494	9,34,09,883
(B) Other Debts Considered Good		
(a) Fully Secured	42,44,997	87,46,828
(b) Unsecured (includes Rs. 31,21,352/- (Rs. 14,28,96,495) due from subsidiary company)	50,09,22,201	43,10,33,749
Total taken to Balance Sheet	64,07,38,692	53,31,90,460

“CASH AND BANK BALANCES”

Schedule ‘G-3’

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
(1) Cash /Cheques on hand	88,04,646	81,48,535
(2) At Scheduled Banks:		
i) in Fixed Deposits	62,99,43,324	32,92,03,419
ii) in Current Accounts	6,98,79,219	4,47,39,462
Total taken to Balance Sheet	70,86,27,189	38,20,91,416

“OTHER CURRENT ASSETS”

Schedule ‘G-4’

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
Interest accrued (includes Rs.17,82,158/- (Rs.32,88,853/-) from Subsidiary company)	3,03,21,601	1,33,17,860
Total taken to Balance Sheet	3,03,21,601	1,33,17,860

“LOANS AND ADVANCES”
Schedule “H”

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
(1) Advances, (unsecured , recoverable in cash or in kind , for value to be received)		
Considered Good	31,29,69,054	
Considered Doubtful	-	
	31,29,69,054	
Less : Provision for Doubtful Advances	-	7,25,86,390
(2) Prepaid Expenses	93,54,303	84,91,479
(3) Excise Duty paid in advance	3,19,78,618	3,49,28,811
(4) Direct Taxes paid in advance	34,64,40,569	28,82,49,085
(5) Income-tax deducted at source	3,20,75,292	1,10,39,890
(6) Deposits recoverable	3,39,37,766	3,29,03,240
(7) Claims recoverable	33,60,863	86,46,724
(8) Loans to Subsidiary Company	9,41,55,960	14,72,79,502
Total taken to Balance Sheet	86,42,72,425	60,41,25,121

“CURRENT LIABILITIES AND PROVISIONS”

Schedule “I-1”

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
A. CURRENT LIABILITIES:		
(1) a. Sundry Creditors - Due to Micro and Small Enterprises (See Note No. 9 forming part of accounts)	25,59,791	0
b. Sundry Creditors - Due to Others (includes Rs. 6,66,52,257 /-(Rs.6,42,71,660/-)due to wholetime directors)	39,10,26,178	32,13,90,373
(2) Advances received against sales	46,06,90,495	32,07,20,641
(3) Trade Deposits	4,83,30,000	4,59,70,000
(4) Deposits from Contractors and others	2,90,500	2,90,500
(5) Security Deposits from staff	85,000	1,07,000
(6) Unclaimed Dividend*	97,23,629	75,02,172
(7) Interest accrued but not due on loans	70,21,982	74,14,180
(8) Due to Superannuation and Gratuity Trusts	48,78,726	60,14,225
(9) Due due to Investor Education and Protection Fund **	5,67,625	-
Total taken to Balance Sheet	92,51,73,926	70,94,09,091

Note:* There are no amounts due to be remitted to Investor Education and Protection Fund out of these amounts

** Since remitted

Schedule “I-2”

PARTICULARS	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
B. PROVISIONS:		
(1) For Income Tax ,Wealth Tax & Fringe Benefit Tax	35,07,63,259	28,12,14,162
(2) For Proposed Dividend	3,22,30,290	3,22,30,290
(3) For Tax on Distributed Profits	54,77,538	54,77,538
(4) For Leave Encashment	1,39,94,163	1,29,22,964
(5) For Retirement Gratuity (Net of value of plan assets)	1,22,46,567	1,57,32,971
Total taken to Balance Sheet	41,47,11,817	34,75,77,925

Signature to Schedules A to I-2

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

“OTHER INCOME”

Schedule-1

PARTICULARS	For the year ended 31-03-2009	For the year ended 31-03-2008
	Rs.	Rs.
(1) Interest received from Banks and others (Tax deducted on above Rs.1,41,76,665/ (Previous year Rs. 47,96,704)	7,42,80,806	4,20,48,205
(2) Dividends Received (Gross)		
-From Trade Investments	1,76,00,000	0
-From Non-Trade Investments	40,070	44,933
(3) Rents received	33,37,777	28,12,983
(4) Miscellaneous Receipts	1,60,66,588	1,41,65,211
(5) Profit on sale of Assets	10,39,842	76,694
(6) Unclaimed balances credited back	21,83,574	9,34,538
(7) Claims/refunds received	-	19,21,990
(8) Provisions no longer required credited back	99,00,872	3,01,20,197
(9) Difference in exchange (Net)	4,97,91,531	0
Total taken to Profit and Loss Account	17,42,41,060	9,21,24,751

“MATERIALS CONSUMED”

Schedule-2

PARTICULARS	Details Rs.	For the year ended 31-03-2009 Rs.	Details Rs.	For the year ended 31-03-2008 Rs.
	Opening Stocks:			
Raw materials	1,78,72,844		2,42,73,623	
Add: stock of Amalgamating company	-		17,29,406	
Work-in-Progress	32,35,14,233		26,06,93,490	
Add: WIP of Amalgamating company	-		12,37,604	
Finished goods	6,48,53,396		96,17,108	
Add: FG of Amalgamating company			5,41,93,090	
		40,62,40,473		35,17,44,321
ADD:				
i) Purchases of				
Raw materials & Components	47,39,41,783		47,72,57,176	
ii) Cost of raw materials produced	25,28,12,301		17,24,88,569	
		72,67,54,084		64,97,45,745
		1,13,29,94,557		1,00,14,90,066

PARTICULARS	Details Rs.	For the year ended 31-03-2009 Rs.	Details Rs.	For the year ended 31-03-2008 Rs.
LESS:				
Closing Stocks:				
Raw materials	5,74,47,453		1,78,72,844	
Work-in-Progress *	39,49,69,528		32,35,14,233	
Finished goods *	4,39,39,175		6,48,53,396	
		49,63,56,156		40,62,40,473
Excise Duty differential on Opening/ Closing Stocks of Finished goods				
		-18,10,392		13,97,598
Total taken to Profit and Loss Account		63,48,28,009		59,66,47,191

*After write down to net realisable value - work in progress by Rs 1,90,47,675 and finished goods by Rs. 3,54,42,665

“PAYMENTS AND BENEFITS TO EMPLOYEES”

Schedule-3

PARTICULARS	For the year ended 31-03-2009 Rs.	For the year ended 31-03-2008 Rs.
Salaries, Wages and Bonus	23,60,10,043	22,86,19,030
Contribution to Provident Fund and Family- Pension Scheme	1,21,80,598	1,12,72,821
Contribution to Superannuation Funds	59,00,430	53,06,620
Contribution to Gratuity Funds	1,12,39,090	77,91,214
Workmen and Staff Welfare expenses	3,36,72,904	2,69,83,707
Total taken to Profit and Loss Account	29,90,03,065	27,99,73,392

“MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES”

Schedule-4

PARTICULARS	Details Rs.	For the year ended 31-03-2009 Rs.	For the year ended 31-03-2008 Rs.
Manufacturing:			
Stores and Spares (including Packing- Materials) consumed		31,73,54,792	41,00,80,392
Sub-contracted works		9,08,79,075	9,99,27,048
Power and Fuel	86,09,77,469		
Less:Self consumption of Power generated internally	15,93,01,759	70,16,75,710	55,52,13,985
Insurance		49,19,371	58,55,033
Research & Development		5,42,342	5,50,451

(Continued)

Schedule-4

PARTICULARS	Rs.	For the	For the
		year ended	year ended
		31-03-2009	31-03-2008
		Rs.	Rs.
Repairs to Buildings		3,01,29,652	2,40,39,769
Repairs to Machinery		8,00,57,031	8,16,10,523
Repairs to Other Assets		3,19,22,366	1,82,48,579
	(A)	1,25,74,80,339	1,19,55,25,780
Selling:			
Advertisement		1,18,80,016	2,01,41,896
Loading, Unloading, Transport etc		6,84,85,738	7,98,23,063
Commission on Sales		19,48,387	9,90,409
	(B)	8,23,14,141	10,09,55,368
Administrative:			
Rent		47,56,186	33,81,999
Payments to Auditors (see note No.15(a))		16,25,074	11,51,475
Directors' Sitting Fee		4,16,250	5,20,000
Managerial Remuneration (see note no.16(ii))		7,36,75,140	7,08,68,188
Miscellaneous Expenses		11,60,42,438	9,70,06,385
	(C)	19,65,15,088	17,29,28,047
Other Items:			
Warranty Claims		3,36,51,231	74,82,917
Provision for doubtful advances		-	28,473
Bad debts and irrecoverable advances written off		1,33,19,461	1,27,574
Discarded assets written off		1,40,270	28,66,859
Loss on sale of assets		3,45,946	7,52,431
Difference in exchange (Net)		-	2,34,81,055
Investments written off		15,000	-
Preliminary expenses written off		-	57,232
Prior period expenses		-	5,390
	(D)	4,74,71,908	3,48,01,931
Totals taken to Profit and Loss Account	(A+B+C+D)	1,58,37,81,476	1,50,42,11,126

Signatures to Schedules 1 - 4
(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

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

2. FIXED ASSETS

Fixed assets are stated at cost, less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, and taxes, incidental expenses relating thereto, interest on direct borrowals upto commissioning, wherever applicable, and the cost of installation/erection, as applicable. CENVAT availed, if any, on Fixed Assets, is not included in the Cost of such Fixed Assets capitalised.

3. LEASED ASSETS

(A) ASSETS UNDER FINANCE LEASE:

Assets acquired under finance lease arrangement on or after 01.04.2001 are recognised separately among the fixed assets, at the inception of the lease at lower of their fair value or the present value of minimum lease payments in respect thereof. Depreciation and lease charges on such assets are accounted for, in accordance with the Accounting Standard-19 – “Accounting for Leases” issued by The Institute of Chartered Accountants of India .

(B) ASSETS UNDER OPERATING LEASE:

Assets used by the Company as a lessee under operating lease agreement are not recognised in the Company’s accounts. Lease payments under operating lease are charged to the profit and loss account on a systematic basis representative of the pattern of the benefit accruing to the Company from the use of the asset under operating lease.

4. INVESTMENTS

Investments (LongTerm) are stated at cost, except where written down, in which case they are shown as their written down values. Dividend thereon are accounted for on accrual.

5. INVENTORIES

(a) Finished goods are valued at cost or market value, whichever is lower.

(b) Stock of scrap –

- i. In respect of Engineering Unit, purchased scrap and internally generated scrap for use in production are both valued at average cost of purchased scrap.
- ii. In respect of other scrap, the stock of scrap is not valued and adjusted. Sales, as and when made, are adjusted.

(c) Work-in-Progress, raw materials, stores, spares, material in transit, are valued at cost except where the net realisable value of the finished goods they are used in is less than the cost of finished goods and in such an event, if the replacement cost of such materials etc., is less than their book values, they are valued at replacement cost.

6. SALES AND OTHER EARNINGS

(a) Sales and service earnings are inclusive of excise duty, service tax, freight, insurance etc. recovered thereon.

(b) Despatches from Engineering Unit are in completely knocked down condition and are invoiced at the appropriate technically evaluated values, which are matched with contracted sale prices.

(c) Electricity generated by the Power generation units of the Company sold to its other units is accounted at the tariff rates charged by the State Electricity Board. Such earnings are adjusted to the power charges.

7. FOREIGN EXCHANGE TRANSACTIONS

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

B) At each Balance Sheet date

- foreign currency monetary items are reported using the rate of exchange on that date
- foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized

C) In respect of forward exchange contracts in the nature of hedges

- Premium or discount on the contract is amortised over the term of the contract
- Exchange differences on the contract are recognized as profit or loss in the period in which they arise

8. EMPLOYEE BENEFITS

a) Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

b) Long Term Employee Benefits i.e such benefits which do not fall due wholly within twelve months after the end of the period in which the employees render the related service, are recognized as follows

- Expense is arrived at as per actuarial valuation and is recognized and charged to the Profit and Loss account in the year in which employee has rendered services in lieu of such leave.
- Liability as at the date of each Balance Sheet is arrived at and recognized therein as per actuarial valuation.

c) Post-Employment Benefits:

(i) Defined Contribution plans: The company's employees are covered under superannuation schemes, state governed provident fund scheme, employee state insurance scheme and employee pension scheme, which are in the nature of Defined Contribution Plans. The contributions paid/payable under the schemes are recognized during the period in which the employee renders the related service.

(ii) Defined Benefit plans:

The company's liability to gratuity on retirement of its eligible employees is funded under a Defined Benefit Plan with the Life Insurance Corporation of India. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method. The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognized and charged to the Profit and Loss account in the year in which the employee has rendered service.

The fair value of the plan assets and the gross plan obligation, under the said plan, are recognized in each Balance Sheet on net basis.

d) Actuarial Gains/losses are charged to the Profit and Loss account immediately in each year.

9. DEPRECIATION

Depreciation is provided in accordance with the rates and rules prescribed under Schedule XIV to the Companies Act, 1956, as follows:--

- In respect of assets existing as on 30-6-1988, under the written down value method: and
- In respect of assets acquired on or after 1-7-1988, under the straight line method.

10. WARRANTY CLAIMS

Company's liability for Warranty claims and Guarantee claims are accounted on accrual basis as per contracts, after adjusting the claims no longer required.

11. DIVIDEND

Provision is made in the accounts for the dividend paid / payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Income Tax on dividend payable is provided for in the year to which such dividend relates.

12. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue in the period in which they are incurred.

13. EXPENDITURE ON APPROVED RESEARCH AND DEVELOPMENT PROGRAMME

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

14. 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.

In accordance with the Accounting Standard – 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India (ICAI), and effective from 1st April 2001 and in

accordance with the listing agreements with the respective stock exchanges, the Company has recognised the deferred tax liability in the accounts, whereby

- The net deferred tax liability arising on account of timing differences at 1.4.2001 has been adjusted against the General Reserve as at 1.4.2001.
- 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 recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised. Deferred tax assets arising on other temporary timing differences are recognised only if there is a reasonable certainty of realisation.

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

Notes Forming Part of the Accounts

BALANCE SHEET

PARTICULARS	31st March,2009 Rs.	31st March,2008 Rs.
1. Claims against the Company not admitted		
Statutory Levies	7,20,93,231	6,26,39,443
Contractual Levies	0	0
Others	5,96,33,429	5,23,82,610
2. Estimated amount of contracts remaining to be executed on Capital account and not provided for	3,46,64,62,494	2,75,40,209
3. Corporate guarantees extended on behalf of another company.	0	6,03,48,311

4. No provision has been made in accounts towards probable liability upto Jute year ended 30th June, 1998, if any, that may arise as a result of non-compliance with the requirements of Jute Packaging Materials (Compulsory Use of Packaging Commodities) Act, 1987, consequent to differing decisions of different courts and also the representations of industry before the Government, since the same is not ascertainable at this stage.
5. Fixed Assets : Lands includes Rs. 4,62,475/- being the value of Land measuring 14.23 Acres of Magazine Land at Macherla assigned and notified in Revenue records vide Dist. Collector, Guntur order No. Rc No. 3567/2000-E1, dt. 23.10.2002 in favour of the company.
6. In compliance with Accounting Standard (AS-22) "Accounting for Taxes on Income" major components of deferred tax assets and liabilities arising on account of timing differences are :

PARTICULARS	ASSETS	LIABILITIES
1. Depreciation		18,81,68,563
2. Items u/s 43 B of the Income Tax Act, 1961	96,30,766	
	96,30,766	18,81,68,563
Net deferred tax liability as on 31.03.2009		17,85,37,797

7. Advances include Rs. 8,22,675/- being the value of Land measuring 73.38 Acres registered in the name of the company, for exchange to the Andhra Pradesh State Government under the re-afforestation programme in compensation for getting the mining lands in favour of the Company.

8. Cash and Bank balances include
- Rs.1,50,000/- (Rs.1,50,000/-) on account of Staff Security Deposit.
 - Rs. 1,02,52,198/- (Rs.77,89,024/-) towards Unclaimed Dividends.
 - Rs. 1,56,55,187/- (Rs.2,73,22,757/-) representing Fixed Deposit Receipts lodged with Bankers as securities against Guarantees issued by them.
 - Rs.1,63,93,546/- (Rs.1,51,54,169/-) deposited as per the provisions of Section 58A of the Companies Act 1956 and Rules made there under.
9. Disclosures on payments and dues to “suppliers” as defined in Micro, Small and Medium enterprises Development Act 2006 (‘The Act’).

PARTICULARS		31-03-2009 (Rs.)
1.	Amount remaining unpaid, beyond the appointed/agreed date at the end of the year,	
	(a) Principal amount of bills to be paid	49,356
	(b) Interest due thereon	1,942
2.	(a) Payments made to suppliers, during the year, but beyond appointed/agreed day Interest thereon in terms of Sec 16 of the Act	38,84,656
	(b) Interest paid alongwith such payments during the year	0
	(c) Interest due and payable at the end of the year, on such payments made during the year.	39,386
3.	Amount of interest, for the year, U/s.16 of the Act, including that accrued and remaining unpaid, at the end of the year.	41,328
4.	Total amount of interest, u/s.16 of the Act, including that arising in earlier years, accrued and remaining unpaid at the end of the year	41,328

Note : For the purpose of the above details of the status of the supplier’s under the Act has to be determined, to the extent of and based on information furnished by the respective parties, and has accordingly, been relied upon by the company and its auditors.

PROFIT AND LOSS ACCOUNT:

10. Sale of Products and Services (including Excise Duty/Service Tax)

PARTICULARS	Quantity	31-03-2009 Value (Rs.)	Quantity	31-03-2008 Value (Rs.)
Cement (MT)	7,23,124	2,49,62,81,350	7,33,714	2,41,55,13,374
Heavy Engineering Products *		1,27,90,55,984		1,32,53,26,284
Service Receipts		18,35,52,512		27,94,65,551
Electrical Energy (KWH)		35,59,843		38,10,119
Bio products		4,14,71,298		3,26,73,196
Others		7,11,005		1,14,96,453
		4,00,46,31,992		4,06,82,84,977

* Unit quantification not possible.

Note: (a) Sale of Products includes:

- (1) Machinery and components valued at Rs.1,19,34,324/- (Rs.95,37,642/-) supplied by the Engineering Unit to the other units of the Company.
- (2) Cement valued at Rs.58,27,699/- (Rs.20,29,935/-) used internally.
- (3) Excise Duty of Rs.51,18,37,598/-(Rs.63,22,73,460/-) and Service Tax of Rs.14,10,688/-(Rs.4585146/-).
- (4) Electrical energy adjusted of 13,11,123 KWH (12,19,605 KWH) valued at Rs.41,42,929/-(Rs.38,10,119/-) adjusted towards wheeling and banking charges, by the buyer Electricity Company.

(b) Sale of products does not include:

Electrical Energy generated by Hydel unit of 3,34,94,412 KWH (3,65,29,319 KWH) valued at Rs.9,24,74,377/- (Rs.10,24,83,110/-), Wind Power Unit of 74,60,665 KWH (62,33,198) valued at Rs. 2,87,38,805/- (2,37,94,725/-) and Power generated from Waste Heat Recovery Plant 1,17,98,200 KWH (1,16,23,800 KWH) valued at Rs3,24,45,050/-(Rs. 3,25,46,640/-) used internally.

11. Raw Material Consumed:

PARTICULARS	Quantity	This Year Value	Quantity	Prev. Year Value
	(MT.)	(Rs.)	(MT.)	(Rs.)
i) Cement				
Limestone	7,72,758	24,42,83,397	7,72,925	18,05,85,824
Laterite	59,426	3,79,51,359	42,073	2,54,31,026
Fly Ash	75,143	5,82,60,242	62,510	3,97,59,843
Gypsum	35,914	5,56,02,295	33,086	4,09,56,257
Iron Ore	11,857	82,17,480	13,852	89,10,764
Clinker	22,831	5,42,87,234	62,154	14,69,37,026
ii) Engineering Unit				
Iron and Steel, Nickel , Scrap and Equipments	6,783	19,61,84,549	7,814	19,32,89,897
iii) Bio Products	1,224	3,23,92,919	627	2,20,05,293
Total		68,71,79,475		65,78,75,930

12. Opening and Closing Stock of Finished Goods:

Units	Opening Stock				Closing Stock			
	This Year		Previous year		This year		Previous Year	
	Qty	Rs.	Qty	Rs.	Qty	Rs.	Qty	Rs.
Cement (MT)	3,650	80,97,392	545	11,13,097	670	15,18,279	3,650	80,97,392
Industrial Machinery and Equipment (Not quantifiable)		17,88,668		42,17,429		17,88,688		17,88,668
Electrical Energy (KWH)	16,79,633	26,92,941	37,22,145	42,86,582	72,43,765	1,27,26,053	16,79,633	26,92,941
Bio products (Kg)	24,139	5,22,74,395	27,562	5,41,93,090	54,079	2,79,06,155	24,139	5,22,74,395
Total		6,48,53,396		6,38,10,198		4,39,39,175		6,48,53,396

13. Particulars regarding Capacity and Production:

Class of Goods	CAPACITY		ACTUAL PRODUCTION	
	Licensed	Installed	31-03-2009	31-03-2008
a) Electrical Energy				
Hydel Power	8.25 M W H	8.25 M W H	3,72,47,400 KWH	3,78,90,400 KWH
Wind Power	3.75 M W H	3.75 M W H	79,09,322 KWH	66,70,717 KWH
Waste Heat Recovery Unit	2.585 M W H	2.35 M W H	1,17,98,200KWH	1,16,23,800 KWH
b) Cement		6,60,000 TPA	7,20,143	7,37,041
c) Industrial Machinery and equipments.		Not quantifiable		Not quantifiable
d) Bio products				
Chilly Oleoresin and Colour	36,000 KG	36,000 KG	62,899 KG	28,109 KG
Curcummin powder	54,000 KG	54,000 KG	1,399 KG	1,468 KG
Annato Dye	9,000 KG	9,000 KG	654 KG	618 KG

14. (a) "Materials Consumed" - Cost of raw materials (Limestone for Cement Factory) produced includes among others

PARTICULARS	31-03-2009 Rs.	31-03-2008 Rs.
(a) Salaries,Wages and Bonus	1,15,38,496	1,09,97,582
(b) Contribution to Provident and other funds	9,77,755	8,60,610
(c) Contribution to Gratuity	7,51,756	7,78,951
(c) Workmen and Staff Welfare Expenses	19,83,936	11,53,101
(d) Stores and Spares Consumed	1,52,11,484	67,33,034
(e) Power and Fuel	66,12,558	60,35,446
(f) Royalty	4,20,48,100	3,83,70,432
(g) Rates and Taxes	31,18,766	2,53,877
(h) Repairs to Building and Roads	12,64,801	7,66,200
(i) Repairs to Machinery	84,02,014	35,21,625
(j) Repairs to Other Assets	2,57,048	2,77,997
(k) Insurance	1,65,146	1,36,655
(l) Lime Stone Freight	9,10,70,741	5,69,57,271
(m) Lime Stone Loading	5,39,78,923	3,36,72,865
(b) "Power and Fuel" - includes the following expenditure among others incurred in of Generation of Power.		
(a) Salaries,Wages and Bonus	12,83,342	13,69,014
(b) Contribution to Provident and other funds	1,40,450	1,10,155
(c) Contribution to Gratuity	76,981	94,839
(c) Workmen and Staff Welfare Expenses	1,02,506	49,675
(d) Power and Fuel	6,20,885	4,78,189
(e) Stores and Spares Consumed	29,61,009	38,25,373
(f) Repairs to Building and Roads	12,902	18,742
(g) Repairs to Machinery	32,245	2,359
(h) Taxes and Licences	3,100	17,050
(l) Insurance	2,39,250	4,43,410
(j) Repairs to Other Assets	24,193	1,19,745

15. (a) “Payment to Auditors” (net of service tax for which input credit was/to be availed by the Company) comprise :

PARTICULARS	31-03-2009	31-03-2008
	Rs.	Rs.
For Statutory Audit	8,00,000	4,22,472
For Taxation matters (including tax audits)	1,65,618	2,05,000
For Certification and other services	4,45,000	3,05,000
For Company law matters	10,000	10,000
For Audit of Gratuity and Superannuation Trusts	25,000	25,000
Out of pocket expenses	53,861	75,979
	14,99,479	10,43,451
Fees for Cost Audit	1,25,000	85,000
Fees for Certification and Other Services	-	22,500
Out of pocket expenses	595	524
Total	16,25,074	11,51,475
(b) “Miscellaneous Expenses” include: Donations	3,00,00,000	1,93,56,000
(c) Interest paid includes:		
On Fixed Loans (includes Rs. 3,09,985 paid to MD & other Wholetime Directors)	4,14,71,623	5,18,12,978
On other Loans from Managing Director and Other Whole-time Directors	69,33,854	36,09,285
(d) Revenue expenditure capitalised during the year		
Salaries, Wages & Bonus	38,38,747	76,301
Contribution to Provident Fund and Family Pension scheme	1,52,048	9,388
Staff Welfare expenses	2,04,065	
Stores and spares consumed	4,27,619	
Power	1,59,903	
Insurance	3,38,408	
Repairs to Building	2,30,030	
Repairs to Machinery	16,578	
Repairs to Other assets	1,64,572	
Rent	10,753	
Professional fees	56,73,206	
Travelling expenses	13,03,027	
Security charges	21,33,912	
Rates & Taxes	60,282	
Interest on Fixed Loans	-	2,22,411
Miscellaneous expenses	14,10,930	-
Depreciation	4,13,169	-

16. Remuneration to Managing Director and Whole Time Directors:

(i) Computation of Net Profit in accordance with sec 349 and 350 of the Companies Act 1956.

PARTICULARS	Rs.	Rs.
Profit for the year as per Profit and Loss account		97,84,10,603
Add:		
Directors' sitting fee	4,16,250	
Remuneration to Managing Director & Whole Time Directors	7,36,75,140	
Profit on sale of Assets allowable as per Section 349	10,39,842	7,51,31,232
		1,05,35,41,835
Less:		
Profit on Sale of assets as per P & L A/c	10,39,842	10,39,842
Adjusted net profit for the year		1,05,25,01,993

(ii) Details of Remuneration to Managing Director and other Whole Time Directors

PARTICULARS	31-03-2009 Rs.	31-03-2008 Rs.
Salary	49,46,129	48,26,129
House Rent Allowance	6,00,000	6,00,000
Company's Contribution to Provident Fund	3,91,935	3,77,535
Company's Contribution to Superannuation Fund	4,89,750	4,71,919
Company's Contribution to Gratuity Fund	4,77,161	1,69,647
Personal Accident Insurance Premium	33,182	53,458
Medical Expenses	10,582	77,170
Other Perquisites	74,143	20,670
Commission	6,66,52,258	6,42,71,660
	7,36,75,140	7,08,68,188

- Note: (1) Commission provided to the Wholetime directors represents the balance amount of aggregate remuneration payable to them, not exceeding 2.5% each to the Managing Director and Joint Managing Director and 1% each to the Executive Director and Technical Director, on the profits computed above, in accordance with the terms of their appointments.
- (2) The cost to the company of the non-monetary perquisites allowed during the year to the Whole Time Directors in addition to the remuneration paid above works out to Rs.70,519/-. The value of the said perquisite computed in accordance with Income Tax Rules 1962 ,works out to Rs.4,42,669/-.

17. C.I.F Value of Imports made by the Company during the year

PARTICULARS	31-03-2009 Rs.	31-03-2008 Rs.
(i) Raw Materials	1,17,43,874	1,32,79,954
(ii) Components and Spare Parts	66,13,239	3,67,32,489
(iii) Tools	-	14,827
(iv) Capital Goods	2,81,44,700	-

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

PARTICULARS	31-03-2009 Rs.	31-03-2008 Rs.
(i) Foreign Travel (excluding tickets)	1,75,7914	18,83,154
(ii) Membership	1,46,019	1,06,867

19. Earnings in Foreign Exchange:

- (i) F.O.B. value of goods exported during the year Rs.37,40,45,462 /- (Rs. 31,07,81,177/-)
- (ii) Guarantee commission Rs. 4,98,166/- (Rs. 14,50,442/-)
- (iii) Interest and consultancy Rs. 82,58,013/- (Rs. 1,49,59,808/-)
- (vi) Income from service charges Rs. 32,98,928/ (Nil)

20. Comparison between Consumption of imported and indigenous raw materials, spare parts and components during the financial year:

PARTICULARS	31-03-2009		31-03-2008	
	Rs.	%	Rs.	%
(a) Raw Materials				
(i) Imported	1,19,12,313	1.91	1,56,22,579	2.37
(ii) Indigenous	61,07,64,600	98.09	64,22,53,351	97.63
	62,26,76,913	100	65,78,75,930	100
(b) Spare parts and components (debited to respective heads)				
(i) Imported	58,14,554	1.46	4,32,43,450	9.49
(ii) Indigenous	39,21,97,050	98.54	41,25,54,445	90.51
	39,80,11,604	100	45,57,97,895	100

21. Particulars disclosed pursuant to “AS-18 Related Party Disclosures” :-

A. List of Related parties

Subsidiary Company	KCP Vietnam Industries Limited
Joint Venture Company	Fives Cail KCP Limited
Key Management Personnel	Dr. V.L. Dutt - Chairman and Managing Director Smt. V.L. Indira Dutt - Joint Managing Director Smt. Kavitha D Chitturi - Executive Director Sri V. Gandhi - Technical Director
Relatives of Key Management Personnel	Dr. V.L. Dutt - Smt. Rajeswary Ramakrishanan - Sister Smt. V.L. Indira Dutt - Smt. S.R.V. Rajyalakshamma - Mother Sri. V. Chandra Kumar - Brother Smt. Uma S Vallabhaneni - Sister Smt.V. Rama Kumari - Sister Smt. Kavitha D Chitturi - Kum.Shivani Dutt Chitturi - Daughter Sri. Ravi Chitturi - Husband Sri. V.Gandhi - Smt. V. Kamala Devi - Wife Sri. V. Praveen Kumar - Son Smt. V. Anupama - Daughter Sri. N. Seshubabu - Husband of daughter
Companies controlled by Key Management Personnel/Relatives	KCP Technologies Limited V. Ramakrishna Sons Private Limited The Jeypore Sugar Company Ltd. VRK Grandsons Investment (P) Limited

B. Transactions with the related parties:

PARTICULARS	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
Transactions during the year					
Sale of Goods	4,67,50,631	20,57,74,685			86,08,637
Income from Services rendered	29,59,940	47,97,180			1,22,880
Interest Received	84,62,622				
Dividend received		1,76,00,000			
Purchase of Goods		8,97,081			
Services received and others				14,701	
Remuneration paid			7,36,75,140		
Interest paid			72,43,840	6,978	23,15,444
Dividend paid			88,96,780	15,43,885	4,86,00,650
Claims withdrawn					61,53,242
loans given/paid			57,00,000		
Guarantee Commission Received	4,98,166				
Donation given					3,00,00,000
Balances as at 31.03.2009					
Share capital held by KCP in	23,71,43,668	40,00,000			
Loans given	9,41,55,960				
Receivable - Trade dues	24,74,303	20,63,32,005			21,70,851
Receivable - Interest	17,82,158				
Receivable - Others	6,47,049				
Share capital in KCP held by			88,96,780	17,47,770	4,86,00,650
Loans/Advance/Deposits received	4,28,946	2,23,69,734	7,90,00,000		3,15,00,000
Fixed Deposits Received			35,03,000	7,21,000	
Payable - Remuneration due			6,66,52,258		
Payable - Trade dues		22,46,288			

22. a. The Company has a 40% interest in its joint venture entity Fives Cail KCP Ltd a company incorporated in India.
 b. The Company's share (at 40%) of the contingent liabilities of Fives Cail KCP Ltd at the Balance Sheet date works out to Rs. NIL (Rs.Nil/-)
 c. The Interest of the Company (at 40%) in the aggregate amount of the assets, income and expenses of Fives Cail KCP Ltd was as follows:

PARTICULARS	31.03.2009	31.03.2008
	Unaudited (Rs. Thousands)	(Rs. Thousands)
(a) Total Assets	5,91,030	4,02,304
(b) Total Liabilities	5,91,030	4,02,304
SOURCES OF FUNDS		
(a) Paid up Share Capital	4,000	4,000
(b) Reserves and Surplus	33,440	39,504
(c) Secured Loans	11,265	13,562
(d) Deferred Tax Liability	0	240
(e) Current Liabilities & Provisions	5,42,325	3,44,998
APPLICATIONS OF FUNDS		
(a) Net Fixed Assets	4,273	4,373
(b) Current Assets	5,84,057	3,97,931
(c) Deferred tax Asset	2,701	-
(d) Profit & Loss Account	-	-
PERFORMANCE OF COMPANY		
(a) Turnover	5,25,441	8,70,236
(b) Other Income	14,186	2,361
(c) Total Expenditure	5,48,301	8,12,469
(d) Profit/Loss Before Tax	-8,674	60,128
(e) Profit/Loss After Tax	-6,064	39,021

23. DISCLOSURES REQUIRED BY ACCOUNTING STANDARD-15 (REVISED)- EMPLOYEE BENEFITS

PARTICULARS	Gratuity	Compensated Absences
	Rs.	Rs.
a) Reconciliation for present value of obligations		
Present value of obligations as at beginning of the year	5,75,82,586	1,29,22,966
Interest Cost	42,55,573	9,14,458
Current Service Cost	31,90,814	12,71,040
Benefits paid	87,75,855	14,09,896
Actuarial loss on obligation	95,68,970	2,95,595
Present value of obligations as at the end of the year	6,58,22,088	1,39,94,163

PARTICULARS	Gratuity	Compensated Absences
	Rs.	Rs.
b) Reconciliation for Fair Value of Plan Assets		
Fair value of plan assets at beginning of the year	4,18,65,664	-
Expected return on plan assets	36,38,826	-
Contributions	1,60,15,343	-
Benefits paid	87,75,855	-
Actuarial gain on plan assets	8,31,543	-
Fair value of plan assets at the end of the year	5,35,75,521	-
c) Expenses Recognised in statement of Profit & Loss a/c		
Current Service cost	31,90,814	12,71,040
Interest Cost	42,55,573	9,14,458
Expected return on plan assets	36,38,826	-
Net Actuarial loss recognised in the year	87,37,427	2,95,595
Expenses to be Recognised in the profit & loss account	1,25,44,988	24,81,093
d) Net Liability Recognised in the Balance Sheet		
Present value of obligations as at the end of year	6,58,22,088	1,39,94,163
Fair value of plan assets as at the end of the year	5,35,75,521	-
Funded status	1,22,46,567	-
Net Liability Recognised in the Balance Sheet	1,22,46,567	1,29,22,966
e) Actuarial Assumptions		
Assumptions as at	31/03/2009	31/03/2008
Discount Rate	8.00%	8.00%
Salary Escalation	4.50%	4.5%
Attrition rate	1-3%	1-3%
Expected return on plan assets	8.00%	0%
Mortality	LIC 94-96	LIC 94-96
	Mortality Rates	Mortality Rates

General:

Paise have been rounded off.

Figures in brackets indicate those for the previous year.

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

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

A	PARTICULARS	2009			2008
		ADD Rs.	LESS Rs.	TOTAL Rs.	Rs.
	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit before Tax			97,84,10,603	97,33,74,520
				97,84,10,603	97,33,74,520
	ADJUSTMENTS FOR				
	Depreciation	9,14,15,260			8,57,97,541
	Foreign Exchange Difference(Nett)		4,97,91,531		2,34,81,055
	Profit/Loss on Sale/ conversion of Assets	3,45,946	10,39,842		6,75,737
	Assets written off	1,40,270			28,66,859
	Profit/Loss on Sale of Investment	15,000			
	Interest (Nett)	-71,63,664			2,71,53,568
	Dividend Received		1,76,40,070		-44,933
	Provision for diminution in value of Investments withdrawn		-		-2,71,17,675
	Preliminary expenses written off		-		57,232
		8,47,52,812	6,84,71,442	1,62,81,370	11,28,69,384
	OPERATING PROFIT BEFORE WORKING CAPITAL :			99,46,91,972	1,08,62,43,904
	Trade and other Receivables		35,85,95,932		-27,47,75,463
	Inventories		15,99,98,354		-5,83,93,819
	Trade Payables & Provision	21,33,49,630			5,44,26,534
		21,33,49,630	51,85,94,286	-30,52,44,656	-27,87,42,748
	CASH GENERATED FROM OPERATIONS			68,94,47,316	80,75,01,156
	Direct Taxes refunds received/ Paid		32,72,64,414	-32,72,64,414	-25,09,75,922
				36,21,82,902	55,65,25,234
	CASH FLOW BEFORE EXTRAORDINARY ITEMS				
	Foreign Exchange Difference	4,97,91,531			-2,34,81,055
		4,97,91,531	0	4,97,91,531	-2,34,81,055
	NET CASH FROM OPERATING ACTIVITIES (A)			41,19,74,433	53,30,44,179
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of /Additions to Fixed Assets		13,95,66,774		-18,71,35,269
	Capital Work-in-Progress		21,50,978		7,72,13,279
	Sale of Investments	1,74,00,000			-1,47,633
	Repayment of Loan by subsidiary company	5,31,23,542			1,34,38,806
	Sale of Fixed Assets	13,90,194			8,35,331
	Merger of subsidiary company	0			-2,71,17,675
	Interest Received	7,42,80,806			4,20,48,205
	Dividend Received	1,76,40,070			44,933
	Provision for diminution in value of investments of earlier years withdrawn				2,71,17,675
		16,38,34,611	14,17,17,752	2,21,16,859	-5,37,02,348
	NET CASH USED IN INVESTING ACTIVITIES (B)			2,21,16,859	-5,37,02,348
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Subsidy received				25,00,000
	Long Term Borrowings (Secured)	10,46,82,934			-12,25,49,079
	Dividends Paid		12,89,21,160		-9,66,90,870
	Tax on Distributed Profits		2,19,10,151		-1,64,32,614
	Interest Paid		6,71,17,142		-6,92,01,773
	Long Term Borrowings (Unsecured)	57,10,000			-1,98,85,000
		11,03,92,934	21,79,48,453	-10,75,55,519	-32,22,59,336
	NET CASH USED IN FINANCING ACTIVITIES (C)			-10,75,55,519	-32,22,59,336
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)			32,65,35,773	15,70,82,495
	Opening Cash Balance			38,20,91,416	22,50,08,921
	Closing Cash Balance			70,86,27,189	38,20,91,416

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT

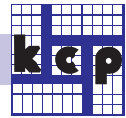
Chairman and Managing Director

Place: Chennai

Date: 28th May, 2009

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants

C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Amounts in Rs. Thousands)

I. Registration Details		
(a) Registration No.		1 1 2 8
(b) CIN	L 6 5 9 9 1 T N 1 9 4 1 P L C 0 0	1 1 2 8
(c) State Code		1 8
(d) Balance Sheet Date		3 1 0 3 2 0 0 9
II. Capital Raised during the Year		
(a) Public Issue		N i l
(b) Rights Issue		N i l
(c) Bonus Issue		N i l
(d) Private Placement		N i l
III. Position of Mobilisation & Deployment of Funds:		
(a) Total Assets		4 5 9 9 6 6 6
(b) Total Liabilities		4 5 9 9 6 6 6
Sources of Funds:		
(a) Paid-up Capital		1 2 8 9 2 1
(b) Reserves & Surplus		2 2 7 8 0 4 6
(c) Secured Loans		4 2 4 6 2 5
(d) Unsecured Loans		2 4 9 6 5 0
(e) Deferred Tax Liability		1 7 8 5 3 8
Total		3 2 5 9 7 8 0
Application of Funds:		
(a) Net Fixed Assets		1 3 1 4 7 2 0
(b) Investments		2 5 9 8 4 1
(c) Net Current Assets		1 6 8 5 2 1 9
Total		3 2 5 9 7 8 0
IV. Performance of Company:		
(a) Turnover		4 0 0 4 6 3 2
(b) Other Income		1 7 4 2 4 1
(c) Total Expenditure		3 2 0 0 4 6 2
(d) Profit Before Tax		9 7 8 4 1 1
(e) Profit After Tax		6 5 9 1 0 7
(f) Earnings Per Share in Rs.		5 1 . 1 2
(g) Dividend Rate %		1 0 0
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)		
1. Item Code No. (ITC Code)	252321.00	
Product Description	Cement	
2. Item Code No.(ITC Code)	843830.02	
Product Description	Machinery & Equipment for Sugar Machinery	
3. Item Code No.(ITC Code)	841989.11	
Product Description	Machinery & Equipment for Cement Machinery	

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

Statement under section 212 of the Companies Act, 1956 in respect of subsidiary company

KCP Vietnam industries limited

1. The company earned a net profit of VND 68,00,55,17,000 (Rs. 2381.01 lakhs) for the year ended 31st March, 2009, and posted a net profit of VND 13,10,60,23,20,000 (Rs. 3675.15 lakhs) from the date of inception.
2. During the year, there is no change in the capital of the company.
3. Holding Company's interest continued to be the same as at 31st March, 2009
4. No part of the above profit has been dealt with in the Holding Company's accounts.

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT

Chairman and Managing Director

V.L. INDIRA DUTT

Joint Managing Director

KAVITHA D CHITTURI

Executive Director

O. SWAMINATHA REDDY

Director

V. GANDHI

Technical Director

M.R. RAMACHANDRAN

Chief Financial Officer

Y. VIJAYAKUMAR

Company Secretary

Place: Chennai

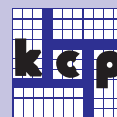
Date: 28th May, 2009

Disclosure of Information relating to Subsidiary Company

(Statement pursuant to exemption granted by the Ministry of Corporate Affairs Under Section 212 (8) of the Companies Act, 1956 for the year ended 31st March 2009)

Sl. No.	Name of the Subsidiary company	Country	Reporting Currency	Exchange Rate US \$	Capital	Reserves	Total Assets	Total Liabilities	Investments over than Investments in Subsidiaries	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed Dividend
1.	KCP Vietnam Industries Ltd.	Vietnam	Vietnam Dongs	Rs. 50.53	2,371.44	3,675.75	17,379.49	17379.49	Nil	13,996.96	2,436.65	55.64	2,381.01	Nil

Note: Indian rupee equivalents of the figures given in foreign currencies in the accounts of the Overseas Subsidiary company have been given based on the exchange rate at year end March 31, 2009 for balance sheet items and average rate during the year 2008-2009 for profit and loss account items.



THE KCP LIMITED GROUP
CONSOLIDATED FINANCIAL STATEMENTS

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AUDITORS' REPORT TO THE DIRECTORS OF THE KCP LTD.

To
The Board of Directors
The KCP Limited
Chennai

1. We have examined the attached consolidated Balance Sheet as at March 31, 2009, the consolidated Profit and Loss Account and the consolidated Cash flow statement for the year then ended, of The KCP Limited, its subsidiary, and its Joint venture. These consolidated financial statements are the responsibility of The KCP Limited'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 generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of KCP Vietnam Industries Ltd, the subsidiary company whose accounts were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the consolidate statements referred to above, in respect of KCP Vietnam Industries Limited, is based solely on the reports of the other auditors, and on the information and explanations for the purpose of the consolidation referred to herein, furnished to us by The KCP Limited. The accounts of the Joint Venture, Fives Cail KCP Limited, considered in these consolidated accounts, are based on its unaudited annual statements furnished to us by The KCP Limited.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited/ unaudited financial statements of The KCP Limited, its joint venture and its subsidiary, as explained in paragraph 3 above, included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of separate audit reports, wherever furnished to us, on the individual audited financial statements of The KCP Limited, its joint venture and its aforesaid subsidiary as explained in paragraph 3 above, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet of the consolidated state of affairs of The KCP Limited, its joint venture and its subsidiaries as at March 31, 2009;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of The KCP Limited, its joint venture and its subsidiaries for the year then ended, and
 - c) in the case of the consolidated Cash flow statement of the consolidated cash flows of The KCP Limited, its joint venture and its subsidiaries for the year ended on that date.

For BRAHMAYYA & CO
Chartered Accountants

C. MURALI KRISHNA
(ICAI Memb. No. 20884)
Partner

Place: Chennai
Date: 28th May, 2009

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	Schedule	AS AT 31-03-2009		AS AT 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
(I) SOURCES OF FUNDS:					
1. Shareholders' Funds:					
(a) Capital	A	12,89,21,160		12,89,21,160	
(b) Reserves & Surplus	B	2,67,90,60,521		1,96,00,51,713	
			2,80,79,81,681		2,08,89,72,873
2. Minority Interest	C		30,23,59,100		19,72,84,383
3. Loan Funds:					
(a) Secured Loans	D	1,02,65,48,656		63,02,15,235	
(b) Unsecured Loans	E	37,41,23,279		28,52,62,452	
			1,40,06,71,935		91,54,77,687
4. Deferred Tax Liability (Net)					
Deferred Tax Liability		18,82,12,860		18,72,96,299	
Less: Deferred Tax Asset		1,23,75,570	17,58,37,290	1,02,46,843	17,70,49,456
Total			4,68,68,50,006		3,37,87,84,399
(II) APPLICATION OF FUNDS:					
1. Fixed Assets:					
(a) Gross Block	F	3,99,80,43,860		3,46,71,87,950	
(b) Less: Depreciation		1,84,36,15,465		1,55,38,73,810	
(c) Net Block		2,15,44,28,395		1,91,33,14,140	
(d) Capital Work-in-Progress		8,56,98,991		9,50,53,758	
			2,24,01,27,386		2,00,83,67,898
2. Investments	G		1,87,48,120		3,61,51,929
3. Current Assets, Loans and Advances					
(a) Inventories	H-1	1,36,26,14,596		87,72,18,043	
(b) Sundry Debtors	H-2	96,61,55,343		50,74,52,938	
(c) Cash and Bank Balances	H-3	82,18,78,057		53,26,84,011	
(d) Other Current Assets	H-4	2,95,62,515		1,19,69,499	
(e) Loans and Advances	H-5	1,05,38,47,249		56,29,86,853	
		4,23,40,57,758		2,49,23,11,344	
Less: Current Liabilities and Provisions :					
(a) Liabilities	1-1	135,78,93,441		75,52,97,519	
(b) Provisions	1-2	44,81,89,817		40,27,49,253	
		1,80,60,83,258		1,15,80,46,772	
Net Current Assets			2,42,79,74,500		1,33,42,64,572
Total			4,68,68,50,006		3,37,87,84,399

Notes, Schedules & Statement on Accounting Policies form an integral part of the Balance Sheet

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants

C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

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

PARTICULARS	Schedule	For the year ended 31.03.2009		For the year ended 31.03.2008	
		Rs.		Rs.	
INCOME FROM:					
Sale of Products and Services					
Group Companies		5,40,43,27,783			
Less:Excise Duty		51,32,48,286			
			4,89,10,79,497		4,23,14,70,341
Joint Venture					
Less:Excise Duty		44,57,55,412			
		29,83,332			
			44,27,72,080		86,79,20,323
Other Income	1				
- Group Companies			17,58,73,848		5,47,25,884
- Joint Venture			1,41,85,935		25,82,468
			5,52,39,11,360		5,15,66,99,016
EXPENDITURE ON:					
Materials Consumed	2		1,78,71,69,064		1,68,31,04,202
Payments and Benefits to Employees	3		36,59,42,679		33,57,52,774
Manufacturing,Selling,Administrative and other expenses	4		1,81,36,14,024		1,67,31,20,786
Rates and Taxes (excluding income-tax)	5		1,43,75,003		1,85,38,241
Interest & Finance Charges					
- Group Companies			12,58,97,141		9,05,09,844
- Joint Venture			20,64,020		7,08,810
Depreciation					
- Group Companies			19,95,66,093		15,86,49,783
- Joint Venture			18,81,247		18,57,040
			4,31,05,09,271		3,96,22,41,480
Profit for the year:			1,21,34,02,089		1,19,44,57,536
Add: Refund of Income Tax			54,25,419		
Less:Minority Share of Profit			7,93,67,202		6,24,73,960
Less: Provision for Taxation-Current					
- Group Companies			32,85,64,122		27,01,68,014
- Joint Venture					2,10,88,472
Less: Provision for Taxation-deferred					
- Group Companies			17,28,206		3,84,83,953
- Joint Venture			4,55,706		18,060
Add Excess Provision credited back			80,87,12,272		80,22,25,077
Deferred tax credit			1,25,510		-
			29,40,375		-
Profit after taxation			81,17,78,157		80,22,25,077
Balance brought forward from last Year			35,56,81,331		34,71,54,532
			1,16,74,59,488		1,14,93,79,609
		This year Rs.		Previous year Rs.	
Transfer to General Reserve					
- Group Companies		50,00,00,000		60,08,92,640	
- Joint Venture		-		2,13,83,207	
			50,00,00,000	60,08,92,640	60,08,92,640
				2,13,83,207	
			66,74,59,488	52,71,03,762	
Less: Proposed Dividend					
- Group Companies		3,22,30,290		3,22,30,290	
- Joint Venture		-		1,76,00,000	
Interim Dividend Paid					
- Group Companies		9,66,90,870		9,66,90,870	
- Joint Venture		-		-	
Tax on distributed Profits					
- Group Companies		2,19,10,157		2,19,10,157	
- Joint Venture		-		29,91,120	
			2,19,10,151	2,19,10,151	0
				29,91,120	
Balance carried forward to next Year			51,66,28,177	35,56,81,331	
Basic Earnings per equity share of Rs.10 each -(EPS)			62.97	62.23	
Net profitafter tax Rs.80,87,12,272/- (Rs.80,22,25,077/-) / No.of equity shares 1,28,92,116 (1,28,92,116)					

Notes, Schedules & Statement on Accounting Policies form an integral part of the Profit and Loss Account
(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed for
BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

“SHARE CAPITAL”

Schedule ‘A’

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
Authorised:		
5,50,00,000 Equity Shares of Rs.10/-each	55,00,00,000	55,00,00,000
Issued:		
1,28,97,748 Equity Shares of Rs.10/-each	12,89,77,480	12,89,77,480
Subscribed and Paid-up:		
1,28,92,116 Equity Shares of Rs.10/-each fully paid	12,89,21,160	12,89,21,160
Total Taken To Balance Sheet	12,89,21,160	12,89,21,160

“RESERVES & SURPLUS”

Schedule ‘B’

PARTICULARS	AS AT 31.03.2008 Rs.	Added during the year Rs.	Withdrawn during the year Rs.	AS AT 31.03.2009 Rs.
Capital reserve	2,79,91,144	-	-	2,79,91,144
Capital Subsidy	50,00,000	-	-	50,00,000
Amalgamation Reserve	1,03,83,025	-	-	1,03,83,025
General Reserve				-
- Group Companies	1,59,56,50,287	50,00,00,000	-	2,09,56,50,287
- Joint Venture	3,55,04,300	-	-	3,55,04,300
Foreign Project Reserve				-
- Joint Venture	-	-	-	-
Translation Reserve	-4,04,36,965	2,83,40,553	-	-1,20,96,412
Surplus (i.e) Balance in				
Profit and Loss Account	28,00,02,703	23,86,89,537	-	51,86,92,240
- Joint Venture	4,59,57,219	-	4,80,21,282	-20,64,063
Total Taken To Balance Sheet	1,96,00,51,713	76,70,30,090	4,80,21,282	2,67,90,60,521

“MINORITY INTEREST”

Schedule ‘C’

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	Rs.	Rs.
Share capital in KCP Vietnam Industries Ltd 42,00,240 Equity shares (42,00,240 shares) held by minority shareholders	16,63,96,977	16,63,96,977
Profit and Loss Account	14,20,10,329	5,11,05,888
Translation Reserve	-60,48,206	-2,02,18,482
Total Taken To Balance Sheet	30,23,59,100	19,72,84,383

“SECURED LOANS”

Schedule ‘D’

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	Rs.	Rs.
I. Short-Term Loans:		
a) Working capital loans from Banks & Others		
- Group Companies	83,09,24,342	25,82,66,689
- Joint Venture	1,12,64,648	1,35,62,443
II. Long-Term Loans :		
From Financial institutions		
- Group Companies	18,43,59,666	35,83,86,103
- Joint Venture	-	-
Total Taken To Balance Sheet	102,65,48,656	63,02,15,235

“UNSECURED LOANS”

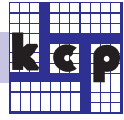
Schedule ‘E’

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	Rs.	Rs.
Fixed Deposits	13,91,50,000	15,52,40,000
From Directors	7,90,00,000	6,52,00,000
Intercompany Loans	15,59,73,279	6,48,22,452
Total Taken To Balance Sheet	37,41,23,279	28,52,62,452

"Fixed Assets"

Schedule 'F'

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost upto 31.03.2008	Additions during the year	Deductions during the year	Exchange difference	Cost upto 31.03.2009	Exchange difference	Total Depreciation upto 31.03.2008	Total Depreciation upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Lands										
- Group companies	3,02,44,882				3,02,44,882				3,02,44,882	3,02,44,882
2. (a) Buildings										
- Group companies	22,28,95,294	2,27,67,912			24,56,63,206		8,63,92,744	9,15,75,470	15,40,87,735	13,65,02,550
(b) Leasehold Buildings										
- Group companies	15,47,500				15,47,500		4,62,790	4,37,566	11,09,934	10,84,710
3. Tramways & Railway Sidings										
- Group companies	67,94,362				67,94,362		55,40,800	58,63,532	9,30,830	12,53,562
4. Plant & Machinery										
Owned										
- Group companies	309,45,21,088	26,83,24,861	37,62,482	23,03,65,582	3,58,94,49,049	9,36,85,645	1,39,61,81,641	1,67,89,75,282	1,91,04,73,768	1,69,83,39,447
5. Furniture, Fixtures & Office Equipment										
Owned										
- Group companies	3,92,38,355	35,97,059	28,78,714	10,95,996	4,10,52,696	10,24,544	2,86,27,799	2,94,16,234	1,16,36,462	1,06,10,556
- Joint Venture	42,33,694	6,47,951	2,98,295		45,83,350		21,33,589	28,12,661	17,70,689	21,00,105
- Joint Venture	1,28,932				1,28,932		1,05,410		1,28,932	23,522
7. Vehicles & Earthmoving Equipment										
Owned										
- Group companies	5,99,77,945	1,05,83,330	9,82,560		6,95,78,715		3,00,92,555	2,87,61,911	4,08,16,804	2,98,85,390
- Joint Venture	12,75,339	4,41,467			17,16,806		5,58,055	8,49,288	8,67,518	7,17,284
- Group companies										
8. Research & Development Equipment										
- Group companies	15,47,550	8,620			15,56,170		5,27,345	7,00,877	8,55,293	10,20,205
9. Patents										
Owned										
- Group companies	21,19,302			2,30,023	23,49,325	2,30,023	21,19,302	23,49,325		
- Joint Venture	26,63,707	7,15,160			33,78,867		11,31,780	18,73,319	15,05,548	15,31,927
Grand Total	3,46,71,87,950	30,70,86,360	79,22,051	23,16,91,601	3,99,80,43,860	9,49,40,212	1,55,38,73,810	1,84,36,15,465	2,15,44,28,395	1,91,33,14,140
1. Group Companies	3,45,88,86,278	30,52,81,782	76,23,756	23,16,91,601	3,98,82,35,905	9,49,40,212	1,54,99,44,976	1,83,80,80,197	2,15,01,55,708	1,90,89,41,302
2. Joint Venture	83,01,672	18,04,578	2,98,295	0	98,07,955	0	39,28,834	55,35,268	42,72,687	43,72,838
Grand Totals	3,46,71,87,950	30,70,86,360	79,22,051	23,16,91,601	3,99,80,43,860	9,49,40,212	1,55,38,73,810	1,84,36,15,465	2,15,44,28,395	1,91,33,14,140



“INVESTMENTS”

Schedule ‘G’

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
1. Trade Investments:		
(a) Quoted Equity Shares - Fully paid	1	1
(b) Unquoted Equity Shares - Fully paid:	1,20,00,000	2,40,00,000
2. Non-Trade Investments:		
(a) Quoted Equity Shares -Fully Paid:	13,03,905	13,03,905
(b) Unquoted Equity Shares - Fully Paid:	50,00,001	50,00,001
3. Other Investments	4,44,213	58,48,022
Total Taken To Balance Sheet	1,87,48,120	3,61,51,929

“CURRENT ASSETS”INVENTORIES

Schedule ‘H-1’

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
1) Stores and Spares		
- Group Companies	34,89,50,849	28,59,46,285
2) Raw Materials		
- Group Companies	5,74,47,455	1,78,72,844
- Joint Venture	9,08,20,891	2,55,62,584
3) i) Finished Goods at Cost		
- Group Companies	44,25,19,718	17,20,47,702
ii) Finished Goods at Market Value		
- Group Companies	2,79,06,155	5,22,74,395
4) Work-in-progress		
- Group Companies	39,49,69,528	32,35,14,233
Total Taken To Balance Sheet	1,36,26,14,596	87,72,18,043

“Sundry Debtors”
Schedule ‘H-2’

PARTICULARS	Details Rs.	AS AT	AS AT
		31.03.2009 Rs.	31.03.2008 Rs.
Sundry Debtors			
Debts outstanding for a period exceeding six months:			
(1) Considered Good			
(a) Fully Secured			
- Group Companies	18,67,304	-	12,66,178
(b) Unsecured			
- Group Companies	13,37,04,190	-	9,21,43,705
- Joint Venture	5,02,63,108		2,66,61,126
		18,58,34,602	12,00,71,009
(2) Other Debts-Considered Good			
(a) Fully Secured			
- Group Companies	42,44,997	-	87,46,828
(b) Unsecured			
- Group Companies	62,91,88,165	-	37,26,61,152
- Joint Venture	14,68,87,579	78,03,20,741	59,73,949
Total Taken To Balance Sheet		96,61,55,343	50,74,52,938

“CASH AND BANK BALANCES”
Schedule ‘H-3’

PARTICULARS	Details Rs.	AS AT	AS AT
		31.03.2009 Rs.	31.03.2008 Rs.
(1) Cash /Cheques on hand			
- Group Companies	93,85,056		1,06,61,339
- Joint Venture	2,11,257	95,96,313	2,36,060
(2) At Scheduled Banks:			
i) in Fixed Deposits			
- Group Companies	63,01,22,149		33,08,47,829
- Joint Venture	3,08,20,416	66,09,42,565	2,52,82,032
ii) in Current Accounts			
- Group Companies	11,00,06,714		16,41,18,199
- Joint Venture	4,13,32,465	15,13,39,179	15,38,552
Total Taken To Balance Sheet		82,18,78,057	53,26,84,011

“OTHER CURRENT ASSETS”
Schedule ‘H-4’

PARTICULARS	AS AT	AS AT
	31.03.2009 Rs.	31.03.2008 Rs.
Interest accrued		
- Group Companies	2,85,39,443	1,00,29,007
- Joint Venture	10,23,072	19,40,492
Total Taken To Balance Sheet	2,95,62,515	1,19,69,499

“LOANS AND ADVANCES”

Schedule 'H-5'

PARTICULARS	Details Rs.	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
(1) Advances, (unsecured , recoverable in cash or in kind , for value to be received)			
Considered Good			
- Group Companies	46,63,35,897		12,15,58,833
- Joint Venture	5,89,39,464		1,02,62,522
Considered Doubtful			4,12,127
- Group Companies	52,52,75,361		13,22,33,482
Less : Provision For Doubtful Advances	0		4,12,127
		52,52,75,361	13,18,21,355
(2) Prepaid Expenses			
- Group Companies	93,54,303		84,91,479
- Joint Venture	66,82,226		13,68,717
		1,60,36,529	
(3) Excise Duty Paid In Advance			
- Group Companies	3,19,78,619		3,49,28,811
- Joint Venture	1,18,47,172		17,20,100
		4,38,25,791	
(4) Income-Tax / Wealth -Tax / Sales Tax Paid In Advance			
- Group Companies	34,64,40,569		28,82,49,085
- Joint Venture	5,11,76,874		4,11,04,139
		39,76,17,443	
(5) Income-Tax Deducted At Source			
- Group Companies	3,20,75,292		1,22,57,664
- Joint Venture	15,58,569		12,56,796
		3,36,33,861	
(6) Deposits Recoverable			
- Group Companies	3,39,82,678		3,30,07,105
- Joint Venture	13,200		23,200
		3,39,95,878	
(7) Claims Recoverable			
- Group Companies	33,60,863		87,58,402
- Joint Venture	1,01,522		-
(8) Loan to Subsidiary companies		34,62,385	
Total Taken To Balance Sheet		1,05,38,47,249	56,29,86,853

“CURRENT LIABILITIES AND PROVISIONS”
Schedule '1-1'

PARTICULARS	Details Rs.	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
A. CURRENT LIABILITIES:			
(1) Sundry Creditors			
- Group Companies	40,75,27,401		32,81,75,552
- Joint Venture	18,54,89,237		2,77,31,964
		59,30,16,638	
(2) Advances received against sales			
- Group Companies	46,02,61,549		28,05,17,321
- Joint Venture	23,18,52,635		4,85,22,424
		69,21,14,184	
(3) Trade Deposits - Group Companies		4,83,30,000	4,59,70,000
(4) Security Deposits from staff and others			
- Group Companies		24,92,193	25,09,690
(5) Interest accrued but not due on loans			
- Group Companies		70,21,982	83,54,171
(6) Due to Superannuation and Gratuity Trusts			
- Group Companies		48,78,726	60,14,225
(7) Unclaimed Dividend		1,00,39,718	75,02,172
Total Taken To Balance Sheet		1,35,78,93,441	75,52,97,519

PROVISIONS:

Schedule 'I-2'

PARTICULARS	Details Rs.	AS AT	AS AT
		31.03.2009 Rs.	31.03.2008 Rs.
(1) for Income Tax & Wealth Tax			
- Group Companies	35,16,37,005		28,18,57,608
- Joint Venture	3,20,25,225		3,33,82,462
		38,36,62,230	-
(2) for Proposed Dividend			
- Group Companies		3,22,30,290	3,22,30,290
- Joint Venture		-	1,76,00,000
(3) for Tax on Dividend			
- Group Companies		54,77,538	54,77,538
- Joint Venture		-	29,91,120
(4) for Leave Encashment			
- Group Companies	1,39,94,163		1,29,22,964
- Joint Venture	5,79,029	1,45,73,192	5,54,300
(5) for Provision towards Gratuity		1,22,46,567	1,57,32,971
Total Taken To Balance Sheet		44,81,89,817	40,27,49,253

Signature to Schedules A to I-2

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

“OTHER INCOME”

Schedule-1

PARTICULARS	Details Rs.	For the	For the
		year ended 31.03.2009 Rs.	year ended 31.03.2008 Rs.
(1) Interest received from Banks and others			
- Group Companies	7,56,86,178		4,29,70,942
- Joint Venture	1,28,10,401	8,84,96,579	19,47,184
(2) Dividends Received (Gross)		1,76,40,070	44,933
(3) Rents received		32,17,777	28,12,983
(4) Miscellaneous Receipts			
- Group Companies		1,62,51,667	31,20,822
(5) Profit on sale of Assets			
- Group Companies	10,39,842		76,694
- Joint Venture	2,499	10,42,341	-
(6) Unclaimed balances credited back			
- Group Companies		21,83,574	9,34,538
- Joint Venture		-	5,270
(7) Claims/refunds received			
- Group Companies	1,62,337		19,44,165
- Joint Venture	5,19,335	6,81,672	-
(8) Provision no longer required credited back			
- Group Companies	99,00,872		30,42,460
- Joint Venture	6,98,134	1,05,99,006	3,90,151
(9) Difference in Exchange (Net)			
- Group Companies	4,97,91,531		
- Joint Venture	1,55,566	4,99,47,097	18,210
Total Taken To Profit & Loss Account		19,00,59,783	5,73,08,352

“MATERIALS CONSUMED”

Schedule-2

PARTICULARS	Details Rs.	For the year ended 31.03.2009 Rs.	Details Rs.	For the year ended 31.03.2008 Rs.
Opening Stocks:				
Raw materials				
- Group Companies	1,78,72,844		2,60,03,029	
- Joint Venture	2,55,62,584		-	
Work-in-Progress				
- Group Companies	32,35,14,233		26,19,31,094	
Finished goods				
- Group Companies	22,43,22,098		16,83,81,609	
		59,12,71,759		45,63,15,732
ADD:				
i) Purchases:				
Raw materials & Components				
- Group Companies	47,39,41,783		47,51,63,044	
- Joint Venture	46,03,70,834		30,77,96,335	
ii) Cost of raw materials produced				
- Group Companies	1,27,70,58,825		1,03,37,03,251	
		2,21,13,71,442		1,81,66,62,630
		2,80,26,43,201		2,27,29,78,362
LESS:				
Closing Stocks: Raw materials				
- Group Companies	5,74,47,453		1,78,72,844	
- Joint Venture	9,08,20,891		2,55,62,584	
Work-in-Progress				
- Group Companies	39,49,69,528		32,35,14,233	
Finished Goods				
- Group Companies	47,04,25,873		22,43,22,097	
		1,01,36,63,745		59,12,71,758
Excise duty differential on Opening/Closing stocks of Finished Goods				
		-18,10,392		13,97,598
Total Taken To Profit & Loss Account		1,78,71,69,064		1,68,31,04,202

“PAYMENTS AND BENEFITS TO EMPLOYEES”

Schedule-3

PARTICULARS	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Salaries, Wages and Bonus		
- Group Companies	27,82,40,037	26,46,10,726
- Joint Venture	1,31,48,901	1,33,90,782
Contribution to Provident Fund and Family Pension Scheme		
- Group Companies	1,44,35,119	1,30,50,026
- Joint Venture	13,49,803	10,30,335
Contribution to Superannuation Funds		
- Group Companies	59,00,430	53,06,620
Contribution to Gratuity Funds		
- Group Companies	1,12,39,090	77,91,214
- Joint Venture	9,29,031	9,468
Workmen and Staff Welfare expenses		
- Group Companies	3,88,12,075	2,92,47,491
- Joint Venture	18,88,193	13,16,112
Total Taken To Profit & Loss Account	36,59,42,679	33,57,52,774

“MANUFACTURING ,SELLING, ADMINISTRATIVE AND OTHER EXPENSES”

Schedule-4

PARTICULARS	Details Rs.	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Manufacturing:			
Stores and Spares (including Packing Materials) consumed.			
- Group Companies		37,30,62,216	43,27,37,757
- Joint Venture		-	-
Sub-contracted works			
- Group Companies		9,08,79,075	9,99,27,048
- Joint Venture		16,25,955	6,29,664
Power and Fuel			
- Group Companies	86,65,05,709		
Less:Self consumption of Power generated internally	15,93,01,759	70,72,03,950	56,00,35,889
Insurance			
- Group Companies		55,17,118	71,83,682
- Joint Venture		-	-
Research & Development			
- Group Companies		5,42,342	5,50,451
Technical fee and royalty			
- Group Companies			
- Joint Venture		59,99,849	55,70,262
Repairs to Buildings			
- Group Companies		3,08,21,668	2,42,93,174
Repairs to Machinery			
- Group Companies		9,97,47,094	9,42,84,561
Repairs to Other Assets			
- Group Companies		3,43,69,264	2,03,23,175
	(A)	1,34,97,68,531	1,24,55,35,663
Selling:			
Advertisement			
- Group Companies		1,18,80,335	2,01,42,076
- Joint Venture		10,52,661	3,24,096
Loading,Unloading,Transport etc		0	
- Group Companies		12,15,37,899	12,37,00,087
- Joint Venture		58,01,489	1,10,67,386

(Continued)

Schedule-4

PARTICULARS	Details Rs.	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Commission on Sales			
- Group Companies		19,48,387	9,97,011
- Joint Venture		1,47,12,440	3,47,84,392
	(B)	15,69,33,211	19,10,15,048
Administrative:			
Rent			
- Group Companies		48,30,746	37,01,887
- Joint Venture		-	-
Payments to Auditors			
- Group Companies		16,33,629	13,31,909
- Joint Venture		2,20,084	2,03,014
Directors' Sitting Fee			
- Group Companies		4,16,250	5,20,000
Managerial Remuneration			
- Group Companies		7,36,75,140	7,08,68,188
- Joint Venture		6,58,320	16,17,320
Miscellaneous Expenses			
- Group Companies		15,92,59,949	9,89,39,675
- Joint Venture		1,48,42,297	1,27,19,862
	(C)	25,55,36,415	18,99,01,855
Other Items:			
Warranty Claims			
- Group Companies		3,36,51,231	74,82,917
- Joint Venture		33,83,981	1,16,69,380
Provision for doubtful debts			
- Group Companies		-	28,473
Bad debts and irrecoverable advances written off			
- Group Companies		1,33,19,461	1,27,574
- Joint Venture		-	-
Discarded assets written off			
- Group Companies		1,40,270	28,66,859
Loss on sale of assets			
- Group Companies		3,45,946	7,52,431
- Joint Venture		2,804	-

(Continued)

Schedule-4

PARTICULARS	Details Rs.	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Investments written off			
- Group Companies		15,000	-
Difference in exchange (NET)			
- Group Companies		-	2,34,81,055
- Joint Venture		-	1,96,909
Bad debts written off			
- Joint Venture		5,17,174	-
Preliminary expenses Written Off		-	57,232
Prior Period Expenses		-	5,390
	(D)	5,13,75,867	4,66,68,220
Totals of (A+B+C+D) Taken To Profit & Loss Account		1,81,36,14,024	1,67,31,20,786

“RATES & TAXES (EXCLUDING INCOME TAX)”

Schedule-5

PARTICULARS	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Rates and Taxes		
- Group Companies	1,39,33,523	1,76,02,380
- Joint Venture	4,41,480	9,35,861
Total Taken To Profit & Loss Account	1,43,75,003	1,85,38,241

Signature to Schedules 1 to 5

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009

Notes Forming Part of the Accounts

1. Basis of preparation

The KCP Limited (Parent) has prepared the group consolidated financial statements by :

Consolidating its accounts and those of its subsidiary KCP Vietnam Industries Ltd, a company incorporated in Socialist Republic of Vietnam, in which it holds 2/3rds of the share capital. The accounts for prepared in accordance with “Accounting Standard (AS 21) Consolidated Financial Statements” and also reporting therein its 40% interest in its Joint Venture entity Fives Cail KCP Ltd, a Company incorporated in India, in accordance with Accounting Standard (AS 27) “Financial Reporting of interests in Joint Ventures” prescribed by The Companies (Accounting Standards) Rules, 2006.

The accounts of all the companies taken into these consolidated accounts have been prepared for the year ended 31st March 2009.

2. Principles of consolidation

The consolidated financial statements of the KCP Ltd, its subsidiary and its Joint Venture are prepared according to the accounting policies and standards applicable to them in the countries in which they are incorporated as stated in the “Statements on Accounting Policies” in the respective companies and published separately. It is not practicable to use uniform accounting policies in preparing the consolidated financial statements.

3. FOREIGN EXCHANGE TRANSACTIONS

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

All the assets and liabilities of such operations are translated at the exchange rate on the date of the Balance Sheet

Income and expenses of such operations are translated at the yearly average rates.

The resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the investment in such operations

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

PARTICULARS	ASSETS Rs.	LIABILITIES Rs.
1. Depreciation		18,81,68,563
Joint Venture		44,297
2. Items U/s 43 B of IT Act	96,30,766	
Joint Venture	1,31,539	
3. Unabsorbed losses	26,13,265	
	1,23,75,570	18,82,12,860
Net deferred tax liability as on 31.03.2009		17,58,37,290

5. Movement in Translation Reserve	Majority Rs.	Minority Rs.	Total Rs.
Opening Balance (Dr)	-4,04,36,965	-2,02,18,482	-6,06,55,447
Movement due to Non Monetary items-			
Capital, Reserves, opening			
Stock etc. (cr)	2,83,40,553	1,41,70,276	4,25,10,829
Closing balance(Dr)	-1,20,96,412	-60,48,206	-1,81,44,618

6. Particulars disclosed pursuant to “AS-18 related party disclosures” :-

A. List of Related parties:

<p>Key Management Personnel</p>	<p>Dr. V.L. Dutt - Chairman and Managing Director Smt. V.L. Indira Dutt - Joint Managing Director Smt. Kavitha D Chitturi - Executive Director Sri. V. Gandhi - Technical Director</p>
<p>Relatives of Key Management Personnel</p>	<p>Dr. V.L. Dutt - Smt. Rajeswary Ramakrishanan - Sister Smt. V.L. Indira Dutt - Smt. S.R.V. Rajyalakshamma - Mother Sri. V. Chandra Kumar - Brother Smt. Uma S Vallabhaneni - Sister Smt.V. Rama Kumari - Sister Smt. Kavitha D Chitturi - Kum.Shivani Dutt Chitturi - Daughter Sri. Ravi Chitturi - Husband Sri. V.Gandhi - Smt. V. Kamala Devi - Wife Sri. V. Praveen Kumar - Son Smt. V. Anupama - Daughter Sri. N. Seshubabu - Husband of daughter</p>
<p>Companies controlled by Key Management Personnel/Relatives</p>	<p>KCP Technologies Limited V. Ramakrishna Sons Private Limited The Jeypore Sugar Company Ltd. VRK Grandsons Investment (P) Limited</p>

B. Transactions with the related parties:

PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies Controlled by KMP/ relatives of KMP
Transactions during the year	Rs.	Rs.	
Sale of Goods			86,08,637
Service Charges Received			1,22,880
Service Charges Paid		14,701	
Remuneration paid	7,53,20,940		
Interest paid	72,43,840	6,978	23,15,444
Dividend paid	88,96,780	15,43,885	4,86,00,650
Donations			3,00,00,000
Loans Given/paid	57,00,000		
Claims written off			61,53,242
Balances as at 31.03.2009:			
Receivable - Trade dues			21,70,851
Share capital in KCP held by	88,96,780	17,47,770	4,86,00,650
Loans/Advance/Deposits received	8,25,03,000	7,21,000	3,15,00,000
Payable - Remuneration due	6,66,52,258		

7. a. Claims against the Company not admitted

PARTICULARS	31st March, 2009 Rs.	31st March, 2008 Rs.
Statutory Levies - Group Companies	7,20,93,231	6,26,39,443
Contractual Levies	0	0
Others	5,96,33,429	5,23,82,610

b. Share of Contingent Liability in Joint Venture

1. Corporate Guarantees issued by the Company to customers Rs. 80,38,000 /- (Rs.79,31,500/-)
2. Guarantees issued by bankers on behalf of the Company Rs. 23,64,74,578 /- (Rs.15,84,65,580/-)
3. Estimate amount of contracts remaining to be executed on Capital account and not provided for Rs.(Nil)

8. Particulars to be disclosed pursuant to Accounting Standard 17 " Segment Reporting" are given in Annexure 1.

General:

Paise have been rounded off.

Figures in brackets indicate those for the previous year.

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

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

V.L. INDIRA DUTT
Joint Managing Director

KAVITHA D CHITTURI
Executive Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

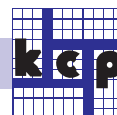
O. SWAMINATHA REDDY
Director

V. GANDHI
Technical Director

M.R. RAMACHANDRAN
Chief Financial Officer

Y. VIJAYAKUMAR
Company Secretary

Place: Chennai
Date: 28th May, 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	2009			2008
	ADD	LESS	TOTAL	Rs.
A). CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.	Rs.	Rs.
Net Profit before Tax			1,21,34,02,089	1,19,44,57,536
			1,21,34,02,089	1,19,44,57,536
ADJUSTMENTS FOR				
Depreciation	20,14,47,340			16,05,06,822
Foreign Exchange Difference(Net)	-	4,99,47,097		2,32,14,607
Investments written off	-			-
Profit/Loss on Sale conversion of Assets		6,93,591		6,75,737
Assets written off	1,40,270	-		28,66,859
Transational Gain in employee benefits	-			2,15,04,300
Transferred to general Reserve	-			-2,13,83,207
Profit/Loss on Sale of Investment	15,000	-		-
Interest (Nett)	3,94,64,582	-		4,78,56,017
Dividend Received	-	1,76,40,070		-44,933
Preliminary expenditure written off	-			57,232
	24,10,67,192	6,82,80,758	17,27,86,434	23,52,53,434
OPERATING PROFIT BEFORE WORKING CAPITAL:			1,38,61,88,523	1,42,97,10,969
Trade and other Receivables	-	57,25,50,886		-37,52,40,723
Inventories	-	48,53,96,552		-12,24,78,780
Trade Payables & Provision	29,40,92,077			18,60,45,448
	29,40,92,077	1,05,79,47,438	-76,38,55,361	-31,16,74,055
CASH GENERATED FROM OPERATIONS			62,23,33,162	1,11,80,36,914
Direct Taxes refunds received / Paid (Net)		33,79,69,117	-33,79,69,117	-27,55,25,831
			28,43,64,045	84,25,11,083
CASH FLOW BEFORE EXTRAORDINARY ITEMS				
Foreign Exchange Difference	4,99,47,097		4,99,47,097	-2,32,14,607
			33,43,11,142	81,92,96,475
NET CASH FROM OPERATING ACTIVITIES A				
B). CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of / Additions to Fixed Assets		53,87,77,962		-39,39,25,450
Capital Work-in-Progress	97,67,942			9,08,92,755
Purchase of Investments	-	-		-28,67,958
Repayment of Loan by subsidiary company	5,31,23,542	-		1,34,38,806
Sale of Fixed Assets	14,13,351	-		8,35,331
Sale of Investments	1,74,00,000	-		0
Merger of subsidiary company		-		-2,71,17,675
Interest Received	9,69,59,201	-		5,55,02,132
Dividend Received	1,76,40,070	-		44,933
Translation Difference	10,90,03,594	-		-5,83,86,140
Provision for diminution in value of investments of earlier years withdrawn				2,71,17,675
	30,53,07,700	53,87,97,981	-23,34,70,262	-29,44,65,591
NET CASH USED IN INVESTING ACTIVITIES ... B			-23,34,70,262	-2,944,65,591
C). CASH FLOW FROM FINANCING ACTIVITIES				
Subsidy received				25,00,000
Proceeds of Long Term Borrowings (Secured)	49,04,89,381			-9,53,68,723
Dividend Paid	-	14,65,21,160		-11,42,90,870
Tax on Distributed Profits	-	2,49,01,271		-1,94,23,734
Interest Paid	-	13,64,23,784		-10,33,58,149
Repayment of Long Term Borrowings (Unsecured)	57,10,000			-63,48,759
	49,61,99,381	30,78,46,215	18,83,53,166	-33,62,90,234
NET CASH USED IN FINANCING ACTIVITIES ... C			18,83,53,166	-33,62,90,234
Net increase / (decrease) in cash and cash equivalents (A+B+C)			28,91,94,046	18,85,40,650
Opening Cash Balance			53,26,84,011	34,41,43,361
Closing Cash Balance			82,18,78,057	53,26,84,011

(FOR AND ON BEHALF OF THE BOARD)

V.L. DUTT
Chairman and Managing Director

As per our report annexed
for BRAHMAYYA & CO
Chartered Accountants
C. MURALIKRISHNA
(ICAI Memb.No.20884)
Partner

Place: Chennai
Date: 28th May, 2009

SEGMENT REPORT UNDER ACCOUNTING STANDARD 17 AS AT 31ST MARCH 2009

Annexure-I

Primary Segment Report - Business Segments

PARTICULARS	Engineering		Cement		Power		Sugar		Others		Elimination		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue														
Total Revenue	19,837	20,882	25,251	24,359	1,689	1,629	14,129	12,456	1,089	586	0	0	61,995	59,912
Less: Excise Duty	1,560	2,513	3,603	3,979	0	0	0	0	0	0	0	0	5,163	6,492
	18,277	18,369	21,648	20,380	1,689	1,629	14,129	12,456	1,089	586	0	0	56,832	53,420
Less: Inter Segment Sales	0	15	-	28	1,593	1,588	0	0	221	221	0	0	1,593	1,852
	18,277	18,354	21,648	20,352	96	41	14,129	12,456	1,089	365	0	0	55,239	51,568
Result														
Segment Result	5,530	5,586	4,446	4,793	682	679	3,139	2,094	0	-91			13,796	13,061
Add: Unallocated Corporate Expenses													-383	-204
Operating Profit / (Loss)	5,530	5,586	4,446	4,793	682	679	3,139	2,094	0	-91	0	0	13,413	12,857
Less: Interest Expenses													0	1,280
														913
Add : Income Tax Refund													54	0
Less: Income Taxes													3,289	2,913
Net Current Tax liability													-12	385
Net Deferred Tax Liability													8,911	8,646
Profit from Ordinary Activities													794	625
less: Minority share of profit / (Loss)													8,117	8,021
Net Profit														
Other Information														
Segment Assets	23,125	16,505	9,123	8,761	5,567	5,846	17,379	12,293	3,048	1,396			58,241	36,911
Unallocated corporate Assets													4,318	8,439
Total Assets	23,125	16,505	9,123	8,761	5,567	5,846	17,379	12,293	3,048	1,396			62,559	45,350
Segment Liabilities	11,009	7,713	3,944	2,781	1,347	1,704	4,940	6,441	810	850			22,050	14,010
Unallocated Corporate liabilities													9,405	8,477
Minority Interest													3,024	1,973
Shareholders Funds													28,080	20,890
Total Liabilities	11,009	7,713	3,944	2,781	1,347	1,704	4,940	6,441	810	850			62,558	45,350
Capital Expenditure	1,146	271	138	329	11	1,260	1,657	2,752	44	0	0	7	2,996	4,605
Unallocated capital expenditure													75	46
Total Capital Expenditure	153	119	282	271	425	421	1,082	729	73	66	0	0	3,071	4,651
Depreciation													2,014	1,606

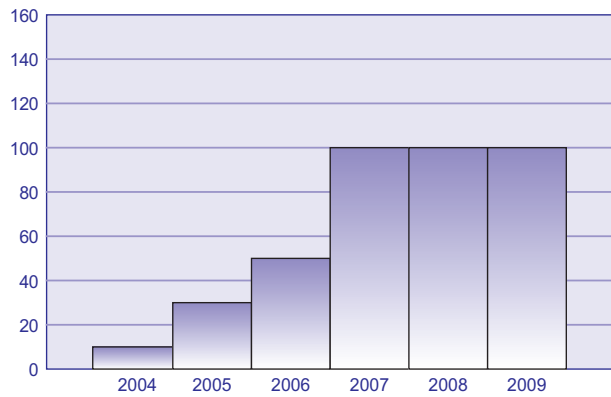
Secondary Segment Report - Geographical Segments

	Sales Revenue		Carrying amount of assets		Additions to Fixed Assets	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
India	41,110	39,112	45,180	33,057	1,339	1,853
South East Asia - Vietnam	14,129	12,456	17,379	12,293	1,657	2,752

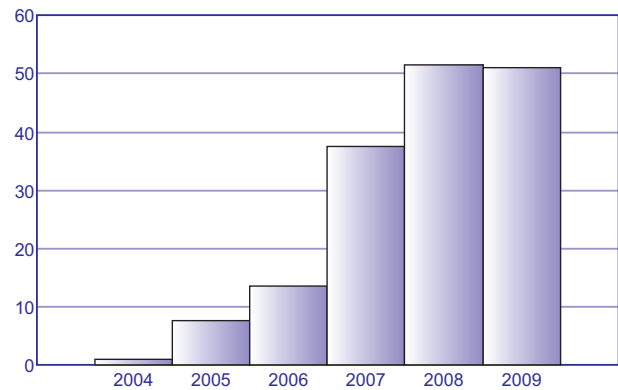
Other disclosures:

1. Segments have been identified in line with the Accounting Standard - 17 Segment Reporting prescribed by the Companies Accounting Standard Rules 2006, on consolidated basis including business conducted through its subsidiary and joint venture.
2. The Company has disclosed business segment as the primary segment.
3. The reportable segments are further described below.
 - a) Engineering
 - b) Cement
 - c) Power
 - d) Sugar
4. Intersegment revenues are recognised at market price.

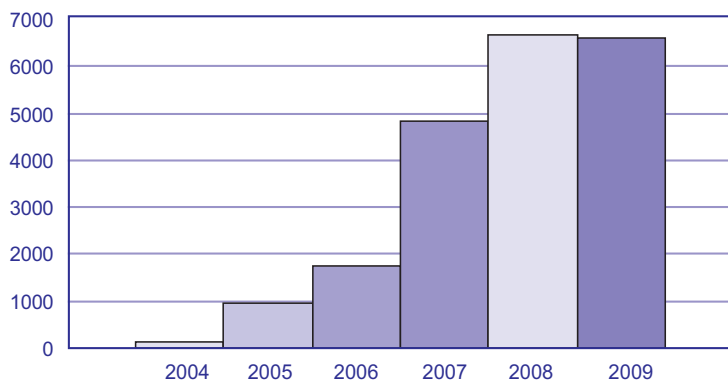
At a Glance



Dividend History

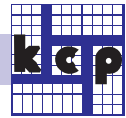


EPS



Profit After Tax

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ADMISSION SLIP

Regd. Office: 2, Dr. P.V. Cherian Crescent, Egmore, Chennai - 600 008.
PLEASE COMPLETE THIS ADMISSION SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NAME AND ADDRESS	NO. OF SHARES	FOLIO NO./CLIENT ID NO
<p>68th ANNUAL GENERAL MEETING</p> <p>Date : MONDAY 27TH JULY, 2009 Time: 11.00 A.M.</p> <p>Place: REGISTERED OFFICE "RAMAKRISHNA BUILDINGS"</p> <p style="margin-left: 100px;">2, DR. P.V. CHERIAN CRESCENT, EGMORE,</p> <p style="margin-left: 100px;">CHENNAI - 600 008</p>		

*If you intend to appoint a Proxy, please complete the Proxy below and deposit it at the Company's Registered Office 48 hours before the meeting. Please ensure that the Proxy brings this Admission slip with him for the meeting

Name of Proxy (if any) in block letters	Signature of Member(s) / proxy

PROXY FORM



Regd. Office: 2, Dr. P.V. Cherian Crescent, Egmore, Chennai - 600 008

No. of Shares	Folio No./Client ID No.

SERIAL NO.	RECEIVED ON	TIME	CODE

I/We of in the district of being a member/members of the above named company hereby appoint of in the district of or failing him of in the district of as my / our proxy to vote for me / us on my / our behalf at the 68th Annual General Meeting of the Company to be held at 11a.m. on Monday, 27th July 2009 and at any adjournment thereof.

As witness my (our) hand(s) this day of 2009
Signed by the said

Affix Rs.1/- Revenue Stamp

* This proxy form must be duly completed and received at the Company's Registered Office 48 hours before the commencement of meeting Proxy need not be a member of the Company

