



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

*Sixteenth Annual Report  
2010- 2011*

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**BOARD OF DIRECTORS as on 27.05.2011**

**WHOLETIME DIRECTORS:**

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

**NON-WHOLETIME DIRECTORS:**

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

**Board Committees**

**Audit Committee**

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

**Remuneration Committee**

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

**Share Transfer & Grievances Committee**

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

**General Manager (Finance)**

Shri.R. Ganesan

**Deputy General Manager (Finance)  
and Company Secretary**

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

**Auditors**

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

**Cost Auditor**

Shri.G.Suryanarayanan

**Legal Advisor**

Shri.T.Raghavan

**Bankers**

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

**Registered & Corporate Office**

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

**Plant Locations:**

- 1) Vuyyuru, Krishna Dist, Andhra Pradesh 521 165**  
Sugar, Industrial Chemicals, Incidental Co-generation Power,  
Biotech, CO2, Calcium Lactate Divisions.
- 2) Lakshmipuram, Krishna Dist, Andhra Pradesh 521 131**  
Sugar, Incidental Co-generation Power.

**Registrars to Deposits**

Being handled In-House at the Registered Office of the Company.  
(Earlier outsourced to TIPS Data Systems Pvt.Ltd., Chennai).

**Registrars & Share Transfer Agent &  
Depository Registrars**

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

## FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	Year Ended											
	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001	
Share Capital	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	*1,133.85
Reserves and Surplus	16,519.46	15,925.95	14,546.49	14,342.19	14,475.97	12,784.19	9,012.45	6,554.82	4,962.81	5,384.94	6,772.84	
Net Worth	17,653.31	17,059.80	15,680.34	15,476.04	15,609.82	13,918.04	10,146.30	7,688.67	6,096.66	6,518.79	7,906.69	
Fixed Assets (Net)	13,102.44	13,698.22	13,959.19	14,758.28	15,541.25	13,970.66	10,448.77	9,649.21	10,141.13	10,114.89	9,589.37	
Gross Income	22,111.97	26,306.43	19,954.65	25,428.43	33,611.64	36,184.68	29,977.81	20,890.02	17,690.59	14,947.76	22,204.78	
Gross Profit	2890.57	4,813.10	3,270.26	2,280.74	5,000.54	10,555.24	8,033.82	3,022.50	1,535.38	2,542.94	3,720.16	
Depreciation	1,095.44	1,062.54	1,085.35	1,059.37	1,001.49	743.45	619.97	626.02	611.21	575.87	531.30	
Interest	467.10	319.62	360.18	459.93	351.56	420.53	915.01	1,373.05	1,501.80	1,430.90	1,520.70	
Profit / (Loss) before Tax	1,328.03	3,430.94	1,824.73	761.44	3,647.49	9,391.26	6,498.84	1,023.43	-577.63	536.17	1,668.16	
Profit / (Loss) after Tax	1,183.23	2,374.37	1,132.88	710.97	2,355.05	5,711.05	4,065.21	1,911.79	-422.13	340.19	1,368.16	
Earnings per Share (Rs.)	**1.04	**2.09	**0.999	**0.63	**2.08	**5.04	35.85	16.86	-3.72	3.00	*10.79	
Cash Earnings per Share (Rs.)	**2.01	**3.03	**1.96	**1.56	**2.96	**5.69	41.32	22.38	1.67	8.08	*14.97	
Book Value per Share (Rs.)	**15.57	**15.05	**13.83	**13.65	**13.77	**12.28	89.49	67.81	53.77	57.49	69.73	
Dividends on Equity %	45.00	75.00	70.00	50.00	50.00	150.00	100.00	25.00	--	25.00	25.00	
Long term Debt Equity Ratio (excluding working capital borrowings)	0.26	0.25	0.25	0.22	0.12	0.16	0.30	0.49	0.58	0.70	0.73	

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

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

## SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

SEASON	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>SUGAR UNIT, VUYURU</b>											
Cane Crushed in MTS	7,86,393	4,89,522	5,38,686	8,46,674	12,21,209	10,72,145	9,97,945	10,14,957	9,74,932	6,88,821	6,09,355
Sugar bagged in QTLS	8,05,960	4,64,110	5,64,150	9,19,000	13,19,880	11,97,470	11,44,442	10,60,812	9,81,994	7,22,284	6,31,820
Recovery (%)	10.25	9.50	10.45	10.85	10.83	11.15	11.46	10.47	10.07	10.48	10.38
<b>SUGAR UNIT, LAKSHMIPURAM</b>											
Cane Crushed in MTS	2,75,222	1,50,759	1,35,957	2,74,193	4,53,307	4,35,534	3,72,153	3,13,619	2,27,826	82,058	1,85,586
Sugar bagged in QTLS	2,50,160	1,29,206	1,22,686	2,68,948	4,67,905	4,61,679	4,13,580	3,14,879	2,09,638	68,658	1,75,071
Recovery (%)	9.09	8.58	9.05	9.80	10.32	10.63	11.10	10.05	9.07	9.40	9.36

**NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, on Thursday, the 29th day of September 2011 at 10.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, the Profit and Loss Account for the year ended on that date, and the Report of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr. Vithal Rajan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. M.S.V.M.Rao, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors.

**SPECIAL BUSINESS:**

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

"RESOLVED THAT pursuant to Article 148 of the Articles of Association of the Company and the provisions of Section 309 and other applicable provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, the Non Whole time Directors of the Company (other than the Wholetime Directors and Nominee Directors) be paid as remuneration for each of the five financial years beginning from 2011 – 12 to 2015- 16, an amount not exceeding one percent of the net profits of the Company and computed in the manner laid down in Section 198, 349, and 350 of the Companies Act, 1956 and to be divided amongst the said Non Wholetime Directors in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally, provided that none of the Directors aforesaid shall receive individually in a financial year a sum exceeding Rs.1.75 lakhs (Rupees One lakh and seventy five thousand only) and further that the payment of the sum in the above manner shall be in addition to the sitting fee per meeting of the Board/Committee which each such Director is entitled to receive under the Articles of Association and the approval of the Board of Directors from time to time."

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

// BY ORDER OF THE BOARD //

Place : Chennai

Date : 27.05.2011

**VINOD R. SETHI**

EXECUTIVE CHAIRMAN

**NOTES:**

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

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

- b. **The Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 22nd day of September 2011 to 29th day of September 2011, both days inclusive, **for the purpose of payment of dividend.**
- c. **Dividend on equity shares**, recommended by the Board, if approved by the shareholders at the AGM, will be paid on or after 29.09.2011 but within the stipulated time:
  - i. to those Members whose names appear on the Register of Members of the Company as on 21.09.2011. and
  - ii. in respect of **shares held in electronic form**, the dividend will be payable on the basis of beneficial ownership as at the close of 21st September 2011 as per the details furnished by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) for the purpose as on that date.
- d. **M/s. Integrated Enterprises (India) Ltd**, Kences Towers, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
- e. Securities and Exchange Board of India has made **trading** in the shares of the company **compulsory in dematerialized form** for all investors. Members are requested to open a Beneficiary owner account with a Depository Participant, if not done so far.

- f. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Ltd, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants:
- Name of the Sole / First joint holder and the Folio Number.
  - Particulars of Bank Account, viz, Name of the Bank, Name of the Branch, Complete address of the Bank with PIN code, Account type and the Bank Account Number.
- g. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if Members want to change/correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from Members for addition/deletion/change in bank account details furnished by Depository Participants to the Company.**
- h. **Electronic Clearing System (ECS)** credit has been moved completely to the National Electronic Clearing System (NECS) platform through core banking system, effective from 30.09.2009. Accordingly, dividend will be credited to the shareholders bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholders to the Depository / Company, as the case may be, the Company will print details available in its records on the Dividend Warrants to be issued to such shareholders. This service provides instantaneous credit to the shareholders and also protects against fraudulent interception and encashment of dividend warrants, besides eliminating dependence on the postal system, loss or damage of dividend warrants in transit and correspondence relating revalidation / issue of duplicate warrants.
- i. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar the details of all such folios together with the Share Certificates for **consolidation of their holdings into a single folio**.
- j. **Members who hold shares in the physical form** can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility by filling **Form 2B printed with this Annual Report**. Members holding shares in dematerialized form may please contact their Depository Participants for recording nomination in respect of their shares.
- k. As required under the provisions of the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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

Financial year ended		Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
<b>31.03.2004</b>		02.09.2004	08.09.2011	07.10.2011
<b>31.03.2005</b>	(interim)	10.11.2004	22.11.2011	21.12.2011
	(Final)	31.08.2005	04.09.2012	03.10.2012
<b>31.03.2006</b>	(interim)	27.10.2005	07.11.2012	06.12.2012
	(Final)	12.10.2006	17.10.2013	16.11.2013
<b>31.03.2007</b>		27.09.2007	02.10.2014	01.11.2014
<b>31.03.2008</b>		11.09.2008	12.09.2015	11.10.2015
<b>31.03.2009</b>		23.09.2009	24.09.2016	23.10.2016
<b>31.03.2010</b>		19.08.2010	22.08.2017	21.09.2017

- l. Shareholders are requested to **encash their Dividend Warrants on receipt** as Dividend remaining **unclaimed for seven years**, are required to be **transferred to the Investor Education and Protection Fund** established by the Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are **transferred to**

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

this fund, shareholders will **not be entitled to claim** these dividends.

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

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

	<b>Dr. Vithal Rajan</b>	<b>Shri. M.S.V.M.Rao</b>
Profile of the Director	<p>Dr. Vithal Rajan is a Doctorate from the London School of Economics. He was a founder faculty member of the School of Peace Studies, Bradford University, U.K.; Executive Director of the Right Livelihood Award Foundation, Sweden; and Director, World-Wide Fund for Nature International, Switzerland. The Governor General of Canada had appointed him an Officer of the “Order of Canada”, the country’s highest honor for a lifetime of achievement for voluntary service and merit of a high degree, especially in service to Canada and to humanity at large.</p> <p>He was co-opted as an additional Director on the Board of the Company on 26.10.2005. He retired by rotation at the Thirteenth AGM held on 11.09.2008 and was reappointed. Again, he retires by rotation at the ensuing Sixteenth AGM and being eligible, seeks reappointment.</p>	<p>Shri.M.S.V.M.Rao is a Post-graduate in Political Science. He was co-opted on the Board of the Company on 17.12.2005 as an Independent Additional Director. He retired by rotation at the Thirteenth AGM held on 11.09.2008 and was reappointed. Again, he retires by rotation at the ensuing Sixteenth AGM and being eligible, seeks reappointment.</p>
Directorships and Committee Memberships in other Companies.	---	---
No. of Shares held in their own name.	NIL	10 equity shares of F.V.Re.1/- each

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

**Item No.6:**

At the Eleventh Annual General Meeting held on 12th October 2006 the Shareholders had approved the payment of remuneration to the Non-Whole Time Directors by way of commission on the profits of the Company not exceeding one per cent subject to a limit of Rs.1,75,000/- (Rs. One Lakh and Seventy five thousand) per Director for each of the five financial years ending with 31st March,2011, in addition to sitting fees paid for the meetings of the Board/Committee. Your Board of Directors consists of senior seasoned professionals in their respective fields who with their knowledge and exposure are guiding the growth of this Company. With the increasing thrust on good Corporate Governance your Board has inducted professionals from different walks of life and functional areas so that they can contribute to the success of the Company. There is a need for the compensation to be commensurate with the responsibilities shouldered by the Non Wholetime Directors. In appreciation of their valuable continuing guidance for the growth of the Company and also considering the attention devoted and responsibilities undertaken by these Non-Whole Time Directors in the activities of the Company, the Board of Directors at their Meeting held on 27th May 2011, has recommended the payment of commission not exceeding one per cent of the profits of the Company to be divided amongst the said Non Whole time Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally subject to a maximum of Rs.1,75,000/- (Rs. One Lakh and Seventy five thousand) per Director for each of the five financial years from 2011 – 12 to 2015 -16, in addition to sitting fees paid for the meetings of the Board/Committee. Section 309 of the Companies Act, 1956 stipulates inter alia that the payment of remuneration to the Non-Whole Time Directors not exceeding one per cent of the profits of the Company could be made if authorized by a Special Resolution.

The Directors, therefore recommend the Special Resolution for the approval of the Shareholders.

Shri.K.A.Rangaswamy, Shri.Ranvir Shah, Dr.Vithal Rajan, and Shri.M.S.V.M.Rao being Non Wholetime Directors may be deemed to be concerned or interested in this resolution.

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

Place : Chennai

Date : 27.05.2011

**VINOD R. SETHI**

**EXECUTIVE CHAIRMAN**



**DIRECTORS' REPORT**

Your Directors present their 16th Annual Report and the audited statement of accounts for the year ended 31st March 2011.

**I. FINANCIAL RESULTS:**

	<b>For the Year ended 31.03.2011</b>	For the Year ended 31.03.2010
<b>Physical Performance</b>		
Cane crushed – in Tonnes	<b>10,49,613</b>	6,40,281
Sugar bagged – In Quintals	<b>10,34,579</b>	5,93,316
<b>Financial Performance – Rs. Crores</b>		
Turnover	<b>269.76</b>	301.55
Other Income	<b>8.32</b>	4.10
Profit Before Tax	<b>13.28</b>	34.31
Profit After Tax	<b>11.83</b>	23.74
Surplus from Previous Year	<b>52.22</b>	40.81
Amount available for appropriation	<b>64.05</b>	64.55
<b>Appropriations</b>		
Transfer to General Reserve	<b>1.27</b>	2.38
Proposed Dividend	<b>5.10</b>	8.50
Tax on proposed Dividend	<b>0.79</b>	1.45
Carried forward	<b>56.89</b>	52.22

**II. PERFORMANCE:**

During the financial year under review your Company recorded a Turnover of Rs. 269.76 crores (Prev. Year: Rs.301.55 cr.) including Excise Duty of Rs. 7.12 crores (Prev.Year: Rs.9.27 cr.) and Inter-divisional transfers of Rs. 56.97 crores (Prev. year: Rs.42.58 cr.). The profit before interest and depreciation is Rs. 28.90 crores. Profit before tax is Rs. 13.28 crores and after adjustments relating to refund / payment of Income Tax pertaining to earlier years, and provision for current tax, the Profit after tax is Rs. 11.83 crores.

The decrease in profit is due to reduction in quantum of sale of sugar coupled with steep increase in cost of production.

**III. DIVIDEND:**

The Board of Directors recommends a dividend of 45 % on the Paid-up Equity Capital for the year ended 31.03.2011 as against 75 % approved for the previous year ended 31.03.2010. The dividend recommended by your Directors, if approved at the ensuing Annual General Meeting by the Shareholders would be paid within the stipulated time.

**IV. SHARE CAPITAL AND RESERVES:**

The Share Capital of the Company is Rs.11.33 crores. The General Reserve as at 01.04.2010 was Rs.105.03 crores and after transferring from Net Profits a sum of Rs. 1.27 crores to the General Reserve for the year ended 31.03.2011 the General Reserve stood at Rs.106.30 crores as on 31.03.2011. The total Reserves and Surplus has increased to Rs.165.19 crores as on 31.03.2011 as against Rs. 159.26 crores as on 31.03.2010.

## V. MANAGEMENT DISCUSSION AND ANALYSIS:

### a. Sugar Industry - Opportunities, Threats and Future Outlook:

#### Opportunities:

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

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

#### Threats:

Sugar industry is at present confronted by the following threats:

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

#### Future Outlook:

The future outlook of sugar would depend on the following:

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

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

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

**SEASONWISE**

UNIT / SEASON PARTICULARS	VUYYURU		LAKSHMIPURAM	
	2010-11	2009-10	2010-11	2009-10
Crushing commenced on	29.11.2010	05.12.2009	16.12.2010	10.12.2009
Crushing completed on	06.04.2011	06.03.2010	13.03.2011	12.02.2010
No. of days	129	92	87	65
Cane crushed (in MT)	7,86,393	4,89,522	2,75,222	1,50,759
Sugar Bagged (in qtls)	8,05,960	4,64,110	2,50,160	1,29,206
Recovery (%)	10.25	9.50	9.09	8.58

**FINANCIAL YEARWISE**

UNIT/YEAR ENDED DETAILS	VUYYURU		LAKSHMIPURAM	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
2009-10 Season - From / To	—	05.12.2009 to 06.03.2010	—	10.12.5009 to 12.02.2010
2010-11 Season - From / To	29.11.2010 to 31.03.2011	—	16.12.2010 to 13.03.2011	—
No. of days	123	92	87	65
Cane crushed (in MT)	7,74,391	4,89,522	2,75,222	1,50,759
Sugar Bagged (in qtls)	7,84,419	4,64,110	2,50,160	1,29,206
Recovery (%)	10.24	9.50	9.09	8.58

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

Vuyyuru Distillery Unit produced 66.38 lakh litres during the year ended 31.03.2011 as against 35.94 lakh litres during the previous financial year. As against this, the said Unit sold 71.57 lakh litres valued at Rs. 18.66 crores during the year under review as against 28.63 lakh litres valued at Rs. 9.29 crores during the previous year.

The Bio-fertilizer unit at Vuyyuru sold about 1.36 lakh Qtls valued at Rs. 3.73 crores as against 1.59 lakh qtls valued at Rs. 3.19 crores during the previous year.

Cogeneration Unit at Vuyyuru produced 33,298 MW of power during the financial year under review as against 25,174 MW in the previous year, and the Lakshmipuram Unit produced 6,904 MW of power as against 3,653 MW in the previous year. In all, total export of electrical energy was 14,300 MW resulting in a turnover of Rs. 4.32 crores as against 11,479 MW at a turnover of Rs. 3.25 crores during the previous year. The Calcium Lactate plant contributed Rs. 0.42 crores towards its turnover of the Company as against a turnover of Rs. 0.93 crores during the previous year.

**c. INTERNAL CONTROL SYSTEMS:**

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

**d. HUMAN RESOURCES:**

The Company had 1009 employees including non-seasonal employees at the sugar units as on 31.03.2011. The Company ensures high standards of safety for its employees and periodically conducts meetings to minimize operational hazards. The Company believes that people are the key to success and hence the human resources function pro-actively develops innovative and business focussed methods to attract, motivate, develop and retain talented, competitive manpower sources.

**e. AWARDS:**

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

1. Winner of Best Management Award 2010 (for outstanding efforts in maintaining cordial industrial relations and labour welfare) from Govt of Andhra Pradesh.
2. Winner of National Safety Award (Sugar Factory) – for outstanding performance in Industrial Safety for the performance Year 2008 based on Accident-free year from Ministry of Labour & Employment, Govt of India.
3. Winner of National Safety Award (Sugar Factory) – for outstanding performance in Industrial Safety for the performance Year 2008 based on Lowest Average Frequency rate, from Ministry of Labour & Employment, Govt of India.
4. Winner of National Safety Award (Distillery) – for outstanding performance in Industrial Safety for the performance Year 2008 based on Lowest Average Frequency rate, from Ministry of Labour & Employment, Govt of India.
5. Winner of National Safety Award (Distillery) – for outstanding performance in Industrial Safety for the performance Year 2008 based on longest accident-free period, from Ministry of Labour & Employment, Govt of India.
6. Recipient of Certificate of Appreciation (in recognition of Appreciable Achievement in Occupational Safety & Health during the Assessment period of Three Years 2006 to 2008, from National Safety Council of India, Mumbai.

**f. OTHERS:**

- The Company has valid Pollution Control clearances in respect of both Air and Water for sugar units at Vuyyuru and Lakshmipuram and also for Distillery unit at Vuyyuru. The Company also takes adequate steps to safeguard the environment.

**g. CAUTIONARY NOTE:**

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

**VI. FUTURE PLANS:**

- To identify new technologies wherever it is possible and makes use of the same for improved results.
- In view of the acute shortage of agricultural labour the following measures are explored to partially mechanize the cane cultivation:
  - a) Induce farmers to use power tiller drawn planters and mini-tractor drawn implements;
  - b) Identifying and developing suitable sugarcane harvester considering the soil conditions and land holdings of our command area.

- In-depth study is in progress in Distillery division to adopt new technologies for improving the yield and reduce the discharge of spent wash.
- Identifying value-added products from the by-products and to promote renewable energy from industrial waste.

#### **VII. PERSONNEL AND INDUSTRIAL RELATIONS:**

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

#### **VIII. DIRECTORS:**

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

#### **IX. STATUTORY COMPLIANCES:**

- Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed to and forms part of this Report.
- Statement required under Section 217(2A) of the Companies Act, 1956 is not attached to this report as none of the employees have received remuneration as prescribed under this Section read with the Companies (Particulars of Employees) Amendment Rules, 2011.
- As required by the Listing Agreements and Accounting Standards of the Institute of Chartered Accountants of India, the additional disclosures in respect of related party transactions have been made.

#### **X. DIRECTOR'S RESPONSIBILITY STATEMENT:**

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

- that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there were no material departures therefrom;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2011 and of the Profit of the Company for that year;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors had prepared the annual accounts on a going concern basis.

#### **XI. CREDIT RATING**

The Credit Rating of A- (Single A minus) for Fund-based facilities and PR2+ (PR Two Plus) for Non-Fund based facilities assigned to your Company in the earlier year by Credit Analysis & Research Ltd (CARE), has been reaffirmed by them for the current year also. Measured through industry yardstick these ratings are considered to be better ratings for a sugar mill.

#### **XII. ISO CERTIFICATION:**

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

#### **XIII. RISK MANAGEMENT:**

The Company has an effective risk management under which all probable risks are periodically identified, assessed and

acted upon to minimize and mitigate their impact. These processes are subject to periodical review by the Management. Some of the risks identified are enumerated below:

#### **i. Raw Material Risk:**

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

##### **Mitigation Measure:**

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

#### **ii Policy Risk:**

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

##### **Mitigation Measure:**

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

#### **iii. Cyclicity / Commodity Risk:**

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

##### **Mitigation Measure:**

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

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

#### **XIV. CORPORATE GOVERNANCE:**

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

#### **XV. FIXED DEPOSITS:**

As on 31.03.2011 your Company had accepted deposits of Rs.39.49 crores as against Rs. 27.43 crores as on 31.03.2010. As at 31.03.2011, there were matured and unclaimed deposits amounting to Rs. 0.20 crores in respect of 37 deposits. As on the date of this report an amount of unclaimed deposits remained the same.

In compliance with the provisions of Investors Education and Protection Fund constituted under Section 205C of the Companies Act, 1956, the Company has transferred twelve (13) deposit(s) amounting to Rs 44,000/- which remained unclaimed beyond the period of seven years from the date of maturity to the Investor Education and Protection Fund.

#### **XVI. SUBSIDIARY COMPANIES:**

The income from the sale of products, services and other income of your wholly owned subsidiary "The

Eimco-K.C.P.Ltd" was at Rs. 30.19 crores (P.Y. Rs. 31.27 crores) with an improved profit of Rs. 0.93 crores (P.Y. Rs. 0.56 crores) for the year ended 31.03.2011.

The other wholly owned subsidiary, KCP Sugars Agricultural Research Farms Ltd, has reported an Income from the sale of products, services and other income of Rs. 0.13 crores for the financial year ended 31.03.2011 as against Rs. 0.11 crores for the previous year ended 31.03.2010. The Company earned a profit of Rs. 0.05 crores as against the profit of Rs. 0.04 crores in the previous financial year.

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

**XVII. AUDITORS:**

The Statutory Auditors, M/s. B.Purushottam & Co., Chartered Accountants, Chennai, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. M/s. B.Purushottam & Co., Chartered Accountants, Chennai, have forwarded their Certificate to the Company stating that their reappointment, if made, will be within the limits specified under Section 224 (1B) of the Companies Act, 1956. Members are requested to consider their re-appointment for the financial year ending 31st March 2012 on remuneration to be decided by the Audit Committee / Board of Directors.

**XVIII. COST AUDIT:**

Mr. G. Suryanarayanan, Cost Auditor, had been appointed by the Company to conduct the Cost Audit in respect of Sugar and Industrial Alcohol for the financial year 2010-11. The Central Government's approval has been received to this appointment. The Cost Audit reports for 2010-11 are due for submission on or before 30.09.2011.

The Cost Audit Reports for the financial year ended 31.03.2010 had been filed with the Ministry of Corporate Affairs, New Delhi, on 02.09.2010.

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have, subject to the approval of the Central Government, appointed Shri. V. Srinivasan, Cost Accountant, Chennai, as the Cost Auditor to conduct the Cost Audit of Sugar, Industrial Alcohol, Electricity and Fertilizer for the financial year ending 31st March 2012.

**XIX. ACKNOWLEDGEMENT:**

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

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

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

Place : Chennai

**VINOD R. SETHI**

Date : 27.05.2011

EXECUTIVE CHAIRMAN

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

Measures taken towards conservation of energy include:

1. Installation of 1300M Evaporator body to enable reduction in steam consumption by 2.36% on cane, resulted in substantial savings.
2. Modification of A-Continuous Pans which helped in achievement of consistency in pan boiling, and improvement in masschute exhaustion by minimizing the material recirculation., besides power saving of 15 KW per hour.
3. Installation of auto control valve in FTVs steam line resulting in consistency in juice clarification by maintaining the molten sulphur temperature and steam consumption at a lower level.
4. Installation of auto control system for shock pH of juice which helped to stabilize the juice pH, consistency in juice clarification and maintenance of juice transmittance value at 50+ throughout the season.
5. Up-gradation of automation at cane preparation, replacing 100 HP cane cutter motor with 300 HP motor, which resulted in saving of 30 KW per hour.
6. Up-gradation of Condensate Flash and direct pipe line for Exhaust Condensate water line from boiler house to boiler feed water tank, resulting in power saving of 25 KW per hour.
7. Automation at Centrifugal and Magma Mixer which enabled power saving of 22,000 KWH.
8. Replacement of Star Delta Starter with VFD at strategic points to achieve reduction in energy consumption.



## ANNEXURE – FORM A

(See Rule 2)

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

	SUGAR UNITS AT			
	VUYYURU		LAKSHMIPURAM	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
A) Power and Fuel Consumption				
Electricity				
a. Purchased				
Units KWH	<b>13,64,893</b>	13,47,895	<b>5,67,621</b>	5,32,118
Total Amount Rs.	<b>69,79,905</b>	55,06,215	<b>31,37,098</b>	24,90,223
Rate / Unit Rs.	<b>5.11</b>	4.09	<b>5.53</b>	4.68
b. Own Generation				
i. Through Diesel Generator :				
Units KWH	<b>32,810</b>	74,560	<b>42,530</b>	62,974
Unit per ltr. of Diesel Oil	<b>2.76</b>	2.88	<b>2.95</b>	3.06
Cost / Unit Rs.	<b>13.69</b>	12.08	<b>12.92</b>	11.36
ii. Through SteamTurbine/ Generator :				
Unit KWH	<b>3,32,98,100</b>	2,51,74,400	<b>69,04,124</b>	36,50,300
KWH per tonne of bagasse	<b>283.92</b>	292.16	<b>192.42</b>	175.78
Cost / Unit	<b>1.95</b>	2.64	<b>1.49</b>	2.14
B. Consumption per unit of production				
Electricity KWH (per tonne)	<b>194.15</b>	220.44	<b>225.70</b>	282.88

**B. TECHNOLOGY ABSORPTION:**

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

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

- Green Manure application by way of Basal application of phosphoric plus organic fertilizers, seed rate reduction, balanced and controlled nutrition, soil health management practices and mechanization for saving in fertilizer application cost and improvement in cane yield.
- Wide application of Bio-dynamic and Bio-wonder for improvement in soil fertility.
- Saline bug trials to improve productivity.
- Conduct of extensive trials with wider row spacing for mechanical harvesting of cane with combine harvesters.
- Introduction and adoption of dual row plantation (0.45 x 1.50) suitable for mechanization for sustainable sugarcane production to derive the benefit of reduction in dependence on manual harvesting, uniformity in harvesting charges and to ensure timely harvesting.
- Raised bed plantation to help uniform germination, tillering and growth of crop and to achieve the benefits of reduction in seed cost by 50% and enable the farmer generate additional income by growing black-gram in seed nursery.

**3. FUTURE PLAN:**

- Modification of No.3 CVP Massechute Boiling system as No.1 and 2 CVPs to achieve better exhaustion.
- Installation of 1 Centrifugal machine with higher capacity for "B" curing to minimize break down at "B" station.
- Installation of 1 Vertical crystallizer for "C" Massechute to achieve reduction in power consumption and minimization of off-season maintenance.

- Installation of High efficiency injection water pump to achieve reduction in power consumption.
- Installation of auto cut valves to achieve reduction in man power intervention.
- Replacement of MS Molasses gutters with SS to avoid corrosion, thereby improving quality of sugar and reduction in off-seasonal maintenance.
- Installation of cane leveler on Feeder Tables of mechanical cane unloading system to ensure uniform cane feeding.
- Increasing the width of Feeder Tables to match with higher capacity trucks unloading.
- Installation of VFD for Cogeneration Cooling Tower pump and filter's vacuum pump.
- Addition of capacitors to improve the power factor upto 0.98 to unity.
- Direct Contact Heaters for clear juice heating, reducing the steam percentage to cane by 0.75 to 1%.
- Automation of Second Mill resulting in power saving by 10%.
- Super heated wash water system – use of exhaust – first vapour to eliminate use of live steam, thereby saving 0.3 to 0.5% steam on cane.
- Replacement of butterfly valves with sluice valves for better control of vapour.
- Usage of VFDs for vacuum filter drums to regulate the speed according to mud level.
- Diversion of pan condensate to flash recovery system with suitable size lines.
- Provision of a bucket elevator for dry seed.
- Installation of 1750 dia batch centrifugal for 'A' curing.
- Vapour line water heater for heating low temperature condensate.
- Making partitions for 1600M2 (in case of utilizing for second effect) to maintain juice velocities in tubes.
- Modifications in pan sight glass washing, cut line washing and pan body washing to facilitate usage of first vapour.
- Falling film evaporator body of 1600M2 / 600 M2 to utilize third effect vapours.

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

		<b>Amt. in Rs.</b>
a. Capital	..	..
b. Recurring	..	..
c. Staff Cost	..	38,04,531/-
d. Total	..	38,04,531/-
Total R & D expenditure as a % age of total turnover:		0.14 %

In addition to the above, the Company also spent Rs.25,88,30,169/- as cane development expenditure, etc. This constitutes 9.59 % of the total turnover of the Company.

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

Foreign Exchange Earnings	..	..	Rs.8,12,046/-
Foreign Exchange outgo	..	..	Rs. 5,89,221/-

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

Place : Chennai  
Date : 27.05.2011

**VINOD R. SETHI**  
EXECUTIVE CHAIRMAN

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

K.C.P.Sugar and Industries Corporation Ltd (KSICL) adheres to good corporate practices and is constantly striving to improve them and adopt the best practices. The policies, procedures and processes of the Company are directed in furtherance of following the best practices and institutionalizing the code of corporate governance. The Company is committed in upholding the core values of integrity, quality and responsibility to maximize the value for its stakeholders.

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

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

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

Name of Director	Category of Directorship	No. of Board Mtgs. attended	Attendance at the last AGM On 19.08.10	**No. of Directorships, Committee Membership / Chairmanship		
				Directorship	Committee Membership	Committee Chairmanship
Shri.Vinod R.Sethi DIN 00106598	Whole-time Director – Executive Chairman – Promoter Group	6	Yes	12	9	1
Smt.Irmgard Velagapudi M.Rao DIN 00091370	Promoter and Managing Director	6	Yes	2	1	—
Smt.V.Kiran Rao DIN 00091466	Promoter and Executive Director	6	Yes	2	2	—
Shri.K.A.Rangaswamy DIN 00020891	Non-Wholetime Independent Director	6	Yes	1	2	2
Shri.Ranvir R. Shah DIN 00041398	Non-Wholetime Independent Director	5	Yes	—	—	—
Dr.Vithal Rajan DIN 00021571	Non-Wholetime Independent Director	6	Yes	1	1	—
Shri.M.S.V.M.Rao DIN 00432640	Non-Wholetime Independent Director	6	Yes	1	1	—

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

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

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

#### **Board Meetings held during the year :**

There were six Board Meetings held during the financial year 2010 - 11 on the following dates:

1.	8th April 2010	4.	19th August 2010
2.	17th June 2010	5	11th November 2010
3.	28th July 2010	6.	10th February 2011

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

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

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

### **3. Audit Committee**

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

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

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

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

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

There were five meetings of the Audit Committee during the year, viz., on 08.04.2010, 17.06,2010, 28.07.2010, 11.11.2010 and 10.02.2011. The attendance of each Member of the Committee is given below:

<b>Name of Director</b>	<b>No. of Meetings attended</b>
Shri.K.A.Rangaswamy	5
Shri. Vinod R.Sethi	5
Smt.V.Kiran Rao	5
Dr Vithal Rajan	5
Shri.M.S.V.M.Rao	5

**4. Remuneration Committee :**

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

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

The Whole-time Directors are paid salaries, allowances/perquisites, and in addition, commission if it arises, within the limits under the Companies Act, 1956 and subject to the further limits, if any as approved by the Shareholders. The remuneration paid to the Whole-time Directors during 2010-11 is as below:

(Rs. in Lakhs)

Directors	Salary & Allowance	Contribution to PF	Perquisites	Commission	Total
Shri.Vinod R.Sethi (w.e.f.08.04.2010)	11.77	1.41	0.72	—	13.90
Smt.Irmgard Velagapudi M.Rao	48.00	—	—	60.74	108.74
Smt.V.Kiran Rao	36.00	4.32	0.55	31.43	72.30

\*\* Note: Shri.Vinod R.Sethi was a Non-wholetime Director during the year 2009-10, and he was entitled for a commission of Rs.1.75 lakhs for the said year, which was paid to him during the year 2010-11 and hence it was not shown under the head "Commission" in the Table shown above.

The Committee had met once during the financial year 2010 – 11, on 08.04.2010.

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

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

(Rs. in Lakhs)

Directors	Commission	Sitting Fees	Total
Shri.K.A.Rangaswamy	1.75	4.00	5.75
Shri. Ranvir R.Shah	1.75	1.00	2.75
Shri. Vinod R.Sethi (appointed as Whole-time Director designated as "Executive Chairman" w.e.f. 08.04.2010)	1.75	0.60	2.35
Shri. Prathap K. Moturi [ceased to be Director w.e.f. 23.09.2009]	0.84	-	0.84
Dr.Vithal Rajan	1.75	2.40	4.15
Shri.M.S.V.M.Rao	1.75	2.40	4.15
Total	9.59	10.40	19.99

**5. SHAREHOLDINGS OF NON EXECUTIVE DIRECTORS:**

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

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

**6. Share Transfer & Investors / Shareholders Grievance Committee :**

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

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

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

Name of Director	No. of Meetings attended
Shri.K.A.Rangaswamy	8
Smt.Irmgard Velagapudi M.Rao	6
Smt.V.Kiran Rao	8

Shri.S.Chidambaram, Deputy General Manager (Finance) & Company Secretary, is the Compliance Officer of the Company. M/s. Integrated Enterprises (India) Ltd are the Registrars, Transfer Agents and Depository Registrars of the Company for physical / electronic shares. All transfer of shares received by the Company/Registrars during the year have been processed. During the year, 623 queries / complaints were received from the shareholders, all of which have been resolved.

Nature of Queries / Complaint	During the year ended 31.03.2011	
	Received	Attended to
Non-receipt of Certificates	25	25
Non-receipt of Interest / Dividend Warrants/ Cheques / Drafts	38	38
Issue of Duplicate Share Certificates	6	6
Issuance of Duplicate Dividend Warrant / Cheque / Drafts / Revalidation	304	304
Correction in Share Cert./Dividend Warrant / Cheque / Drafts	32	32
Non-Receipt of Annual Report	3	3
General queries-request for change of address, procedure for transmission of shares/procedure for loss of share certificates/ Nomination	215	215
<b>TOTAL</b>	<b>623</b>	<b>623</b>

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

AGM for the financial year ended	Date / Time	No of Special resolutions	Members Present	
			in Person	By Proxy
31.03.2008	11.09.2008 at 10.45 a.m.	—	218	16
31.03.2009	23.09.2009 at 10.00 a.m.	2	348	11
31.03.2010	19.08.2010 at 10.00 a.m.	—	414	18

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

#### **8. Disclosures:**

- CEO and CFO Certification -
- The Managing Director and the General Manager (Finance), have certified the Board / Audit Committee in accordance with Clause 49 of the Listing Agreement pertaining to CEO / CFO Certification.
- The Financial Statements for the year 2010-11 have been prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and there are no deviations.
- During the year under review, the Company has not raised any funds from public issue / rights issue / preferential issue.
- The Company has a whistle blower policy and affirms that no personnel have been denied access to the Audit Committee.
- The Board is of the bona fide belief that there are no materially significant Related Party Transactions made by the Company with its Promoters, Directors or the Management, their Subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.
- Transactions with the Related Parties are disclosed in Note No. 20 of Notes to the Accounts in the Annual Report.
- During the last three years, there were no strictures for penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the Capital Markets.

#### **COMPLIANCE:**

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

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

The Company has complied with mandatory requirements of the Code of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchanges for the quarters ended 30.06.2010, 30.09.2010, 31.12.2010 and 31.03.2011. The statutory auditors have certified that the Company has complied with the Corporate Governance norms as stipulated by the Stock Exchanges under clause 49 of the Listing Agreement. The said certificate is annexed to the Directors Report and will be forwarded to the Stock Exchanges and the Registrar of Companies - Tamil Nadu, Chennai, along with the Annual Report.

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

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

#### **Code of Conduct:**

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

#### **Prevention of Insider Trading:**

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

### **Subsidiary Companies:**

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

### **Risk Management**

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

### **9. Means of communication :**

- The quarterly, half yearly and annual results are generally published in widely circulating national & local dailies such as The Business Line or The Financial Express (in English) and Dina Malar or Malai Murasu (in Tamil).
- The Company has a website, www.kcpsugar.com. There were no presentations made to the institutional investors or analysts.
- As required under clause 47(f) of the listing agreement the Company has created a dedicated email ID investorservices@kcpsugar.com for registration and redressal of investor's grievances.
- The Management Discussion and Analysis Report forms part of the Annual Report.

### **10. Green initiatives in Corporate Governance:**

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

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

In pursuance of the said circular, the Company is in the process of obtaining the e-mail address / change in their e-mail address of the members to effectively implement the said Green Initiative of MCA.

### **11. Corporate Social Responsibility:**

The Company's Corporate Social Responsibility (CSR) philosophy centres around energy conservation, environment protection and community development around its manufacturing facilities. The company steadfastly stood for the core principles of care for all stakeholders, ethical functioning, respect for workers' rights and welfare and respect for human rights as enumerated in the Voluntary Guidelines released by MCA.

- The Company is associated with Rotary Community Service Trust, Vuyyuru, in its social activities like running an Eye Hospital and an Old Age Home.
- Active participation with Naandi Foundation in providing clean drinking water to nearby villages and educational institutions.
- Conducting awareness programmes on pulse polio, AIDS, immunization, in association with Rotary Club, Lions Club and Inner Wheel club of Vuyyuru.
- Conducting camps / rehabilitation centres for fire and flood victims by providing relief measures in adverse times of natural calamities.

Our values, aspiration and vision are focused towards one goal – sustainable growth. Every step we take signifies our endeavor to maximize values so that the stakeholders enjoy life a little more, a little better.



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

**12. General Shareholder Information :**

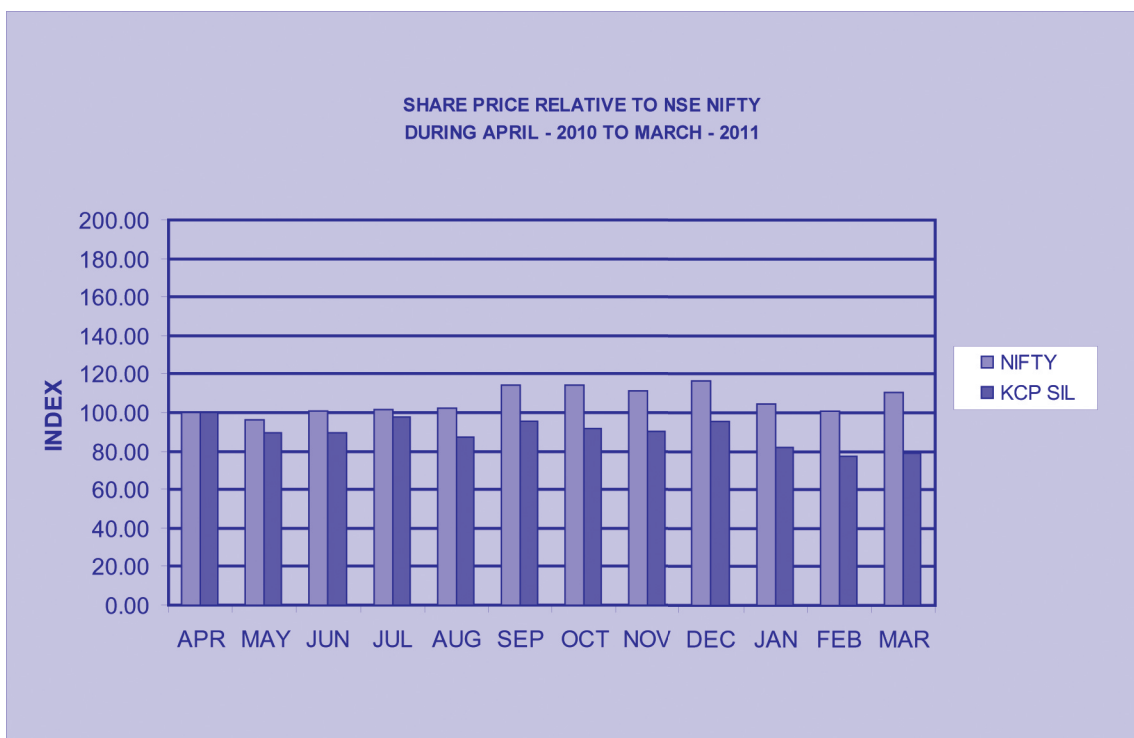
- **AGM: Date, Time and Venue:** 16th Annual General Meeting – on 29th day of September 2011 at 10.00 a.m. at “Sathguru Gnanananda Hall”, Narada Gana Sabha, No.314, T.T.K.Road, Chennai 600018.

**Date of Book Closure**

For the year ended 31.03.2011	Book Closure Date (s)	Dividend paid / payable
Dividend	22.09.2011 to 29.09.2011 (both dates inclusive)	The Board of Directors at their Meeting held on 27.05.2011 has recommended a dividend of Re.0.45 P. per equity share of face value Re.1/-, subject to the approval of Shareholders at the ensuing Annual General Meeting.
Payment date		On approval thereof, this dividend will be paid to the Shareholders on or after 29th September 2011 but within the statutory time limit.

- **Tentative Financial calendar :**
  - i. Financial Year – 1st April to 31st March.
  - ii. First Quarter Results on or before 14.08 2011.
  - iii. Half-yearly Results on or before 14.11 2011.
  - iv. Third Quarter Results before 14.02 2012.
  - v. Results for the year ending 31.03.2012 on or before 30.05.2012.
- **Listing on Stock Exchanges :** National Stock Exchange of India Ltd and The Bombay Stock Exchange Ltd.
- **Stock Code - Physical :** “KCPSUGIND” on both the National Stock Exchange and Bombay Stock Exchange (Scrip No. 533192)
- **De-mat ISIN Number :** INE790B01024.
- **CIN :** L15421TN1995PLC033198
- **High / Low of market price of the Company’s shares (Face Value Re.1/-) traded on the National Stock Exchange and Bombay Stock Exchange, during the financial year 2009 – 10 is furnished below:**

Period	High		Low		Period	High		Low	
	NSE	BSE	NSE	BSE		NSE	BSE	NSE	BSE
	(Rs. per share)								
April'10	25.45	25.80	20.50	21.80	October'10	21.35	21.50	19.10	19.20
May'10	22.15	22.25	17.50	17.15	November'10	24.10	24.00	18.00	18.10
June'10	21.20	20.80	17.50	17.65	December'10	21.90	21.95	17.50	17.40
July'10	21.40	21.25	19.00	18.55	January'11	21.15	25.00	17.55	17.60
August'10	21.45	21.50	18.00	18.30	February'11	18.90	18.90	15.80	15.75
September'10	21.70	21.40	16.00	18.65	March'11	18.60	18.50	16.50	16.10



- Registrar /Transfer Agents  
Depository Registrars : Integrated Enterprises (India) Ltd  
Kences Towers, 2nd Floor,  
1,Ramakrishna Road, North Usman Road,  
T.Nagar, Chennai 600017.  
Tel : 044-28140801 to 03 : Fax : 044-28142479  
Website: www.iepindia.com
- Share Transfer System : The shares of the Company are included in the list of shares under the compulsory dematerialization and are transferable through the depository system. All documents received for physical transfer of shares are processed by the Registrar and Transfer Agents and are approved by the Share Transfer Committee which normally meets twice / once in a month depending on the volume of transfers. Share transfers are registered and returned within a maximum of 30 days from the date of lodgment, if documents are complete in all respects.
- Distribution of Shareholding and shareholding pattern as on 31.03.2011:

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

No of shares held	No. of Shareholders	% of Shareholders	Aggregate shares held	% of Shareholding
Upto 5000	26,102	94.57	1,62,19,084	14.30
5001 – 10000	726	2.63	52,86,427	4.66
10001 – 20000	353	1.28	50,40,046	4.45
20001 – 30000	133	0.48	32,82,646	2.90
30001 – 40000	83	0.30	29,23,289	2.58
40001 – 50000	48	0.17	21,85,796	1.93
50001 – 100000	77	0.28	52,76,247	4.65
100001 and above.	80	0.29	7,31,71,515	64.53
<b>TOTAL</b>	<b>27,602</b>	<b>100.00</b>	<b>11,33,85,050</b>	<b>100.00</b>

**b. By ownership:**

I (a) STATEMENT SHOWING SHAREHOLDING PATTERN							Shares pledged or otherwise encumbered		
Name of the Company: K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED.									
Scrip Code: KCPSUGIND		Quarter ended: 31.03.2011							
(I) Category Code	(II) Category of Share holder	(III) No. of Share holders	(IV) Total No. of Shares [Face Value: Re.1/- per Share]	(V) No. of Shares held in Dematerialised Form	Total No. of shareholding as a percentage of Total No. of Shares		(VIII) Number	(IX) As a % (IX)=(VIII)/(IV)*100	(X) (X)=(VIII) / (IV) A + B + C *100
					(VI) As a % of (A+B)	(VII) As a % of (A+B+C)			
<b>A</b>	<b>Shareholding of Promoter and Promoter Group:</b>								
<b>1</b>	<b>INDIAN</b>								
a.	Individual / Hindu Undivided Family	4	17,33,300	17,12,180	1.529	1.529	Nil	Nil	Nil
b.	Central Government / State Govt.	0	0	0	0	0	Nil	Nil	Nil
c.	Bodies Corporate	1	41855176	41855176	36.914	36.914	Nil	Nil	Nil
d.	Financial Institutions / Banks	0	0	0	0	0	Nil	Nil	Nil
e.	Any other (specify)	0	0	0	0	0	Nil	Nil	Nil
	<b>SUB TOTAL A (1)</b>	<b>5</b>	<b>4,35,88,476</b>	<b>4,35,67,356</b>	<b>38.443</b>	<b>38.443</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

<b>2</b>	<b>FOREIGN</b>								
a.	Individual (Non-Resident / Foreign)	0	0	0	0	0			
b.	Bodies Corporate	0	0	0	0	0			
c.	Institutions	0	0	0	0	0			
d.	Any other (Specify)	0	0	0	0	0			
	<b>SUB-TOTAL A (2)</b>	0	0	0	0	0			
	<b>Total share holding of Promoter and Promoter Group (A) = A(1)+A(2)</b>	5	4,35,88,476	4,35,67,356	38.443	38.443	N.A	N.A	N.A
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>								
<b>1</b>	<b>Institutions</b>								
a.	Mutual Funds / UTI	6	11,220	4,750	0.010	0.010			
b.	Financial Institutions / Banks	13	29,090	2,250	0.026	0.026			
c.	Central Government / State Govt.	0	0	0	0.000	0.000			
d.	Venture Capital Funds	0	0	0	0.000	0.000			
e.	Insurance Companies	2	10,06,995	10,06,995	0.888	0.888			
f.	Foreign Institutional Investors	1	500	0	0.000	0.000			
g.	Foreign Venture Capital Investors	0	0	0	0	0			
h.	Any Other (specify)	0	0	0	0	0			
	<b>SUB TOTAL B (1)</b>	22	10,47,805	10,13,995	0.924	0.924	NA	NA	NA
<b>2</b>	<b>Non-Institutions</b>								
a.	Bodies Corporate (Indian / Foreign / Overseas)	466	1,41,02,545	41,29,645	12.438	12.438			
b.	Individuals (Resident / NRI / Foreign National)								
(i).	Individual shareholders holding Nominal Share Capital upto Rs.1 lakh	26,927	3,69,50,037	2,91,80,452	32.588	32.588	NA	NA	NA

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

(ii).	Individual shareholders holding Nominal Share Capital above Rs.1 lakh.	66	1,62,85,052	1,35,71,432	14.363	14.363			
c.	Any other	115	14,08,615	14,08,615	1.242	1.242			
(i).	Clearing Member	122	5,22,857	5,22,857	0.461	0.461			
(ii).	Trust	1	2,520	2,520	0.002	0.002			
	<b>SUB TOTAL B (2)</b>	<b>27,575</b>	<b>6,87,48,769</b>	<b>4,82,92,664</b>	<b>60.633</b>	<b>60.633</b>			
	<b>Total Public shareholding (B) = B(1)+B(2)</b>	<b>27,597</b>	<b>6,97,96,574</b>	<b>4,93,06,659</b>	<b>61.557</b>	<b>61.557</b>			
	<b>TOTAL (A) + (B)</b>	<b>27,602</b>	<b>11,33,85,050</b>	<b>9,28,74,015</b>	<b>100.000</b>	<b>100.000</b>			
<b>C.</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued:</b>	<b>NOT APPLICABLE</b>							
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>27,602</b>	<b>11,33,85,050</b>	<b>9,28,74,015</b>	<b>100.000</b>	<b>100.000</b>			

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

No. (I)	Name of the Shareholder (II)	No. of Shares (III)	Shares as percentage of Total No. of Shares (i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above)n (IV)	Shares pledged or otherwise encumbered		
				Number (V)	As a % (VI) = (V)/(III)*100	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a) (VII)
1	Smt. Kiran Velagapudi	21,120	0.019	Nil	Nil	Nil
2	Smt. Irmgard Velagapudi	14,35,780	1.266	Nil	Nil	Nil
3	Durgamba Investment Private limited	4,18,55,176	36.914	Nil	Nil	Nil
4	Smt. Kiran Velagapudi	2,33,900	0.206	Nil	Nil	Nil
5	Smt. Irmgard Velagapudi	42,500	0.037	Nil	Nil	Nil
	<b>TOTAL</b>	<b>4,35,88,476</b>	<b>38.443</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

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

No.	Name of the Shareholder	No. of Shares	Shares as percentage of Total No. of Shares (i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above)
1	V.R.K.Grandsons Investment Pvt.Ltd.	95,78,330	8.448
	<b>TOTAL</b>	<b>95,78,330</b>	<b>8.448</b>

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

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

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

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

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

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

**Shares in Physical and Electronic form:**

Shareholders in	No.of Shareholders	(%)	No.of Shares	%
<b>Physical Mode</b>	4,495	16.28	2,05,11,035	18.09
- Sub-Total	<b>4,495</b>	<b>16.28</b>	<b>2,05,11,035</b>	<b>18.09</b>
<b>Electronic Mode:</b>				
- NSDL	16,906	61.25	8,39,88,550	74.07

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- CDSL	6,201	22.47	88,85,465	7.84
<b>- Sub-Total</b>	<b>23,107</b>	<b>83.72</b>	<b>9,28,74,015</b>	<b>81.91</b>
<b>GRAND TOTAL</b>	<b>27,602</b>	<b>100.00</b>	<b>11,33,85,050</b>	<b>100.00</b>

- The Company has not so far issued any GDRs/ADRs/Warrants or any other convertible instruments.
- Top ten individual shareholders of the Company other than Promoter category as on 31.03.2011:

Sl. No	Name of the Shareholder	Shares	% to Capital
1	PADMINI RAJAN	8,88,000	0.78
2	HAROON MAHMUD ADAM	8,85,000	0.78
3	SAKUNTHALA DEVI BOPANA	8,70,100	0.77
4	BOPANA VINAY KUMAR	8,55,250	0.75
5	NAREN RAJAN	6,66,000	0.59
6	RANI S B	5,09,060	0.45
7	DIWAN BAHADUR P.S.G. RANGASWAMY NAIDU	4,68,270	0.41
8	KOGANTY HARINADHA BABU	3,55,086	0.31
9	KOGANTY SRIHARI RAO	3,41,063	0.30
10	MALINI NARASIMHAN	3,10,120	0.27
	<b>Total</b>	<b>61,47,949</b>	<b>5.42</b>

- **Plant Locations** The Company has got sugar, distillery, ethanol, Biotech, Incidental Cogeneration, CO<sub>2</sub>, Calcium Lactate units at Vuyyuru; sugar and Incidental Cogeneration units at Lakshmpuram, both in Krishna District and all of them in Andhra Pradesh.
- **Address for Correspondence** Shareholders correspondence should be addressed to Registrar and Share Transfer Agents at the address mentioned above. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant. Shareholders may also contact Shri.S.Chidambaram, Deputy General Manager (Finance) & Company Secretary at the Registered Office of the Company for any assistance.

Tel.Nos. 28555171 – 76 Extn: 103

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

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

Place : Chennai  
Date : 27.05.2011

**VINOD R. SETHI**  
EXECUTIVE CHAIRMAN

#### DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, this is to confirm that the Members of the Directors as well as the Employees in the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31.03.2011.

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

**IRMGARD VELAGAPUDI M. RAO**  
MANAGING DIRECTOR

Place : Chennai  
Date : 27.05.2011

## CERTIFICATE

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

We have examined the compliance of the conditions of Corporate Governance by K.C.P. Sugar and Industries Corporation Ltd, for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing agreement of the said company with Stock Exchanges in India.

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

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

We state that, as at 31st March, 2011, no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company and produced for our verification.

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

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

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

Place : Chennai  
Date : 27th May, 2011.



To,

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

- 1) We have audited the attached Balance Sheet of **K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED**, as at **31st March, 2011**, and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we report that :
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
  - v) On the basis of written representations received from the directors, of the company as at 31st March, 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of under clause (g) of sub section (1) of section 274 of the companies act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and Accounting Policies give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and
    - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date. and
    - c) In the case of the Cash Flow Statements, of the Cash Flows for the year ended on that date.

Place : Chennai  
Date : 27<sup>th</sup> May, 2011.

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

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

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

- i) In respect of Fixed assets:
- The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
  - All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Material discrepancy noticed between book balance and physical assets of fixed assets have been properly dealt with in the books of accounts.
  - During the year, the Company has not disposed off any substantial part of Fixed Assets.
- ii) In respect of inventory:
- The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - 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.
  - On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) In respect of Loans:
- According to the information and explanations given to us, the Company has granted loan to two companies, covered in the register maintained under section 301 of the companies act, 1956. The maximum amount involved during the year was Rs.6,37,46,574 and the year-end balance of the loans granted to such parties was Rs.7,00,000.
  - In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie, prejudicial to the interest of the company.
  - The companies have repaid the principal amount as stipulated and have also been regular in the payment of interest to the company.
  - There is no overdue amount in excess of Rs.1 lakh in respect of the above loans.
  - The Company has not taken any loans, from companies, firms or other parties, covered in the register maintained u/s 301 of the companies Act, 1956, except an amount of Rs.3.00 Crores (Rupees Three crores only) from a Director of the company in accordance with the companies (Acceptance of Deposits) Rules 1975.  
In our opinion, the rate of interest and other terms and conditions on which loans (deposits) have been taken by the company from the parties covered in the register maintained under section 301 of the companies act, 1956 are not, prima facie, prejudicial to the interest of the company.  
The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v)
  - According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA and other applicable provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information furnished to us, the Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal has passed no order on the company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the company at its Sugar, Distillery, and Power generation units pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

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

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

- b) According to the information and explanation given to us no undisputed amounts payable in respect of Income tax, Sales tax, wealth tax, Service tax, Customs Duty and Excise Duty and Cess were in arrears, as at 31-03-2011 for a period of more than six months from the date they became payable.
- c) According to the information given to us, there no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty and Cess which have not been deposited on account of any dispute.
- x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the company is not a Chit Fund or a Nidhi /Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) The nature of Company's business/activities during the year does not include dealing in shares, securities, debentures or other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us the company did not avail of any term loans during the year under report.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year under report.
- xx) The Company has not raised any money by way public issue during the year and hence the question of disclosure and verification of end use of such moneys does not arise during the year.
- xxi) Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Chennai  
Date : 27<sup>th</sup> May, 2011.

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

		AMT IN RS.	
Schedule		As at 31.03.2011	As at 31.03.2010
<b>I SOURCES OF FUNDS:</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	A	11,33,85,050	11,33,85,050
Reserves & Surplus	B	<u>165,19,45,993</u>	<u>159,25,95,072</u>
		<b>176,53,31,043</b>	170,59,80,122
<b>2. Loan Funds</b>			
Secured Loans	C	7,24,96,556	15,08,00,583
Unsecured Loans	D	<u>39,29,02,000</u>	<u>27,30,75,000</u>
		<b>46,53,98,556</b>	42,38,75,583
<b>3. Deferred Tax Liability (Net) (See Note 7)</b>			
Deferred Tax Liability		25,22,04,229	27,33,87,498
Less: Deferred Tax Asset		<u>1,78,26,033</u>	<u>3,55,22,337</u>
		<b>23,43,78,196</b>	23,78,65,161
<b>TOTAL</b>		<u><b>246,51,07,795</b></u>	<u>236,77,20,866</u>
<b>II APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	E	229,15,60,866	224,42,54,858
(b) Less: Depreciation		<u>99,95,70,948</u>	<u>89,19,10,077</u>
(c) Net Block		<b>129,19,89,918</b>	135,23,44,781
(d) Capital Work-in-Progress		<u>1,82,54,160</u>	<u>1,74,77,285</u>
		<b>131,02,44,078</b>	136,98,22,066
<b>2. Investments</b>	F	<b>25,37,59,309</b>	18,95,93,192
<b>3. Current Assets, Loans and Advances</b>			
(a) Inventories	G	210,08,49,092	110,98,19,602
(b) Sundry Debtors	H	11,48,03,799	5,05,57,226
(c) Cash and Bank Balances	I	8,68,43,928	5,35,11,251
(d) Other Current Assets	J	22,48,364	52,89,046
(e) Loans and Advances	K	<u>18,74,77,889</u>	<u>30,25,24,380</u>
		<b>249,22,23,072</b>	152,17,01,505
<b>Less: Current Liabilities and Provisions</b>	L		
(a) Liabilities		149,84,40,764	57,67,90,672
(b) Provisions		<u>9,26,77,900</u>	<u>13,66,05,225</u>
		<b>159,11,18,664</b>	71,33,95,897
<b>Net Current Assets</b>		<u><b>90,11,04,408</b></u>	80,83,05,608
<b>TOTAL</b>		<u><b>246,51,07,795</b></u>	<u>236,77,20,866</u>

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

As per our report of even date

For and behalf of the Board

For **B.PURUSHOTTAM & CO.**

Chartered Accountants  
FRN 002808S

**B.S.PURSHOTHAM**

Partner  
M.No. 26785  
Chennai  
27.05.2011

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

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

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

**V. KIRAN RAO**

Executive Director

**K.A.RANGASWAMY**

Director &  
Chairman-Audit Committee

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

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	AMT IN RS	
		2010 - 2011	2009 - 2010
<b>I INCOME:</b>			
Sale of Products and Services		269,76,11,023	301,54,54,926
Less: Inter Divisional Transfers		<u>(56,96,62,190)</u>	<u>(42,58,37,843)</u>
		212,79,48,833	258,96,17,083
Less: Excise Duty collected		<u>(7,11,94,658)</u>	<u>(9,26,69,186)</u>
Net Sale of Products and Services		205,67,54,175	249,69,47,897
Other Income	M	<u>8,32,47,979</u>	4,10,25,697
		<u>214,00,02,154</u>	<u>253,79,73,594</u>
<b>II EXPENDITURE:</b>			
Raw Materials Consumed		201,20,04,707	142,29,81,414
Less: Inter Divisional Transfers		<u>(7,73,44,242)</u>	<u>(8,31,24,159)</u>
Net Raw Materials Consumed		193,46,60,465	133,98,57,255
Decrease in Stocks	N	<u>(1,00,16,11,957)</u>	18,44,28,867
Payments and Benefits to Employees	O	25,34,00,912	24,66,88,583
Manufacturing, Selling, Administrative and other expenses	P	66,44,95,481	28,56,88,992
Interest		4,67,09,942	3,19,62,187
Depreciation		<u>10,95,44,291</u>	<u>10,62,53,594</u>
		<u>200,71,99,134</u>	<u>219,48,79,478</u>
<b>PROFIT BEFORE TAXATION</b>		<b>13,28,03,020</b>	34,30,94,116
Less: Provision for taxation - Current Tax		<b>3,00,00,000</b>	12,15,00,000
Deferred Tax		<u>(34,86,965)</u>	<u>(1,58,42,819)</u>
Add: Reversal of excess provision for taxation relating to earlier years		1,20,32,997	—
<b>PROFIT AFTER TAX</b>		<u>11,83,22,982</u>	23,74,36,935
Balance brought forward from previous year		<u>52,22,44,962</u>	<u>40,80,99,157</u>
		<b>64,05,67,944</b>	64,55,36,092
<b>III APPROPRIATIONS</b>			
Transfer to General Reserve	1,27,00,000		2,38,00,000
Proposed Dividend	5,10,23,273		8,50,38,788
Tax on Proposed Dividend	<u>79,48,788</u>		1,44,52,342
			<u>7,16,72,061</u>
<b>Balance Carried to Balance Sheet</b>		56,88,95,883	52,22,44,962
<b>Basic and Diluted Earnings Per Share</b> (Face value Re.1/-). (see note 22)		1.04	2.09

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

As per our report of even date

**For B.PURUSHOTTAM & CO.**

Chartered Accountants  
FRN 002808S

**B.S.PURSHOTHAM**

Partner  
M.No. 26785  
Chennai  
27.05.2011

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

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

For and behalf of the Board

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

**V. KIRAN RAO**

Executive Director

**K.A.RANGASWAMY**

Director &  
Chairman-Audit Committee

	AMT IN RS			
	As at 31.03.2011	As at 31.03.2010		
<b>A . SHARE CAPITAL</b>				
<b>Authorised :</b>				
25,00,00,000 Equity Shares of Re.1/- each	<u>25,00,00,000</u>	<u>25,00,00,000</u>		
<b>Issued, Subscribed and Paid-up:</b>				
11,33,85,050 Equity Shares of Re.1/- each	<u>11,33,85,050</u>	<u>11,33,85,050</u>		
<i>Note: Of the above shares, 11,33,76,050 shares of Re.1/- each, have been allotted as fully paid-up shares without payment being received in cash by the erstwhile Company.</i>				
<b>B . RESERVES &amp; SURPLUS</b>				
	<b>As at 01.04.2010</b>	<b>Added during the Year</b>	<b>Withdrawn during the Year</b>	<b>As at 31.03.2011</b>
Investment Allowance Reserve (Utilised)	45,05,000			<b>45,05,000</b>
Capital Redemption Reserve - Shares Buy Back	1,55,45,110			<b>1,55,45,110</b>
General Reserve	105,03,00,000	1,27,00,000		<b>106,30,00,000</b>
Surplus ( i.e.) Balance in Profit and Loss A/c	52,22,44,962			<b>56,88,95,883</b>
	<b>159,25,95,072</b>			<b>165,19,45,993</b>
<b>C . SECURED LOANS</b>				
<b>From Banks</b>				
a) Working capital borrowings			—	<b>2,23,916</b>
<i>(Secured by hypothecation of work-in-progress, finished goods, raw materials, stores and spares, book debts, all other current assets and further secured by a third charge created on movable fixed assets of the Sugar Units at Vuyyuru and Lakshmipuram and guaranteed by the Managing Director.)</i>				
b) Term Loans			<b>7,24,96,556</b>	15,05,76,667
<i>(Secured by pari passu second charge on the movable fixed assets at Vuyyuru and Lakshmipuram units and guaranteed by the Managing Director.)</i>				
			<u><b>7,24,96,556</b></u>	<u>15,08,00,583</u>
<b>D . UNSECURED LOANS</b>				
<b>Fixed Deposits</b>			<b>39,48,84,000</b>	<b>27,43,43,000</b>
<b>Less: Unclaimed Fixed deposits shown under Current Liabilities</b>			<b>(19,82,000)</b>	<b>(12,68,000)</b>
			<u><b>39,29,02,000</b></u>	<u><b>27,30,75,000</b></u>

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

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

Description	GROSS BLOCK AT COST						DEPRECIATION						NET BLOCK		AMT IN RUPEES	
	Cost up to 31.03.2010	Additions during the Year	Deductions during the Year	Cost up to 31.03.2011	Up to 31.03.2010	For the Year	IMPAIRMENT LOSS	On Deductions	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	
	Lands	8,47,97,458	—	—	8,47,97,458	—	—	—	—	—	—	8,47,97,458	8,47,97,458	—	8,47,97,458	—
Buildings																
- Own Buildings	26,72,85,423	3,07,70,891	6,50,454	29,74,05,860	4,65,06,097	61,77,393	—	3,48,900	5,23,34,990	24,50,71,270	22,07,79,326	22,07,79,326	—	22,07,79,326	—	
- Leasehold Buildings	1,12,189	—	—	1,12,189	57,477	54,712	—	—	1,12,189	—	54,712	54,712	—	54,712	—	
Plant & Machinery	174,46,34,712	1,39,06,750	2,54,609	175,82,86,853	76,12,03,989	9,07,00,974	—	1,11,118	85,17,93,845	90,64,93,008	98,34,30,723	98,34,30,723	—	98,34,30,723	—	
Tramways & Railways Sidings	2,30,97,526	—	312	2,30,97,214	89,87,250	11,66,502	—	208	1,01,53,544	1,29,43,670	1,41,10,276	1,41,10,276	—	1,41,10,276	—	
Computers, Office Equipments & Furniture	6,85,87,659	40,43,438	1,95,256	7,24,35,841	4,92,27,724	61,84,207	—	1,78,035	5,52,33,896	1,72,01,945	1,93,59,935	1,93,59,935	—	1,93,59,935	—	
Vehicles	5,57,39,891	13,06,521	16,20,961	5,54,25,451	2,59,27,540	52,60,503	—	12,45,159	2,99,42,884	2,54,82,567	2,98,12,351	2,98,12,351	—	2,98,12,351	—	
<b>Total</b>	<b>224,42,54,858</b>	<b>5,00,27,600</b>	<b>27,21,592</b>	<b>229,15,60,866</b>	<b>89,19,10,077</b>	<b>10,95,44,291</b>	<b>—</b>	<b>18,83,420</b>	<b>99,95,70,948</b>	<b>129,19,89,918</b>	<b>135,23,44,781</b>	<b>135,23,44,781</b>	<b>—</b>	<b>135,23,44,781</b>	<b>—</b>	
Previous year	217,85,03,874	8,82,63,295	2,25,12,311	224,42,54,858	79,66,49,926	10,62,53,594	—	1,09,93,443	89,19,10,077	135,23,44,781	138,18,53,948	138,18,53,948	—	138,18,53,948	—	

NOTE: 1) Titles in Land and other Immovable Properties acquired from The K.C.P. Limited pursuant to the Scheme of Arrangement, are in the process of endorsement in the name of the Company.  
2) Land measuring 6.55 acres acquired at a cost of Rs.12,95,880/- is pending formal transfer of title in the name of the Company.

		AMT IN RS.	
		As at 31.03.2011	As at 31.03.2010
<b>F. INVESTMENTS :</b>			
<b>SHARES OF COMPANIES:</b>			
	<i>No. of Shares</i>		
<b>Long Term</b>			
<b>A. Trade Investments:</b>			
<b>Unquoted Equity Shares - Fully paid</b>			
<b>In subsidiary companies:</b>			
(1) The EIMCO-K.C.P. Limited	6,00,000	<b>60,00,000</b>	60,00,000
<i>(including 10 Shares held by the nominees of the Company)</i>			
(2) KCP Sugars Agricultural Research Farms Limited	22,50,000	<b>2,25,00,000</b>	2,25,00,000
<i>(including 6 Shares held by the nominees of the Company)</i>			
<b>B. Non- Trade Investments:</b>			
<b>(i) Unquoted Equity Shares - Fully paid</b>			
Agri Business Finance (AP) Ltd	50,000	<b>5,00,000</b>	5,00,000
<b>(ii) Quoted Equity Shares - Fully Paid:</b>			
(1) The Jeypore Sugar Company Limited	16,580	<b>8,21,936</b>	8,21,936
(2) Krishna Industrial Corporation Limited	52,501	<b>5,00,010</b>	5,00,010
(3) Sri Sarvaraya Sugars Limited	1,50,000	<b>17,00,000</b>	17,00,000
(4) Nava Bharat Ventures Ltd	40	<b>205</b>	3,47,934
<i>(Face value of Rs.2/- each )</i>			
<i>(68000 shares sold during the year for Rs.2,46,35,883/-)</i>			
(5) Balrampur Chini Mills Ltd	1,000	<b>9,146</b>	9,146
<i>(Face value of Re.1/- each )</i>			
(6) Bannari Amman Sugars Ltd	50	<b>2,547</b>	2,547
(7) The Dhampur Sugar Mills Ltd	100	<b>6,013</b>	6,013
(8) Sakthi Sugars Ltd	50	<b>815</b>	815
(9) Bajaj Hindustan Limited	1000	<b>5,601</b>	5,601
<i>(Face value of Re.1/- each )</i>			
(10) Kothari Sugars and Chemicals Limited	5	<b>50</b>	50
(11) Oswal Sugars Limited	100	<b>404</b>	404
(12) Thiru Arooran Sugars Limited	100	<b>7,326</b>	7,326
(13) Simbholi Sugars Limited	100	<b>1,026</b>	1,026
(14) EID Parry (India) Ltd	1,000	<b>7,486</b>	7,486
<i>(Face value of Rs.2/- each splitted in to Re.1/- each)</i>			
(15) Coromandel International Ltd	330	—	—
<i>(Face value of Rs.2/- each split in to Re.1/- each)</i>			
<i>(Allotted one share for every 3 shares of EID Parry (I) Ltd as per demerger)</i>			
(16) The Andhra Sugars Ltd	100	<b>2,348</b>	2,348
(17) Avon Organics Ltd	100	<b>5,580</b>	5,580
(18) Indian Sucrose Ltd	100	<b>680</b>	680
(19) Citric (I) Ltd <i>(Pending registration of transfer)</i>	100	<b>790</b>	790
(20) Jubilant Life Science Ltd <i>(formerly Jubilant Organosys Ltd)</i>	1,600	<b>11,268</b>	11,268
<i>(Face value of Re.1/- each )</i>			
(21) Jubilant Industries Ltd <i>(Face value of Re.1/- each )</i>	80	—	—
<i>(Allotted 1 share for every 20 shares of Jubilant Life sciences Ltd)</i>			



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

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

	No. of Shares	AMT IN RS.	
		As at 31.03.2011	As at 31.03.2010
<b>F. INVESTMENTS (Continued)</b>			
<b>B. Non- Trade Investments Current</b>			
<b>(ii) Quoted Equity Shares - Fully Paid:</b>			
(22) Automotive Stampings and Assemblies Ltd.	2,000	2,08,814	2,08,814
(23) Blue Star Ltd. (Face value of Rs.2/- each ) (Includes 39100 shares purchased during the year for Rs.1,62,19,231/-)	61,268	2,29,20,476	67,01,244
(24) Gujarat Gas Company Ltd. (Face value of Rs. 2/- each) (Includes 11897 shares purchased during the year for Rs.45,12,127/- )	18,897	56,38,450	11,26,323
(25) Indraprastha Gas Ltd. (Includes 57051 shares purchased for Rs.1,72,21,375/- and 10000 shares sold for Rs.32,78,025/- during the year)	1,48,835	3,13,84,817	1,57,06,570
(26) ISMT Ltd.	12,000	6,61,917	6,61,917
(27) Subex Azure Ltd.	4,268	15,26,151	15,26,151
(28) Yuken India Ltd. (Includes 14450 shares purchased during the year for Rs.36,05,918/-)	15,165	37,27,927	1,22,009
(29) Container Corporation of India Ltd. (Includes 6500 shares purchased for Rs.83,01,506/- and 3900 shares sold for Rs.46,17,416/- during the year)	5,728	72,36,731	27,03,468
(30) Marico Ltd. (Face value of Re.1/- each ) (24000 shares sold for Rs.30,79,067/- during the year)	—	—	12,43,982
(31) Bank of Baroda	370	1,00,191	1,00,191
(32) Bharat Petroleum Corporation Ltd.	30	11,732	11,732
(33) Bank of India	650	1,00,095	1,00,095
(34) Hero Honda Motors Ltd. (Face value of Rs.2/- each) (125 shares sold for Rs.2,19,813/- during the year)	—	—	96,910
(35) Union Bank of India	775	99,540	99,540
(36) Precision Wires India Ltd. (Includes 87597 shares purchased during the year for Rs.1,02,84,768/-)	90,197	1,07,32,795	4,48,027
(37) Apar Industries Ltd (2078 shares sold for Rs.4,91,293/- during the year)	—	—	3,69,636
(38) Asian Paints Ltd. (1845 shares sold for Rs.47,81,723/- during the year)	—	—	17,99,313
(39) Savitha Oil Technologies Ltd (formerly Savita Chemicals Ltd.) (Includes 43804 shares purchased during the year for Rs.2,29,86,430/-)	50,083	2,50,82,261	20,95,832
(40) Axys Health	50,000	32,50,000	32,50,000
(41) Geodesic Information Systems Ltd. (Face value of Rs.2/- each) (Includes 87000 shares purchased during the year for Rs.85,82,811/-)	93,136	90,38,627	4,55,816
(42) Global Telesystems Ltd (2000 shares sold for Rs.8,21,671/- during the year)	—	—	3,84,368
(43) Tata Motors Ltd. (233 shares sold for Rs.2,29,872/- during the year)	—	—	1,43,686
(44) Tata Motors Ltd (A Ordinary Shares).	33	10,065	10,065
(45) Tata Tea Ltd. (200 shares sold for Rs.1,59,190/- during the year)	—	—	1,40,559
(46) Monsanto India Ltd. (100 shares sold for Rs.1,58,925/- during the year)	—	—	1,71,168
(47) Vikas Wsp Ltd. (Face value of Re.1/- each ) (Includes 88500 shares purchased during the year for Rs.27,01,357/-)	4,40,350	1,36,06,061	1,09,04,704
<b>Mutual Fund</b>			
<b>Purchased during the year:</b>			
(48) SBI SHF ultra short term Fund-Institutional plan-Daily Dividend (Units).	86,28,765.511	8,63,39,428	—
<b>Sold during the year:</b>			
(49) SBI Mutual Fund - Liquid Fund Institutional Daily Dividend option (10651620.223 units sold during the year)	—	—	10,65,80,112
<b>Purchased and Sold during the year:</b>			
(50) LICMF Liquid Fund - Dividend Plan (4964086.19 Units Bought & sold during the year)			
(51) LICMF Floting Rate Fund- Short Term Plan - Daily Dividend Plan (5457842.79 Units Bought & sold during the year)			
(52) SBI Magnum Insta Cash Fund - Daily Dividend Option (441598323.67Units Bought & sold during the year)			
(53) SBI SHF- Ultra short Term Fund- Institutional Plan - Daily Dividend Option (90818896.18Units Bought & sold during the year)			
(54) IDFC Money Manager Fund - Investment Plan - Inst Plan B- Daily Dividend Option (2007204.734 Units Bought & sold during the year)			

- (55) IDFC Money Manager Fund Treasury Plan A - Daily Dividend  
(993550.107 Units Bought & sold during the year)
- (56) IDFC Money Manager Fund - Treasury Plan - Inst Plan B- Daily Dividend Option  
(7273372.901 Units Bought & sold during the year)
- (57) IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C- Daily Dividend  
Option  
(13004685.46 Units Bought & sold during the year)
- (58) IDFC Money Manager Fund Treasury Plan A - Monthly Dividend  
(496104.304 Units Bought & sold during the year)
- (59) IDFC Fixed Maturity Plan Monthly Series 27 Dividend  
(2012844.979 Units Bought & sold during the year)
- (60) IDFC Cash Fund - Institutional Plan B - Daily Dividend+A83  
(10013168.2 Units Bought & sold during the year)
- (61) IDFC Cash Fund - Daily Dividend  
(1228634.095 Units Bought & sold during the year)
- (62) HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment  
(5453719.719 Units Bought & sold during the year)
- (63) HDFC Cash Management Fund - Treasury Advantage Plan Wholesale - Daily  
Dividend Reinvestment (6602710.734 Units Bought & sold during the year)

<b>25,37,59,309</b>	<b>18,95,93,192</b>
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NOTE:

1. The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.		
2. Aggregate of Quoted Investments	- At cost	<b>13,84,19,881</b>
	- At market value	<b>16,11,15,602</b>
3. Aggregate of Unquoted Investments at Cost		<b>2,90,00,000</b>
4. Aggregate of Investments in Mutual Funds - At Cost		<b>8,63,39,428</b>
		5,40,13,080
		11,25,43,943
		2,90,00,000
		10,65,80,112

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

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

	AMT IN RS.	
	As at 31.03.2011	As at 31.03.2010
<b>G. INVENTORIES</b>		
Stores and Spares	4,40,48,338	5,48,20,616
Raw Materials	2,82,274	92,463
Crops under cultivation	20,24,116	28,19,599
Work-in-progress	2,85,45,668	97,27,396
Finished Goods	202,59,48,696	104,23,59,528
	<u>210,08,49,092</u>	<u>110,98,19,602</u>
<b>H. SUNDRY DEBTORS</b>		
Sundry Debtors - Unsecured		
Debts outstanding for a period exceeding six months - Considered Good	4,18,64,314	31,39,459
Considered doubtful	63,04,846	63,04,846
	<u>4,81,69,160</u>	<u>94,44,305</u>
Less: Provision	63,04,846	63,04,846
	<u>4,18,64,314</u>	<u>31,39,459</u>
Other Debts - Considered Good	7,29,39,485	4,74,17,767
	<u>11,48,03,799</u>	<u>5,05,57,226</u>
<b>I. CASH AND BANK BALANCES</b>		
Cash on hand	7,76,440	7,96,517
Balances at Scheduled Banks :		
In Current Accounts	6,99,59,009	4,46,22,080
In Fixed Deposits	1,61,08,479	80,92,654
	<u>8,68,43,928</u>	<u>5,35,11,251</u>
<b>J. OTHER CURRENT ASSETS</b>		
Interest and Dividend accrued on Deposits and Investments	22,48,364	52,89,046
<b>K. LOANS AND ADVANCES</b>		
Advances (unsecured, recoverable in cash or in kind or for value to be received) Considered Good:		
To Subsidiary Companies *	7,00,000	1,35,00,000
To others	14,25,06,355	17,05,65,881
	<u>14,32,06,355</u>	<u>18,40,65,881</u>
Considered doubtful	—	4,19,925
	<u>14,32,06,355</u>	<u>18,44,85,806</u>
Less: Provision	—	4,19,925
	<u>14,32,06,355</u>	<u>18,40,65,881</u>
Prepaid expenses	44,83,767	4,01,12,956
Excise duty paid in advance	31,38,654	40,22,800
Advance Income-tax paid (including FBT) (Net)	—	2,31,27,238
Income Tax deducted at source	45,00,440	53,47,816
Deposits with the Government Departments etc. recoverable	58,93,350	65,61,607
Claims receivable	2,62,55,323	3,92,86,082
	<u>18,74,77,889</u>	<u>30,25,24,380</u>

\* Outstanding Advances with Subsidiary Companies consist of :-

The Eimco KCP Ltd - Rs.7,00,000/- (Prev.yr.Rs.1,35,00,000/-) The Maximum outstanding during the year was Rs.5,38,01,374/- (Prev.yr. Rs.6,47,76,823/- )

KCP Sugars Agricultural Research Farms Ltd :-Rs. NIL (Prev.yr.Rs."Nil") The Maximum outstanding during the year was Rs.99,45,200/- (Prev.yr. Rs.6,35,320/-)

	AMT IN RS.	
	As at 31.03.2011	As at 31.03.2010
<b>L CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES :</b>		
Sundry Creditors		
- Due to micro, small and medium enterprises (Refer note No.4)	—	—
- Due to others	<b>145,76,38,981</b>	54,07,10,586
(including Rs.14,66,225/- due to Directors. P.Y. Rs.1,01,75,378/- & Rs.NIL due to Subsidiary Companies P.Y. Rs.Nil)		
Unclaimed Fixed Deposits *	<b>20,80,829</b>	14,09,392
Unclaimed Dividends	<b>1,31,41,994</b>	1,12,14,339
Unclaimed Interest on Fixed Deposits	<b>59,33,821</b>	41,43,606
Advances received against sales	<b>27,97,459</b>	26,43,029
Trade Deposits	<b>1,23,300</b>	1,23,300
Staff Security Deposits	<b>1,00,000</b>	1,73,000
Interest accrued but not due on loans	<b>1,66,24,380</b>	1,63,73,420
	<b>149,84,40,764</b>	57,67,90,672
<b>B. PROVISIONS :</b>		
Provision for Income tax & FBT (Net)	<b>37,27,213</b>	—
Provision for Leave encashment	<b>1,70,19,995</b>	1,38,36,266
Provision for Gratuity	<b>1,26,30,169</b>	2,32,77,829
Proposed Dividend (See Directors' Report)	<b>5,10,23,273</b>	8,50,38,788
Tax on Distributed Profits	<b>82,77,250</b>	1,44,52,342
	<b>9,26,77,900</b>	13,66,05,225
	<b>159,11,18,664</b>	71,33,95,897

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

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

	AMT IN RS.	
	2010-2011	2009-2010
<b>M. OTHER INCOME</b>		
Interest received from Banks and others (Tax deducted on above Rs.5,80,997/- P.Y. Rs.7,21,652/-)	<b>1,97,61,929</b>	66,99,235
Dividends Received on other than Trade Investments	<b>1,50,96,263</b>	1,53,30,025
Rent received (Tax deducted on above Rs.1,65,162/- P.Y. Rs.2,51,430/- )	<b>42,84,689</b>	39,50,049
Miscellaneous Receipts	<b>62,15,461</b>	83,18,878
Profit on sale of Assets	<b>30,67,831</b>	38,01,922
Profit on sale of Investments	<b>3,26,20,246</b>	—
Unclaimed balances credited back	<b>38,607</b>	64
Claims received	<b>5,79,637</b>	6,58,816
Carbon credit	<b>8,12,046</b>	—
Provision for expenses no longer required credited back	<b>7,71,270</b>	22,66,708
	<b><u>8,32,47,979</u></b>	<b><u>4,10,25,697</u></b>
<b>N. INCREASE / (DECREASE) IN STOCKS</b>		
<b>Opening Stocks :</b>		
Crops under cultivation	<b>28,19,599</b>	7,07,974
Work-in-Progress	<b>97,27,396</b>	93,17,904
Finished goods	<b>104,23,59,528</b>	122,93,09,512
	<b><u>105,49,06,523</u></b>	<b><u>123,93,35,390</u></b>
<b>Closing Stocks :</b>		
Crops under cultivation	<b>20,24,116</b>	28,19,599
Work-in-Progress	<b>2,85,45,668</b>	97,27,396
Finished goods	<b>202,59,48,696</b>	104,23,59,528
	<b><u>205,65,18,480</u></b>	<b><u>105,49,06,523</u></b>
Increase/(Decrease) in stocks	<b>100,16,11,957</b>	(18,44,28,867)
<b>O. PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Salaries, Wages and Bonus	<b>21,03,97,505</b>	19,39,16,796
Payments under Voluntary Retirement Scheme	<b>8,05,310</b>	33,92,343
Contribution to Provident Fund and Pension Scheme	<b>1,40,05,608</b>	1,27,44,680
Contribution to Superannuation Fund	<b>10,34,500</b>	8,82,268
Contribution to Gratuity Fund & Gratuity paid including provision	<b>77,92,276</b>	1,95,42,418
Workmen and Staff Welfare expenses	<b>1,93,65,713</b>	1,62,10,078
	<b><u>25,34,00,912</u></b>	<b><u>24,66,88,583</u></b>

		AMT IN RS.	
		2010-2011	2009-2010
<b>P. MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>			
<b>MANUFACTURING</b>			
Process Chemicals		3,46,50,849	1,82,72,504
Packing Materials		5,85,73,587	2,93,93,700
Cultivation Expenses		77,80,298	57,03,829
Power and Fuel	Rs.50,88,57,734/-		P.Y. Rs.35,70,71,920/-
Less: Inter Divisional Transfers	Rs.49,23,17,948/-		P.Y. Rs.34,27,13,684/-
Net Power and Fuel		1,65,39,786	1,43,58,236
Insurance		26,73,058	25,89,438
Research & Development		25,88,30,169	3,94,07,668
Repairs to Buildings		88,30,426	58,86,836
Repairs to Machinery		7,74,92,774	5,04,68,363
Repairs to Other Assets		66,70,368	34,38,218
		<u>47,20,41,315</u>	<u>16,95,18,792</u>
<b>SELLING</b>			
Loading, Unloading, Transport etc.		83,34,983	89,35,847
Royalty		2,03,905	1,23,051
		<u>85,38,888</u>	<u>90,58,898</u>
<b>ADMINISTRATIVE</b>			
Rent		1,54,130	3,06,510
Payments to Auditors (see note No 14)		6,50,436	6,48,018
Directors Sitting fees		10,40,000	12,00,000
Remuneration to Whole time and other Directors (See Note No 15)		1,17,43,058	1,90,81,901
Miscellaneous expenses		5,50,08,285	4,72,66,053
		<u>6,85,95,909</u>	<u>6,85,02,482</u>
<b>Others</b>			
Loss on Sale of assets		1,06,059	2,31,140
Loss on sale of investments		1,56,091	—
Net value of discarded assets written off		—	94,67,195
Bad debts and Debit balances written off		—	17,184
Provision for Doubtful Debts		—	63,04,846
Excises Duty and Taxes		11,50,57,219	2,25,88,455
		<u>11,53,19,369</u>	<u>3,86,08,820</u>
		<u>66,44,95,481</u>	<u>28,56,88,992</u>

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

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

**2. FIXED ASSETS**

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

**3. DEPRECIATION**

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

**4. INVESTMENTS**

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

**5. INVENTORIES**

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

**6. SALES AND OTHER EARNINGS**

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

**7. FOREIGN EXCHANGE TRANSACTIONS**

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

**8. RESEARCH AND DEVELOPMENT EXPENDITURE**

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

**9. EMPLOYEE BENEFITS**

(i) Long-term Employee Benefits

(a) Defined Contribution Plans

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

(b) Defined Benefit Plans

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

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

**10. TAXATION**

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

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

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

**11. BORROWING COSTS**

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

**12. IMPAIRMENT OF ASSETS**

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

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

**13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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



**BALANCE SHEET****1. Contingent liabilities and Capital Commitments:**

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

Particulars	31.03.2011	31.03.2010
	Amount – Rs.	
Labour Cases	48,47,218	44,62,194
Central Excise Cases	NIL	1,91,12,314
Case on Duty relating to Captive Power Generation	2,61,69,375	2,61,69,375
<b>TOTAL</b>	<b>3,10,16,593</b>	4,97,43,883

- ii) Outstanding Guarantees furnished by banks on behalf of the company is Rs.50,49,438/- (P.Y. Rs. 53,49,438/-)

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

- i) Rs.1,00,000/- (P.Y. Rs. 2,81,243/-) on account of staff security deposits.
- ii) Rs.5,05,000/- (P.Y. Rs. 8,83,362/-) representing Fixed Deposit receipts lodged with bankers as margin money against guarantees issued by them.
- iii) Rs.1,54,08,000/- (P.Y. Rs. 68,19,000/-) in Fixed Deposit in accordance with the Companies (Acceptance of deposits) Rules 1975.
- iv) Rs.1,31,41,994/- (P.Y. Rs. 1,12,14,339/-) towards unclaimed dividends in accordance with Section 205 of the Companies Act.

**3. “Unsecured Loans” - include:**

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

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

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

Employee Benefits:

**Defined benefit plans**

	Amt in Rs.	
	2010-2011	2009-2010
<b>Gratuity</b>		
<b>(I) Change in Benefit Obligation</b>		
Liability at the beginning of the year	8,15,97,380	6,33,83,088
Transitional liability		
Interest Cost	64,79,760	50,58,809
Current Service Cost	40,14,320	40,19,201
Benefit Paid	35,69,470	59,05,464
Actuarial (gain)/loss on obligations	26,13,585	1,50,41,746
Liability at the end of the year	<b>9,11,35,575</b>	<b>8,15,97,380</b>
<b>(II) Fair value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	5,83,19,551	5,51,86,008
Expected Return on Plan Assets	61,23,308	49,16,007
Contributions	1,75,16,632	33,09,712
Benefit Paid	34,54,085	50,92,176
Actuarial gain/(loss) on Plan Assets	—	—
Fair Value of plan assets at the end of the year	<b>7,85,05,406</b>	<b>5,83,19,551</b>
<b>(III) Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	61,23,308	49,16,007
Actuarial gain/(loss) on plan Assets		—
Actual Return on Plan Assets	<b>61,23,308</b>	<b>49,16,007</b>
<b>(IV) Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	9,11,35,575	8,15,97,380
Fair value of Plan Assets at the end of the year	7,85,05,406	5,83,19,551
Difference (Unfunded)	1,26,30,169	2,32,77,829
Amount Recognised in the Balance Sheet	<b>1,26,30,169</b>	<b>2,32,77,829</b>
<b>(V) Expenses Recognised in the Income Statement</b>		
Current Service Cost	40,14,320	40,19,201
Interest Cost	64,79,760	50,58,809
Expected Return on Plan Assets	61,23,308	49,16,007
Net Actuarial (Gain)/ loss to be recognised	26,13,585	1,50,41,746
Expenses Recognised in P & L	<b>69,84,357</b>	<b>1,92,03,749</b>
<b>(VI) Actuarial Assumptions For the Year</b>		
Discount Rate Current	8.00%	8.00%
Salary Escalation Current	7.00%	7.00%
Expected rate of return on plan assets	9.30%	8.00%
L I C Mortality rate 1994 - 1996 ultimate		

**Provident Fund:**

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

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

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

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

**6. Details of provisions made in the accounts are:**

Description	At the beginning of the year	Addition	Used	At the end of the year
	Rs.	Rs.	Rs.	Rs.
Provision for leave encashment	1,38,36,266	78,14,855	46,31,126	1,70,19,995
Provision for gratuity	2,32,77,829	75,28,973	1,81,76,633	1,26,30,169
Provision for Income Tax	21,80,88,002	3,00,00,000	2,10,38,366	22,70,49,636
Provision for FBT	30,77,326	-	15,77,326	15,00,000
Proposed Dividend	8,50,38,788	5,10,23,273	8,50,38,788	5,10,23,273
Tax on Proposed Dividend	1,44,52,342	79,48,788	1,41,23,880	82,77,250
<b>Total</b>	<b>35,77,70,553</b>	<b>10,43,15,889</b>	<b>14,45,86,119</b>	<b>31,75,00,323</b>

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

Particulars	Assets Rs.		Liabilities Rs.	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
a) Depreciation			25,22,04,229	27,33,87,498
b) Unamortized Voluntary Retirement Compensation	26,02,471	35,98,857		
c) Excise Duty on Closing Stock	1,07,84,937	1,35,56,190		
d) Other deferred tax assets	44,38,625	1,83,67,290		
<b>Total</b>	<b>1,78,26,033</b>	<b>3,55,22,337</b>	<b>25,22,04,229</b>	<b>27,33,87,498</b>

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

Loans and Advances to Subsidiary Companies	Outstanding as at Rs.		Maximum Amount outstanding during the year Rs.	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
The Eimco-K.C.P.Ltd.	7,00,000	1,35,00,000	5,38,01,374	6,47,76,823
KCP Sugars Agricultural Research Farms Ltd.	NIL	NIL	99,45,200	6,35,320

**PROFIT AND LOSS ACCOUNT:**

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

Products / Services	Units	2010-2011		2009-2010	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	6,11,277	170,20,65,226	8,53,284	226,12,30,134
Molasses	MTs	15,424	5,70,04,566	15,522	10,96,92,791
Bagasse	MTs	80,595	9,50,43,729	39,774	4,95,49,078
Industrial Alcohol	BLs	71,57,324	18,65,62,534	28,62,705	9,28,75,226
Bio Fertiliser	Qtls	1,36,490	3,45,81,666	1,58,982	2,98,54,990
Electrical Energy	Kwh	1,43,00,500	4,32,00,053	1,14,79,000	3,25,21,846
Others	—		94,91,059		1,38,93,018
<b>TOTAL</b>			<b>212,79,48,833</b>		<b>258,96,17,083</b>

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

Products / Services	Units	2010-2011		2009-2010	
		Quantity	Value in Rs	Quantity	Value in Rs
Sugar	Qtls	990	27,60,250	760	22,27,815
Molasses	MTs.	25,440	6,92,35,169	12,480	7,76,63,519
Bagasse	MTs.	2,06,844	21,21,52,680	1,43,616	15,55,73,334
Electrical energy	KWH	2,09,94,132	7,38,99,346	1,35,08,799	4,32,28,154
Steam	MTs.	8,75,276	20,60,63,270	4,51,064	14,38,24,924
Filter Cake	MTs.	38,750	3,87,501	37,500	3,75,000
Sugarcane - Agricultural Produce	MTs.	2,726	49,61,322	1,045	28,57,825
Bio Gas	M3	5,06,629	2,02,652	2,18,179	87,272
<b>TOTAL</b>			<b>56,96,62,190</b>		<b>42,58,37,843</b>

### 10. Raw Materials Consumed

Particulars	Units	2010-2011		2009-2010	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar - Sugarcane	MTs	10,49,613	191,82,19,437	6,40,281	133,24,59,470
Distillery - Molasses	MTs	25,440	8,83,69,676	12,480	8,56,94,403
Others			54,15,594		48,27,541
<b>TOTAL</b>			<b>201,20,04,707</b>		<b>142,29,81,414</b>
Less: Inter Divisional Transfers			7,73,44,242		8,31,24,159
<b>Net Consumption</b>			<b>193,46,60,465</b>		<b>133,98,57,255</b>

### 11. Opening Stock of Finished Goods

Particulars	Units	As at 01.04.2010		As at 01.04.2009	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	3,63,445	88,24,57,798	6,24,173	105,83,47,267
Molasses	MTs	27,469	10,26,57,485	22,961	14,01,40,151
Industrial Alcohol	BLs	15,14,414	4,48,79,966	8,01,050	1,92,19,924
Bio Fertiliser	Qtls	5,161	1,05,30,804	25,558	85,63,857
Others		—	18,33,475	—	30,38,313
<b>TOTAL</b>			<b>104,23,59,528</b>		<b>122,93,09,512</b>

### 12. Closing Stock of Finished Goods

Particulars	Units	As at 31.03.2011		As at 31.03.2010	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	7,85,757	191,70,05,900	3,63,445	88,24,57,798
Molasses	MTs	37,949	7,72,75,678	27,469	10,26,57,485
Industrial Alcohol	BLs	9,95,240	1,74,32,189	15,14,414	4,48,79,966
Bio Fertiliser	Qtls	4,419	93,73,743	5,161	1,05,30,804
Others		—	48,61,186	—	18,33,475
<b>TOTAL</b>			<b>202,59,48,696</b>		<b>104,23,59,528</b>

### 13. Particulars regarding Capacity and Production

Class of Goods	Capacity			Actual Production	
	Licensed	Installed	Units	2010-2011	2009-2010
	(as certified by the Management)				
a. Sugar					
(i) Vuyyuru Unit	7,500 (Tonnes of Cane crushed per day)	7,500	Qtls	7,84,419	4,64,110
(ii) Lakshmipuram Unit	4,000 (Tonnes of Cane crushed per day)	4,000	Qtls	2,50,160	1,29,206
b. Molasses (By-Product)			MT's	51,345	32,510
c. Industrial Alcohol / Anhydrous Alcohol	50,000	50,000	BL per day	66,38,150	35,93,969
d. Bio Fertiliser			Qtls	1,35,748	1,38,585
e. Electrical Power					
(i) Incidental Co - Generation Power Plant. Vuyyuru	15 MW	15 MW	Kwh	3,32,98,100	2,51,74,400
(ii) Incidental Co - Generation Power Plant. Lakshmipuram	5 MW	5 MW	Kwh	69,04,124	36,52,500

**14. Payments to Auditors comprise:**

Particulars	2010-2011 Rs.	2009-2010 Rs.
For Statutory audit	2,75,750	2,75,750
For Certification and other Services	2,09,570	2,09,570
Out of Pocket Expenses	61,916	47,598
	<b>5,47,236</b>	<b>5,32,918</b>
Fees to Cost Auditor	1,00,000	1,10,300
Out of Pocket Expenses	3,200	4,800
	<b>1,03,200</b>	<b>1,15,100</b>
<b>Total</b>	<b>6,50,436</b>	<b>6,48,018</b>

**15. REMUNERATION TO DIRECTORS**

- (i) Computation of Net Profit in accordance with Sec 349 of the Companies Act, 1956 for the year ended 31.03.2011

	Rs.
Net Profit as per Profit and Loss Account	13,28,03,020
<b>ADD:</b>	
Directors' sitting fees	10,40,000
Remuneration to Directors	1,17,43,058
Profit on Sale of Fixed assets allowable in accordance with the proviso to sub section (3)(d) of Section 349	<u>4,99,018</u>
	1,32,82,076
<b>LESS:</b>	
Profit on sale of fixed assets considered separately	30,67,831
Profit on sale of Investments	<u>3,26,20,246</u>
	<u>3,56,88,077</u>
<b>Adjusted Net Profit for the year Under section 349</b>	<b><u>11,03,97,019</u></b>

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

Particulars	Managing Director	Executive Chairman	Executive Director
Salaries	48,00,000	11,76,667	36,00,000
Contribution to Provident Fund	—	1,41,200	4,32,000
Other Perquisites	—	71,846	55,120
Commission	—	7,62,869	—
<b>Total</b>	<b>48,00,000</b>	<b>21,52,582</b>	<b>40,87,120</b>

Note:

- (i) In addition to above, the cost to the company charged in its accounts for the year on account of the perquisites allowed to the Executive Director, works out to Rs.22,369/- and Rs.10,29,839/- as per Income Tax rules respectively.
- (ii) In the absence of adequate profit, only minimum remuneration has been paid to Managing Director and Executive Director as per the terms of their appointment.
- (iii) Aggregate Commission @ 1% of the above Profits, payable to the Non-wholetime Directors for the period they were in office subject to a ceiling of Rs.1,75,000/- to each of them, works out to Rs.7,03,356/-

	2010-2011 Rs.	2009-2010 Rs.
<b>16. a) Miscellaneous Expenses include - Donations</b>	<b>10,00,000</b>	<b>21,76,086</b>
<b>b) Interest paid includes:</b>		
On Fixed Loans	<b>3,89,31,771</b>	<b>3,02,73,236</b>
On Deposits from Wholetime Director	<b>32,20,104</b>	<b>31,61,644</b>

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

Particulars	2010 – 2011	2009 – 2010
	Rs.	Rs.
i) Raw Materials	Nil	Nil
(ii) Components and Spare parts	Nil	Nil
(iii) Capital Goods	Nil	Nil

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

(i) Foreign Travel	<b>3,88,310</b>	<b>2,75,900</b>
(ii) Others	<b>3,19,645</b>	Nil

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

	Particulars	2010 – 2011	%	2009 – 2010	%
		Rs.		Rs.	
<b>a)</b>	<b>Raw Materials:</b>				
i)	Imported	Nil	—	Nil	—
ii)	Indigenous	<b>193,46,60,465</b>	<b>100.00</b>	<b>133,98,57,255</b>	<b>100.00</b>
<b>b)</b>	<b>Spare parts and Components:</b> (debited to respective heads)				
i)	Imported	<b>11,813</b>	—	Nil	—
ii)	Indigenous	<b>16,61,31,657</b>	<b>100.00</b>	<b>10,80,01,358</b>	<b>100.00</b>

**20. Related party disclosures:**

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

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

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

Particulars	Subsidiaries		Key Management Personnel	
	2010-11	2009-10	2010-11	2009-10
<b>B. Transactions during the year</b>				
Interest received	<b>35,99,078</b>	22,25,166		
Rent received	<b>2,70,000</b>	2,70,000	<b>4,00,000</b>	
Remuneration paid to key management personnel			<b>1,11,04,758</b>	1,84,97,997
Advances given	<b>22,24,45,200</b>	5,12,03,624		
Advances received back	<b>23,52,45,200</b>	5,50,93,835		
Interest on fixed deposits paid to			<b>32,20,104</b>	31,61,644
<b>C. Closing balances as on 31/03/2011</b>				
(a) The EIMCO KCP Ltd	<b>7,00,000</b>	1,35,00,000		
(b) KCP Sugars Agricultural Research Farms Ltd	<b>NIL</b>	NIL		
(c) Share capital held in subsidiary companies	<b>2,85,00,000</b>	2,85,00,000		
(d) Share capital held by key management personnel			<b>17,33,310</b>	17,33,310
(e) Fixed deposits held by			<b>3,00,00,000</b>	3,00,00,000

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

Particulars	2010-2011 Rs.	2009-2010 Rs.
Carbon Credit	8,12,046	NIL
Others	NIL	NIL

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

Particulars		2010-2011 Rs.	2009-2010 Rs.
Profit attributable to the Shareholders	A	11,83,22,982	23,74,36,935
Basic / Weighted average number of Equity Shares outstanding during the year	B	11,33,85,050	11,33,85,050
Nominal value of Equity Shares		1.00	1.00
Basic / Diluted Earnings per share	A/B	1.04	2.09

**23. General :**

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

Paise have been rounded off.

Figures in brackets indicate those for the previous year.

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

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

As per our report of even date

For and behalf of the Board

**For B.PURUSHOTTAM & CO.**

Chartered Accountants  
FRN 002808S

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

**B.S.PURSHOTHAM**

Partner  
M.No. 26785

**V. KIRAN RAO**

Executive Director

Chennai  
27.05.2011

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

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

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

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

Amt. in Rs.

	2010 - 11	2009 - 10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and Extraordinary Items	<b>13,28,03,020</b>	34,30,94,116
Adjustments for:		
Depreciation	<b>10,95,44,291</b>	10,62,53,594
Loss/(Profit) on Sale of Assets	<b>(29,61,772)</b>	(35,70,782)
Assets written off	—	94,67,195
Provision for doubtful debts	—	63,04,846
Bad debts and Debit balances written off	—	17,184
Dividend Income	<b>(1,50,96,263)</b>	(1,53,30,025)
Interest paid	<b>4,67,09,942</b>	3,19,62,187
Profit on Sale of Investments	<b>(3,24,64,155)</b>	—
Interest received	<b>(1,97,61,929)</b>	(66,99,235)
<b>Operating Profit before Working Capital Changes</b>	<b>21,87,73,134</b>	47,14,99,080
Adjustments for :		
Trade and other Receivables	<b>(2,98,65,986)</b>	10,27,64,792
Inventories	<b>99,10,29,490</b>	(17,47,64,645)
Trade Payables	<b>91,41,86,161</b>	17,76,931
	<b>4,69,77,343</b>	(7,02,22,922)
<b>Cash Generated from Operation</b>	<b>17,17,95,791</b>	54,17,22,002
Direct Taxes Paid	<b>(97,34,824)</b>	13,09,26,754
<b>Cash Flow Before Extraordinary Items</b>	<b>18,15,30,615</b>	41,07,95,248
Extraordinary items	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>18,15,30,615</b>	41,07,95,248
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	<b>5,00,27,600</b>	8,82,63,295
Investments purchased	<b>7,41,74,840</b>	13,57,47,605
Increase in Capital Work in Progress	<b>7,76,875</b>	34,12,268
Sale of Investments	<b>(4,24,72,878)</b>	—
Sale of Fixed Assets	<b>(37,99,944)</b>	(56,22,455)
Interest Received	<b>(1,97,61,929)</b>	(66,99,235)
Dividend Received	<b>(1,50,96,263)</b>	(1,53,30,025)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	4,38,48,301	19,97,71,453



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

**CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS (CONTD.)**

Amt. in Rs.		
	2010 - 11	2009 - 10
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	<b>(4,15,22,973)</b>	9,05,60,796
Interest Paid	<b>4,67,09,942</b>	3,19,62,187
Dividends and Tax on dividend Paid (Including Interim)	<b>9,91,62,668</b>	9,28,58,388
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>10,43,49,637</b>	21,53,81,371
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>3,33,32,677</b>	(43,57,576)
Cash and Cash Equivalents as at 31.03.2010	<b>5,35,11,251</b>	578,68,827
Cash and Cash Equivalents as at 31.03.2011	<b>8,68,43,928</b>	5,35,11,251

As per our report of even date

For and behalf of the Board

**For B.PURUSHOTTAM & CO.**

**IRMGARD VELAGAPUDI M. RAO**

Chartered Accountants  
FRN 002808S

Managing Director

**B.S.PURSHOTHAM**

**V. KIRAN RAO**

Partner  
M.No. 26785

Executive Director

Chennai  
27.05.2011

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

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

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

**CERTIFICATE**

To

**The Members of**

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

**Chennai.**

We have examined the attached Cash Flow Statement of **K.C.P.Sugar and Industries Corporation Limited**, for the year ended 31st March, 2011. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the National Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 27th May, 2011 to the Members of the Company.

Place : Chennai

Date : 27<sup>th</sup> May, 2011.

**For B Purushottam & Co.**

Chartered Accountants,  
FRN 002808S

**B.S. Purshotham**

(M. No. 26785)  
Partner

**I. Registration Details**Registration No.  State Code  Balance Sheet dated **II. Capital raised during the Year (Amount in Rs.Thousands)**

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

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**Total Assets Total Liabilities **Sources of Funds**

Paid-up Capital	1,13,385
Reserves & Surplus	16,51,946
Secured Loans	72,496
Unsecured Loans	3,92,902
Deferred Tax Liability	2,34,378
<b>Total</b>	<b>24,65,107</b>

**Application of Funds**

Net Fixed Assets	13,10,244
Investments	2,53,759
Net Current Assets	9,01,104
Misc. Expenditure	—
<b>Total</b>	<b>24,65,107</b>

**IV. Performance of Company for the year ended 31st March 2011 (Amount in Rs.Thousands)**

Turnover	Other Income	Increase in stocks	Total Expenditure
<input type="text" value="26,97,611"/>	<input type="text" value="83,248"/>	<input type="text" value="10,01,612"/>	<input type="text" value="36,49,668"/>
Profit/(Loss) for the period before tax	Profit/Loss after tax	E.P.S. in Rs.	Final Dividend Rate %
<input type="text" value="1,32,803"/>	<input type="text" value="1,18,323"/>	<input type="text" value="1.04"/>	<input type="text" value="45.00"/>

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

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

As per our report of even date

For and behalf of the Board

**For B.PURUSHOTTAM & CO.**Chartered Accountants  
FRN 002808S**B.S.PURSHOTHAM**Partner  
M.No. 26785Chennai  
27.05.2011**R.GANESAN**  
General Manager (Finance)**S.CHIDAMBARAM**  
Dy.General Manager (Finance) &  
Company Secretary**IRMGARD VELAGAPUDI M. RAO**

Managing Director

**V. KIRAN RAO**

Executive Director

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

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

### I. THE EIMCO-KCP LIMITED:

- The above Company is a wholly owned subsidiary of 'K.C.P.Sugar and Industries Corporation Limited', in which the Company holds the entire 6,00,000 shares of Rs.10/- each fully paid up (including 10 shares held by its Nominees).
- The financial results for the year ended 31.03.2011 and the figures for the corresponding previous financial year is summarized below:

Particulars	F.Y. 2010 - 11	F.Y. 2009 - 10
Profit for the year before tax	1,28,91,682	93,35,394
Provn for current/prev. year taxation & FBT	46,00,000	34,00,000
Prior period adjustments	(1,87,531)	—
Deferred taxation/ (reversal)	(8,54,400)	3,71,380
Profit for the year after tax	93,33,619	55,64,014
Profit / (Loss) brought forward from previous year	3,42,04,916	2,86,40,902
Profit carried forward to Balance Sheet	4,35,38,535	3,42,04,916

- The Eimco-KCP limited has not proposed any dividend for the year-ended 31.03.2011. (Previous year: Nil).
- No part of the above profits or reserves have been dealt with in the Company's Accounts.

### II. KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED:

- The above Company is a wholly owned subsidiary of 'K.C.P.Sugar and Industries Corporation Limited', in which the Company holds the entire 22,50,000 shares (P:Y.:22,50,000) of Rs.10/- each fully paid up (including 6 shares held by its Nominees) as on 31st March 2011.
- The financial results for the year ended 31.03.2011 and the figures for the corresponding previous financial year is summarized below:

Particulars	F.Y. 2010 - 11	F.Y. 2009 - 10
Profit for the year before tax	4,78,792	3,86,814
Provn for current/prev. year taxation & FBT	64,478	54,647
Prior period adjustments	—	—
Deferred taxation/ (reversal)	15,829	40,503
Profit for the year after tax	3,98,485	2,91,664
Profit / (Loss) brought forward from previous year	1,81,044	(1,10,620)
Profit carried forward to Balance Sheet	5,79,529	1,81,044

- KCP Sugars Agricultural Research Farms Limited has not proposed any dividend for the year ended 31.03.2011.
- No part of the above profits or reserves have been dealt with in the Company's Accounts.

As per our report of even date

For and behalf of the Board

**IRMGARD VELAGAPUDI M. RAO**  
Managing Director

**V. KIRAN RAO**  
Executive Director





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

# *Forty Third Annual Report*

## *2010 – 2011*

### BOARD OF DIRECTORS

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



**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Forty third Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Wednesday, 28th day of September 2011 at 10.00 a.m. to transact the following business:

**ORDINARY BUSINESS**

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the period ended on that date and consider the Reports of the Directors and Auditors.
- 2 To appoint a Director in place of Smt. V. Kiran Rao, who retires by rotation and is eligible for reappointment.
- 3 To appoint the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

**// By Order of the Board //**

**For THE EIMCO-K.C.P. LIMITED**

Place : Chennai  
Date : 26.05.2011

**IRMGARD VELAGAPUDI M. RAO  
CHAIRPERSON**

**NOTES :**

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

**// By Order of the Board //**

**For THE EIMCO-K.C.P. LIMITED**

Place : Chennai  
Date : 26.05.2011

**IRMGARD VELAGAPUDI M. RAO  
CHAIRPERSON**

**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report for the year ended 31st March 2011 together with the Balance Sheet and the Profit and Loss Account for the year ended on that date.

**REVIEW OF OPERATIONS**

During the period under review the Company has received Orders totaling to Rs.2488.39 lakhs as compared to Rs. 2947.22 lakhs during the previous year. From the enclosed Annual Accounts it may be noted that the income earned from the sale of product and services by the Company for the year ended 31st March 2011 was Rs.2970.05 lakhs as against Rs. 3051.78 lakhs in the previous year. The Profit was at Rs. 128.92 lakhs for the year under review as against profit of Rs. 93.35 lakhs for the previous year. After providing for current and deferred taxation, the net profit for the year was Rs. 93.34 lakhs to which after adding the brought forward surplus of Rs. 342.05 lakhs, the carry forward surplus to the next year amounted to Rs. 435.39 lakhs.

**DIVIDEND**

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

**CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION**

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

**PARTICULARS OF EMPLOYEES**

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

**EXPORTS & FOREIGN EXCHANGE EARNINGS & OUTGO**

Our Exports earnings during 2010 - 2011 was Rs. 474.54 lakhs (PY.- Rs.40.96). During the period under review the Company has incurred expenditure in foreign currency amounting to Rs. 19.73 lakhs towards foreign travel and import of components There are no specific areas in which Research and Development has been carried out by the Company.

**DIRECTORS**

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

**STAFF RELATIONS**

Industrial Relations with Staff and Workers continue to be Cordial.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**SECRETARIAL COMPLIANCE CERTIFICATE**

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

**AUDITORS**

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

For and on behalf of the Board of Directors

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

Place : Chennai  
Date : 26.05.2011



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

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

I have examined the registers, records, books and papers of M/s. **THE EIMCO KCP LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2011**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

- The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
- The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
- The Company is a Public Limited Company and hence no comments are required.
- The Board of Directors duly met 6 (six) times respectively on 07.04.2010, 16.06.2010, 26.07.2010, 10.11.2010, 09.02.2011 and 31.03.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company has not closed its Register of Members.
- The Annual General Meeting for the financial year ended on 31st March 2010 was held on 18.08.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No Extra Ordinary General Meeting was held during the year.
- The Company has not advanced any loans to its directors and/or persons or firms or companies referred to under Section 295 of the Act.
- According to the Register of Contracts, the Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
- The Company has made necessary entries in the register maintained under section 301 of the Act.
- As there were no instances falling within the purview of Section 314 of the Act the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
- The Company has not issued any duplicate certificates during the financial year.
- The Company has :
  - not made any allotment / Transmission / transfer of securities during the financial year.
  - not declared any dividend for the financial year.
  - Payment/Posting of dividend warrants to all the members within a period of 30 days from the date of declaration and transfer of unclaimed/unpaid dividend to unpaid dividend Account of the Company is not applicable since the Company has not declared any dividend for the year under review.
  - Transfer of amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund is not applicable to the Company.
  - As per the information/explanation provided by management, the company has complied with the requirements of Section 217 of the Act.
- The Board of Directors of the Company is duly constituted and there was no appointment / cessation of Directors during the year.
- The Company's Paid -up Capital being less than the prescribed Rs.5.00 crores, it is not required to appoint the Managing Director / Whole-time Director / Manager and accordingly the provisions of Section 269 of the Act to that extent are not applicable.
- The Company has not appointed any sole-selling agents during the financial year.
- During the said year, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
- The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- The Company has not issued any shares, debentures or other securities during the year under review.
- The Company has not bought back any shares during the year under review.
- The Company has not issued any Redeemable Preference Shares / Debentures.
- There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

- The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the year under review.
- The Company has not made any borrowings during the financial year ended 31st March 2011, however the company had renewed its credit facilities availed from the bank during the financial year.
- The Company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
- The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
- The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
- The Company has not altered its Articles of Association during the year under scrutiny.
- There was no prosecution initiated against or show cause notices received by the company, and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
- The Company has not received any money as security from its employees during the financial year.
- The provisions of Section 418 of the Companies Act 1956 are not applicable to the company.

Place: Chennai  
Date : 25.05.2011

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

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

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

**ANNEXURE B**  
**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011.**

S. No	eForm No/Return	Filed U/s	For	Date of Filing & SRN	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/No
1	Balance Sheet -23AC	220	the year ended 31.03.2010	13.09.2010 P52257409	Yes	NA
2	Annual Return -20B	159	As on 06.09.2010	16.09.2010 P52385754	Yes	NA
3	Secretarial Compliance Certificate - 66	383A	the year ended 31.03.2010	13.09.2010 P52246667	Yes	NA
4	Appointment of Auditors - Form 23B	224	The year ended 31-03-2011	25.08.2010 S03009438	Yes	NA

Place: Chennai  
Date : 25.05.2011

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



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

- 1) We have audited the attached Balance Sheet of THE EIMCO-K.C.P.LIMITED, as at 31st March, 2011, and also the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
  - iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
  - v) On the basis of written representations received from the directors, of the company as at 31st March, 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of under clause (g) of sub section (1) of section 274 of the companies act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and Accounting Policies give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and
    - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date. and
    - c) In the case of the Cash Flow Statements, of the Cash Flows for the year ended on that date

Place : Chennai.  
Date : 26-05-2011.

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

**i) In respect of Fixed assets:**

- a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
- b) The assets have not been physically verified by the Management during the year under report.
- c) During the year, the Company has not disposed off any substantial part of Fixed Assets.

**ii) In respect of inventory:**

- a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

**iii) In respect of Loans:**

- a) According to the information and explanations given to us, the Company has not granted Loans to companies, Firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Accordingly, clauses iii(b), iii(c), iii(d) of Para 4 of the Order, are not applicable. The Company has taken loan from one company, covered in the register maintained u/s 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.538.01 Lakhs and the year-end balance of the loan taken from such party was Rs.7.00 Lakhs. In our opinion, the rate of interest and other terms and conditions on which loan has been taken are not, prima facie, prejudicial to the interest of the company. According to the information and explanations furnished to us, the company has been regular in paying the principal and interest amounts as stipulated on the loans taken by it from the persons listed in the register maintained under Section 301 of the Companies Act 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted public deposits covered under the provisions of section 58A and 58AA and other applicable provisions of the Companies Act, 1956.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) The Provisions of Section 209(1)(d) of the Companies Act 1956, relating to maintenance of cost records, do not apply to the company, during the year under report.
- ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise Duty, and other material statutory dues applicable to it.  
b) According to the information and explanation given to us no undisputed amounts payable in respect of Income tax, Sales tax, wealth tax, Service tax, Customs Duty and Excise Duty and Cess were in arrears, as at 31-03-2011 for a period of more than six months from the date they became payable.  
c) According to the information given to us, there no dues of Income tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited on account of any dispute except in respect of Sales tax which have not been deposited. The details are given as under

Sl.No.	Nature of the dues	Name of the Statute	Amount Rs.	Pending before
1	Sales Tax and related demands	Sales Tax	6,19,212	Various Appellate Tribunals

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

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

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

Place : Chennai  
Date : 26-05-2011



Particulars	Schedule	As at 31.03.2011		As at 31.03.2010	
		Rs.	Rs.	Rs.	Rs.
<b>(I) SOURCES OF FUNDS:</b>					
<b>1.Shareholder's Funds:</b>					
(a) Share Capital	A	60,00,000		60,00,000	
(b) Reserves & Surplus	B	5,55,42,723	6,15,42,723	4,62,09,104	5,22,09,104
<b>2. Loan Funds:</b>					
(a) Secured Loans	C		4,02,40,778		7,53,83,370
(b) Unsecured Loans	D		7,00,000		1,35,00,000
<b>3.Deferred Tax Liability (Net) ( See note 18):</b>					
Deferred Tax Liability		—		9,80,337	
Less:Deferred Tax Asset		—	—	7,63,116	2,17,221
<b>Total</b>			<b>10,24,83,501</b>		<b>14,13,09,695</b>
<b>(II) APPLICATION OF FUNDS:</b>					
<b>1.Fixed Assets:</b>					
(a) Gross Block	E	5,38,38,910		5,23,59,758	
(b) Less:Depreciation		3,58,49,588		3,22,16,473	
(c) Net Block			1,79,89,322		2,01,43,285
<b>2.Investments:</b>					
<b>3.Deferred Tax Asset (Net) (See note 18)</b>					
Deferred Tax Asset	F	11,42,013		—	
Less:Deferred Tax Liability		5,04,828	6,37,185	—	—
<b>4.Current Assets, Loans &amp; Advances:</b>					
(a) Inventories	G	7,25,67,447		7,64,57,254	
(b) Sundry Debtors	H	9,14,37,576		11,77,56,877	
(c) Cash & Bank balances	I	1,86,95,082		1,19,14,481	
(d)Loans & Advances	J	3,61,72,004		3,06,41,670	
		<b>21,88,72,109</b>		<b>23,67,70,282</b>	
Less:Current Liabilities & Provisions					
(a) Liabilities	K	11,15,55,634		9,47,44,206	
(b) Provisions	L	2,34,59,481		2,08,70,507	
		<b>13,50,15,115</b>	<b>8,38,56,994</b>	<b>11,56,14,713</b>	<b>12,11,55,569</b>
<b>Total</b>			<b>10,24,83,501</b>		<b>14,13,09,695</b>

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

As per our report of even date

**For B. Purushottam & Co.**

Chartered Accountants  
FRN 002808S

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

Partner  
M.No. 206734

Chennai  
26.05.2011

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**

Chairperson

**V. KIRAN RAO**  
Vice-Chairperson

Particulars	Schedule	2010-2011	2009-2010
		Rs.	Rs.
<b>INCOME</b>			
Sale of Products and Services		29,70,05,111	30,51,77,923
Less: Excise Duty collected		2,05,56,227	1,92,56,736
Net Sale of Product and Services		27,64,48,884	28,59,21,187
Other Income	M	49,34,099	74,98,884
		<b>28,13,82,983</b>	29,34,20,071
<b>EXPENDITURE</b>			
Material Consumed	N	14,16,95,508	16,70,36,638
Payments and Benefits to Employees	O	4,45,92,101	3,37,60,357
Manufacturing, Selling, Administrative and Other expenses	P	6,62,89,857	6,44,54,247
Taxes and Licenses ( Excluding Income Tax )	Q	31,42,946	27,02,368
Interest & Financial Charges	R	91,37,774	1,22,05,582
Depreciation		36,33,115	39,25,485
		<b>26,84,91,301</b>	28,40,84,677
<b>PROFIT/LOSS FOR THE YEAR BEFORE TAXATION</b>		<b>1,28,91,682</b>	93,35,394
Less: Provision for Taxation			
Current		46,00,000	34,00,000
Deferred Tax-(Asset)/Liability		8,54,406	3,71,380
Add: Rev. of Excess Provision for Income tax for earlier years		1,87,531	—
<b>PROFIT AFTER TAX</b>		<b>93,33,619</b>	55,64,014
Add: Balance brought forward from Previous year		3,42,04,916	2,86,40,902
<b>Surplus carried over to Balance Sheet</b>		<b>4,35,38,535</b>	3,42,04,916
<b>Basic and Diluted Earnings per Share (See Note no.17)</b>		<b>15.56</b>	9.27

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

As per our report of even date

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

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

Chennai  
26.05.2011

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

**V. KIRAN RAO**  
Vice-Chairperson



<b>Share Capital</b>		<b>SCHEDULE - A</b>	
<b>PARTICULARS</b>		<b>31-03-2011 Rs.</b>	<b>31-03-2010 Rs.</b>
<b>Authorised:</b> 10,00,000 equity shares of Rs.10/- each		1,00,00,000	1,00,00,000
<b>Issued, Subscribed and Paid-Up:</b> 6,00,000 equity shares of Rs.10/- each fully paid (All the above shares are held by the holding company, K.C.P Sugars & Industries Corporation Ltd.,and its Nominees)		60,00,000	60,00,000
		60,00,000	60,00,000

<b>Reserves &amp; Surplus</b>		<b>Schedule - B</b>		
<b>PARTICULARS</b>	<b>As at 31-3-2010 Rs.</b>	<b>Additions During The Year Rs.</b>	<b>Withdrawal During The Year Rs.</b>	<b>As at 31-03-2011 Rs.</b>
General Reserve	1,20,04,188	—	—	<b>1,20,04,188</b>
Surplus (i.e) Balance In Profit And Loss Account	3,42,04,916	93,33,619	—	<b>4,35,38,535</b>
	4,62,09,104	93,33,619	—	<b>5,55,42,723</b>

<b>Secured Loans</b>		<b>Schedule - C</b>	
<b>Particulars</b>		<b>31-03-2011 Rs.</b>	<b>31-03-2010 Rs.</b>
a) From a Bank <i>(secured by exclusive charge on the entire current assets of the company &amp; collaterally by hypothecation of entire movable fixed assets of the company along with equitable mortgage of factory land and buildings at Ambattur, Chennai).</i>		<b>4,02,40,778</b>	7,53,83,370
		<b>4,02,40,778</b>	7,53,83,370

<b>b) Unsecured Loan</b>		<b>Schedule - D</b>	
<b>Particulars</b>		<b>31-03-2011 Rs.</b>	<b>31-03-2010 Rs.</b>
a). From Holding Company- KCP Sugar and Industries Corporation Ltd.,		<b>7,00,000</b>	1,35,00,000
		<b>7,00,000</b>	1,35,00,000

<b>Fixed Assets</b>		<b>Schedule - E</b>								
<b>DESCRIPTION</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
	<b>COST AS ON 1-4-2010</b>	<b>ADDITONS DURING THE YEAR</b>	<b>DEDUCTIONS DURING THE YEAR</b>	<b>COST AS ON 31-03-2011</b>	<b>DEPRECIATION UP TO 31-03-2010</b>	<b>DEPRECIATION FOR THE YEAR</b>	<b>DEPRECIATION ON DEDUCTIONS</b>	<b>DEPRECIATION UP TO 31-03-2011</b>	<b>WDV AS ON 31-03-2011</b>	<b>WDV AS ON 31-3-2010</b>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	6,32,110	—	—	<b>6,32,110</b>	—	—	—	—	<b>6,32,110</b>	6,32,110
Buildings	1,22,59,892	—	—	<b>1,22,59,892</b>	39,68,504	7,87,469	—	<b>47,55,973</b>	<b>75,03,919</b>	82,91,388
Plant & Machinery	2,41,34,846	<b>6,51,396</b>	—	<b>2,47,86,242</b>	1,66,12,316	15,28,219	—	<b>1,81,40,535</b>	<b>66,45,707</b>	75,22,530
Furniture & Fittings	44,54,600	<b>2,89,907</b>	—	<b>47,44,507</b>	32,85,559	2,76,043	—	<b>35,61,602</b>	<b>11,82,905</b>	11,69,041
Computers	99,01,298	<b>10,756</b>	—	<b>99,12,054</b>	79,51,934	7,85,142	—	<b>87,37,076</b>	<b>11,74,978</b>	19,49,364
Knowhow and Designs	2,35,000	—	—	<b>2,35,000</b>	2,35,000	—	—	<b>2,35,000</b>	—	—
Vehicles	7,42,012	<b>5,27,093</b>	—	<b>12,69,105</b>	1,63,160	2,56,242	—	<b>4,19,402</b>	<b>8,49,703</b>	5,78,852
<b>Total</b>	5,23,59,758	<b>14,79,152</b>	—	<b>5,38,38,910</b>	3,22,16,473	36,33,115	—	<b>3,58,49,588</b>	<b>1,79,89,322</b>	2,01,43,285
Previous Year	4,97,39,096	<b>30,18,864</b>	3,98,202	<b>5,23,59,758</b>	2,86,76,834	39,25,485	3,85,846	<b>3,22,16,473</b>	<b>2,01,43,285</b>	2,10,62,262

<b>Investments</b>		<b>SCHEDULE - F</b>			
<b>Particulars</b>		<b>31-03-2011 Rs.</b>	<b>31-03-2010 Rs.</b>		
(I) Shares in Companies -(Quoted - Non-Trade-Long term) 120 Equity Shares of Rs.10/- each in Hindustan Dorr Oliver Ltd., fully paid-up (Market value:Rs..12480/- Previous year Rs.4680/-) Less:Provision for shortfall in market value	4,841 —	—	4,841		
100 Equity Shares of Rs.10/- each in Jorde Engineers India Ltd., fully paid-up Less:Provision for shortfall in market value	1,571 1,571	—	—		
(II) Other Investments: 7-year National Savings Certificates (Lodged as Security with A.P Sales Tax Department)		—	6,000		
		—	10,841		
Note:All the above are long term investments valued at cost and adjusted by the shortfall other than temporary, in their Market value					
<b>Current Assets</b>		<b>SCHEDULE - G</b>			
<b>Particulars</b>		<b>31-03-2011 Rs.</b>	<b>31-03-2010 Rs.</b>		
<b>INVENTORIES :</b>					
<i>(As certified by the management)</i>					
1. Raw materials,stores & components [includes stock of Raw Mateials Rs. 11658335/- (P.Y. Rs.18150432/- )]		<b>3,43,65,723</b>	3,63,15,474		
2. Loose tools		<b>2,65,262</b>	2,15,538		
3. Work-in-progress		<b>2,48,44,439</b>	3,97,72,191		
4. Stock of finished goods		<b>1,30,92,023</b>	1,54,051		
		<b>7,25,67,447</b>	7,64,57,254		
<b>SUNDRY DEBTORS</b> (Unsecured and considered good)			<b>SCHEDULE - H</b>		
(a) Debts outstanding for a period exceeding six months		<b>3,47,76,364</b>	3,68,72,020		
(b) Other Debts		<b>5,66,61,212</b>	8,08,84,857		
		<b>9,14,37,576</b>	11,77,56,877		
<b>CASH AND BANK BALANCES</b>			<b>SCHEDULE - I</b>		
(i) Cash on Hand		<b>1,10,030</b>	81,051		
(ii) Balances with Scheduled Banks; in Current Accounts in Fixed Deposit Accounts (Earmarked for Margin money for Bank Guarantees & L/c's issued by Axis Bank Ltd.,)		<b>63,77,053</b> <b>1,22,07,999</b>	13,17,055 1,05,16,375		
		<b>1,86,95,082</b>	1,19,14,481		
<b>LOANS AND ADVANCES</b>			<b>SCHEDULE - J</b>		
1. Advances,unsecured,considered good (recoverable in cash or in kind or for value to be received)		<b>1,10,25,937</b>	60,59,797		
2.Prepaid expenses		—	45,957		
3.Deposits Recoverable		<b>13,50,884</b>	13,42,278		
4 Advance excise duty(including unutilised Cenvat Credit)		<b>22,91,931</b>	25,72,604		
5.Income Tax paid in Advance		<b>1,90,68,168</b>	18236208		
6.Advance Fringe Benefit Tax		<b>14,66,850</b>	14,66,850		
7.Income Tax deducted at source		<b>9,68,234</b>	9,17,976		
		<b>3,61,72,004</b>	3,06,41,670		
<b>CURRENT LIABILITIES</b>			<b>SCHEDULE - K</b>		
(1) Sundry Creditors Due to Small & Medium Enterprises-(Refer Notes on Accounts Sl.No:11) Due to others		— <b>6,80,48,189</b>	— 5,93,21,900		
(2) Advances received from customers		<b>4,35,07,445</b>	3,54,22,306		
		<b>11,15,55,634</b>	9,47,44,206		
<b>PROVISIONS</b>		<b>SCHEDULE - L</b>			
<b>Description</b>	<b>As at 31.03.2010 Rs.</b>	<b>Additions During The year Rs.</b>	<b>Used During The year Rs.</b>	<b>Reversed During The year Rs.</b>	<b>As at 31.03.2011 Rs.</b>
Provision for Taxation	1,68,00,000	46,00,000	—	29,00,000	<b>1,85,00,000</b>
Provision for FBT	14,65,000	—	—	—	<b>14,65,000</b>
Provision for Leave encashment on Retirement	23,70,481	17,12,434	7,44,073	—	<b>33,38,838</b>
Provision for Bonus	2,35,026	1,55,643	2,34,484	542	<b>1,55,643</b>
	<b>2,08,70,507</b>	<b>64,68,073</b>	<b>9,78,557</b>	<b>29,00,542</b>	<b>2,34,59,481</b>



PARTICULARS	2010-2011 Rs.	2009-2010 Rs.
<b>1. OTHER INCOME</b>		<b>SCHEDULE - M</b>
Interest on Bank Deposits Etc., [Income Tax deducted at Source Rs.72353/- P.Y.Rs.71790/-]	7,23,520	7,17,894
Miscellaneous receipts	8,68,130	7,410
Profit on sale of assets	—	54,285
Packing and Forwarding Charges	4,10,039	7,71,118
Difference in Foreign Exchange	1,76,487	7,93,126
Excess provision credited back	22,47,743	50,75,266
Credit Balance Written Back	5,08,180	79,785
	<b>49,34,099</b>	<b>74,98,884</b>
<b>2. MATERIALS CONSUMED</b>		<b>Schedule - N</b>
Opening Stocks:		
Work-in-progress	3,97,72,191	3,50,66,475
Finished Goods	1,54,051	36,23,574
	<b>3,99,26,242</b>	<b>3,86,90,049</b>
Raw materials, Stores and Spares Consumed [including Raw materials consumed Rs.44784592/- (P.Y.Rs.21076886)]	<b>13,97,05,728</b>	<b>16,82,72,831</b>
	<b>17,96,31,970</b>	<b>20,69,62,880</b>
Less: Closing Stocks		
Work-in-progress	2,48,44,439	3,97,72,191
Finished Goods	1,30,92,023	1,54,051
	<b>3,79,36,462</b>	<b>3,99,26,242</b>
	<b>14,16,95,508</b>	<b>16,70,36,638</b>
<b>3. PAYMENT AND BENEFITS TO EMPLOYEES</b>		<b>Schedule - O</b>
Salaries, Wages and Bonus	3,89,29,711	3,02,89,170
Company's Contribution to Provident fund and family pension	18,27,853	13,30,310
Company's Contribution to Employees State Insurance	2,57,130	83,166
Company's Contribution to Gratuity fund	16,41,192	3,15,950
Staff Welfare Expenses	19,36,215	17,41,761
	<b>4,45,92,101</b>	<b>3,37,60,357</b>
<b>4. MANUFACTURING ,SELLING,ADMINISTRATIVE AND OTHER EXPENSES:</b>		<b>Schedule - P</b>
<b>Manufacturing:</b>		
Machining and fabrication charges	2,27,35,479	2,96,95,382
Contract Labour Wages	10,58,107	9,11,525
Drawing office stationery	3,38,894	4,35,896
Security Charges	11,36,795	8,81,193
Research, Inspection and Testing charges	83,251	3,04,333
Power and Fuel	21,14,978	21,25,940
Insurance	1,80,697	1,28,587
Tools written off	27,754	32,893
Repairs and Maintenance: Machinery	44,450	31,448
Buildings	5,06,841	9,23,938
Other assets	11,94,226	3,50,479
(A)	<b>2,94,21,472</b>	<b>3,58,21,614</b>

PARTICULARS	2010-2011 Rs.	2009-2010 Rs.
<b>Selling Expenses:</b>		
Advertisement and Business Development expenses	3,12,823	4,03,936
Selling expenses (comprising Tendering, Packing & Forwarding)	74,89,375	47,27,858
Travelling-Domestic	52,93,631	41,45,867
Travelling-Foreign	4,78,872	5,84,418
Commission on Sales	7,45,875	15,48,875
<b>(B)</b>	<b>1,43,20,576</b>	<b>1,14,10,954</b>
<b>Administrative Expenses:</b>		
Office Rent	2,70,000	2,70,000
Post & Telegrams	4,36,710	3,84,482
Telephone & Trunk-call Charges	9,94,591	10,08,474
Printing & Stationery	4,97,773	3,24,627
Computer Expenditure	6,76,969	6,31,486
Conveyance	9,66,955	9,53,965
Car Charges	1,68,727	1,29,391
Consultancy Charges	16,82,825	15,70,191
Internal Audit Fees	88,240	88,240
General expenses	13,75,495	11,18,877
Payment to Auditors:		
For Statutory Audit	22,060	22,060
Fees for Certification	7,170	5,515
<b>(C)</b>	<b>71,87,515</b>	<b>65,07,308</b>
<b>Other Expenses:</b>		
Performance and Delivery Guarantee Claims	1,27,77,644	98,26,205
Investments Written off	10,841	—
Bad debts written off	21,49,865	—
Short Provision made in the Earlier Years	2,411	3,83,160
Debit balances written off	3,97,313	4,72,549
Prior year adjustments	22,220	32,457
<b>(D)</b>	<b>1,53,60,294</b>	<b>1,07,14,371</b>
<b>(A+B+C+D)</b>	<b>6,62,89,857</b>	<b>6,44,54,247</b>
<b>5. TAXES AND LICENCES (excluding income tax)</b>		<b>SCHEDULE - Q</b>
Excise duty paid	18,30,093	19,14,682
Other Taxes	13,12,853	7,87,686
	<b>31,42,946</b>	<b>27,02,368</b>
<b>6. INTEREST AND FINANCIAL CHARGES</b>		<b>SCHEDULE - R</b>
Interest paid on		
- Fixed Loans	2,57,750	11,60,784
- Others	57,32,245	78,11,604
Financial charges	31,47,779	32,33,194
	<b>91,37,774</b>	<b>1,22,05,582</b>

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

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

**ii. Fixed Assets:**

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

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

**iii. Depreciation:**

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

**iv Investments:**

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

**v Inventories:**

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

b. Scrap is valued at net realizable value.

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

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

**vi Revenue Recognition:**

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

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

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

**vii Foreign Currency Transactions:**

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

b. At each Balance Sheet Date

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

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

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

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

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

**viii Research and Development Expenditure:**

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

**ix Employee Benefits:**

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

b. Defined Benefit Plans (Long term employee benefits)

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

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

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

**x Taxation:**

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

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

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

**xi Borrowing Costs:**

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

**xii Impairment of Assets:**

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

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

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

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

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



**1. Contingent Liabilities:**

(a) The Guarantees issued by the Company's Bankers in favour of the customers against advances from them and other obligations amounting to Rs.8, 05,40,944 /- (Rs. 7,09,88,421/-) are secured by stores and spares (including those lying with subcontractors), Work in progress and Finished goods.

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

- i. Disputed Sales Tax demands raised by the Sales Tax Authorities under TNGST and CST for the years 1991-92 & 1992-93 amounting to Rs.6, 19,212/-for which company preferred appeals before Appellate authorities. Pending decision in appeals an amount of Rs.48, 360/- has been paid under protest and the same is grouped under Loans and Advances.
- ii. Disputed ESI demand raised by ESI authorities under ESI Act for the years 1990-91 to 1993-94 amounting to Rs.68233/-. Pending disposal of its appeal against the said demands the company paid Rs.15,000/- under protest, and the same is grouped under Loans and Advances.  
Disputed ESI demand raised by ESI authorities under ESI Act for the years 2000-01 to 2003-04 amounting to Rs.106256/-. Pending disposal of its appeal against the said demands the company paid Rs.26, 564 /- under protest, and the same is grouped under Loans and Advances.
- iii. Disputed Income Tax demand raised by Income Tax authorities under Income Tax Act for the years 2007-08(A.Y-2008-2009) amounting to Rs.19,28,609/- including interest. Pending disposal of its appeal against the said demands with Commissioner of Income Tax Appeals (III).

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

	Current Year		Previous Year	
	Qty.	Value	Qty.	Value
		Rs.		Rs.
(I) SALES:				
Filters (in Nos)	6 Nos	4,66,56,905	4 Nos	1,14,25,814
Thickeners, Components, Spares, Bar screens, etc. (Unit quantification not possible)		24,65,58,095		28,61,21,268
Scrap	90,610 Kgs	14,52,274	1,25,255 Kgs	15,64,421
Chemicals	-	-	1,500 Kgs	3,22,472
<b>TOTAL</b>		<b>29,46,67,274</b>		<b>29,94,33,975</b>
(II) SERVICES:				
Service Charges		12,37,837		39,04,871
Design, Erection & Fabrication		11,00,000		18,39,077
<b>TOTAL</b>		<b>29,70,05,111</b>		<b>30,51,77,923</b>

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

Stainless Steel	79.88	1,59,76,266	24.59	44,55,047
Iron and Steel	857.27	2,88,08,326	563.13	1,66,21,839
<b>TOTAL</b>	<b>937.15</b>	<b>4,47,84,592</b>	<b>587.72</b>	<b>2,10,76,886</b>

Note : The above does not include of Rs 9,49,21,136./- (P.Y.Rs. 14,71,95,945/-) being the cost of Motors, Components, Pipes, Spares etc., consumed.

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

	OPENING STOCK				CLOSING STOCK			
	Current Year		Previous Year		Current Year		Previous Year	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Filters	—	—	—	—	—	—	—	—
Washers, Classifiers, Clarifiers, Components Spares etc (Unit Quantification not Possible)	—	1,54,051	—	34,51,040	—	1,30,92,023	—	1,54,051
Chemicals	—	—	—	1,72,534	—	—	—	—
<b>Total</b>		<b>1,54,051</b>		<b>36,23,574</b>		<b>1,30,92,023</b>		<b>1,54,051</b>

5. Purchase of Finished Goods-Chemicals	Current Year		Previous Year	
	Qty	Value(Rs.)	Qty	Value( Rs.)
	Nil	Nil	Nil	Nil



6. Particulars regarding Capacity and Production : The Business carried on by the company does not require any Industrial Licence. Owing to the nature of the company's Business the installed Capacity cannot be quantified.  
Actual Production : 6Nos.(4Nos.) Filters, besides Washers, Classifiers, Clarifiers, Components, Spares etc.

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

	Current Year		Previous Year	
	Value	%	Value	%
	Rs		Rs	
<b>Raw materials:</b>				
Imported	NIL	NIL	NIL	NIL
Indigenous	4,47,84,592	100.00	2,10,76,886	100.00
<b>Spares and Components:</b>				
Imported	17,22,413	1.81	1,38,04,813	9.38
Indigenous	9,31,98,723	98.19	13,33,91,132	90.62
<b>TOTAL</b>	<b>9,49,21,136</b>	<b>100.00</b>	<b>14,71,95,945</b>	<b>100.00</b>

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

	Current Year	Previous Year
Foreign Travel Expenses	2,50,617	2,83,737
<b>TOTAL</b>	<b>2,50,617</b>	<b>2,83,737</b>

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

Components	17,22,413	1,38,04,813
Finished Goods- Chemicals	—	—
<b>TOTAL</b>	<b>17,22,413</b>	<b>1,38,04,813</b>

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

Export of Goods- FOB Value*	4,74,53,963/-	40,95,947/-
<b>Total</b>	<b>4,74,53,963/-</b>	<b>40,95,947/-</b>

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

12. **Disclosure under Accounting Standard 15-Employee Benefits**

**GRATUITY :**

a. Assumptions	31/03/2011	31/03/2010
Discount Rate	8.0%	8.0%
Salary Escalation	5%	5%
Attrition Rate	1-3%	1-3%
Expected return on plan assets	8%	8%
<b>b. Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	32,96,869	27,35,362
Interest cost	2,63,750	2,18,829
Current Service Cost	3,46,738	3,20,077
Benefits Paid	4,47,749	0
Actuarial loss on obligation	12,98,746	22,601
Present value of obligations as at end of year	47,58,354	32,96,869
<b>c. Table showing changes in the fair value of Plan assets LIC Fund</b>		
Fair value of plan assets at beginning of year	35,73,115	29,68,735
Expected return on plan assets	3,11,968	2,76,246
Contributions	16,32,988	3,28,134
Benefits paid	4,47,749	0
Actuarial gain on plan assets	0	0
Fair value of plan assets at the end of year	50,70,322	35,73,115

	31/03/2011	31/03/2010
<b>d. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	35,73,115	29,68,735
Actual return of plan assets	3,11,968	2,76,246
Contributions	16,32,988	3,28,134
Benefits Paid	4,47,749	—
Fair value of plan assets at the end of year	50,70,322	35,73,115
Funded status (Asset)	3,11,968	2,76,246
Excess of Actual over estimated return on plan assets	—	—
<b>e. Actuarial Gain/Loss recognised</b>		
Actuarial Gain on obligation	12,98,746	22,601
Actuarial loss on plan assets	—	—
Total Gain for the year	12,98,746	22,601
Actuarial Gain recognized in the year	12,98,746	22,601
<b>f. The amounts to be recognized in the balance sheet and statement of profit and loss</b>		
Present value of obligations as at the end of year	47,58,354	32,96,869
Fair value of plan assets as at the end of the year	50,70,322	35,73,115
Funded status (Asset)	3,11,968	2,76,246
NET ASSET RECOGNIZED IN THE BALANCESHEET	3,11,968	2,76,246
<b>g. Expenses Recognized in statement of Profit &amp; Loss</b>		
Current Service Cost	3,46,738	3,20,077
Interest Cost	2,63,750	2,18,829
Expected return on plan assets	(3,11,968)	(2,76,246)
Net Actuarial loss recognized in the year	12,98,746	(22,601)
Expenses recognized in the profit & loss	15,97,266	2,85,261
<b>h. Opening Net asset</b>	2,33,373	2,33,373
Contributions	3,28,134	3,28,134
Expenses	2,85,261	2,85,261
Closing Net asset	2,76,246	2,76,246

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

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

**14. The Company operates in a single segment hence there are no reportable segments as per the requirements of Accounting Standard 17 “Segment Reporting”.**

**15. Related Party Disclosures – As per AS-18:**

i) Name of related parties and description of relationship:

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

ii) Transactions with Related Parties:

Particulars	Holding Company	Key Management Personnel
	Rs.	Rs
Rent Paid	2,70,000 (P.Y. 2,70,000)	NIL
Interest Paid	35,99,078 (P.Y. 22,25,166)	NIL
Advance Received	21,25,00,000 (P.Y. 5,05,68,304)	NIL
Advance Repaid	22,53,00,000 (P.Y. 5,44,58,515)	NIL
Guarantees given by	NIL - (P.Y NIL)	NIL

iii) Closing Balances with related parties:

	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
Outstanding Balance payable to K.C.P. Sugar & Industries Corp.Ltd., (Holding Company)	Rs. 7,00,000/-	Rs. 1,35,00,000/-

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

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

There are no future obligations in respect of the operating leases

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

Particulars	2010-2011 Rs.	2009-2010 Rs.
Profit attributable to the Shareholders (A)	93,34,698	55,64,014
Basic / Weighted average number of Equity shares outstanding during the year (B)	6,00,000	6,00,000
Nominal Value of Equity Shares	10	10
Basic/ Diluted Earnings per Share (A / B)	15.56	9.27

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

Sl.No.	Particulars	Assets Rs.	Liabilities Rs.
1.	Depreciation	—	1,54,038 (P.Y.3,10,488)
2.	Amounts disallowed u/s 43B of I.T Act	11,09,079 (P.Y.7,32,479/-)	—
3.	VRS Payments amortized as per I.T Act	32,935 (P.Y.30,637/-)	—
4.	Gratuity	—	1,03,628 (PY 85,360/-)
5.	Leave encashment-Disallowed last year-U/s 43(b) of Income Tax Act	—	2,47,162 (PY 5,84,489/-)
	<b>TOTAL</b>	11,42,013 (PY 7,63,116)	5,04,828 (PY 9,80,337/-)

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

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

21. Previous year figures have been regrouped wherever necessary.

22. Paise have been rounded off.

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

As per our report of even date

**For B. Purushottam & Co.**  
Chartered Accountants  
FRN 0028085

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

Chennai  
26.05.2011

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

**V. KIRAN RAO**  
Vice-Chairperson

PARTICULARS	Amount in Rs.			
	2010-2011		2009-2010	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extraordinary items		1,28,91,682		93,35,394
Adjustment for				
Depreciation	36,33,115		39,25,485	
Investment Written off	10,841		—	
(Profit)/Loss on Sale of Assets(Net)	—		(54,285)	
Debit Balance written off	3,97,313		4,72,549	
Bad Debts Written off	21,49,865		—	
Excess Provision credited back	(22,47,743)		(50,75,266)	
Credit Balance written back	(5,08,180)		(79,785)	
Interest Paid	91,37,774		1,22,05,582	
Interest Received	(7,23,520)	1,18,49,465	(7,17,894)	1,06,76,386
<b>Operating Profit before Working Capital Change</b>		2,47,41,147		2,00,11,780
Adjustments for				
Trade and other Receivables	1,91,24,007		4,08,86,619	
Inventories	38,89,807		(1,12,90,761)	
Trade Payables	2,04,56,325	4,34,70,139	(1,77,39,910)	1,18,55,948
<b>Cash generated from Operations</b>		6,82,11,286		3,18,67,728
Direct Taxes Paid(Net Off Refunds)		(35,94,687)		(32,28,199)
<b>Cash Flow before extraordinary items</b>		6,46,16,599		2,86,39,529
Extraordinary items:		—		—
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		6,46,16,599		2,86,39,529
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(14,79,152)		(30,18,864)	
Sale of Fixed Assets	—		66,641	
Interest Received	7,23,520		7,17,894	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		(7,55,632)		(22,34,329)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Secured Loan	(3,51,42,592)		(1,11,38,851)	
Receipt of Unsecured loan	21,25,00,000		5,00,00,000	
Repayment of Unsecured Loan	(22,53,00,000)		(5,28,00,000)	
Interest Paid	(91,37,774)		(1,22,05,582)	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		(57,08,366)		(2,61,44,433)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		67,80,601		2,60,767
<b>Cash and Cash equivalents as at the beginning of the year</b>		1,19,14,481		1,16,53,714
<b>Cash and Cash equivalents as at the end of the year</b>		1,86,95,082		1,19,14,481

Schedules, Statement on Accounting policies form an integral part of the Balance Sheet

As per our report of even date

**For B. Purushottam & Co.**

Chartered Accountants  
FRN 002808S

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

Partner  
M.No.206734

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**

Chairperson

**V. KIRAN RAO**

Vice-Chairperson

Chennai  
26.05.2011

**Note:**

1) The Cash Flow Statement had been prepared adopting the indirect method as set out in the accounting



Standard - 3 on cash flow statement issued by the Institute of Chartered Accountants of India.

2) Cash and cash equivalents comprises of cash on hand and balances with Bank, Cash and cash equivalents included in the cash flow statement comprises of the following balance sheet items:

	<b>Current Year</b>		<b>Previous Year</b>
Cash on Hand	Rs. 1,10,031	-	Rs. 81,051
Balances with Banks	Rs. 1,85,85,052	-	Rs. 1,18,33,430*
Cash & cash equivalents as restated	<u>Rs. 1,86,95,083</u>	-	<u>Rs. 1,19,14,481</u>

\*Out of these an amount of Rs.1,22,07,999/- (Rs.1,05,16,375) are held by company's bankers as margin money against the guarantees issued by them on behalf of the company

As per our report of even date

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

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

Chennai  
26.05.2011

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

**V. KIRAN RAO**  
Vice-Chairperson

(Amount In Thousands)

<b>I Registration Details</b>	
a). Registration No.	5550
b). State Code	18
c). Balance Sheet Date	31.03.2011
<b>II Capital Raised During The Year</b>	Nil
a). Public Issue	Nil
b). Rights Issue	Nil
c). Bonus Issue	Nil
d). Private Placement	Nil
<b>III Position Of Mobilisation &amp; Development Of Funds</b>	
a). Total Assets	2,37,499
b). Total Liabilities	2,37,499
<b>Sources Of Funds</b>	
a). Paid Up Capital	6,000
b). Reserves And Surplus	55544
c). Secured Loans	40240
d). Unsecured Loans	700
Total	1,02,484
<b>Application Of Funds</b>	
a). Net Fixed Assets	17,989
c). Net Current Assets	83,858
e). Deferred Tax Assets (NET)	637
Total	1,02,484
<b>IV Performance of the Company</b>	
a). Turnover	2,76,449
b). Other Income	4,934
d). Total Expenditure	2,68,491
e). Profit/(Loss) before tax	12,892
f). Profit / (Loss) After Tax	9,333
g). Earnings Per Share In Rupees (Profit of Rs93.35Lakhs/600000 Equity Shares of Rs.10- Each)	15.56
DIVIDEND RATE %	-
<b>V Generic Names Of Three Principal Products / Services Of Company</b> (As Per Monetary Terms)	
Product Description	Solid Liquid Separation Equipment
Item Code No. (ITC Code)	842110

As per our report annexed  
**For B. Purushottam & Co**  
Chartered Accountants  
FRN 002808S

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

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

**V. KIRAN RAO**  
Vice-Chairperson

Chennai  
26.05.2011





# **KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED**

## *Twelfth Annual Report* **2010-2011**

### **BOARD OF DIRECTORS**

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

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Wednesday, 28th day of September 2011 at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS**

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on that date and consider the Reports of the Directors and Auditors.
- 2 To appoint a Director in place of Smt. Irmgard Velagapudi M. Rao, who retires by rotation and is eligible for reappointment.
- 3 To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

**NOTES :**

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

**// By Order of the Board //**

For **KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.**

Place : Chennai

**IRMGARD VELAGAPUDI M. RAO**

Date : 26.05.2011

CHAIRPERSON

Your Directors have pleasure in presenting the Twelfth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2011.

**REVIEW OF OPERATIONS:**

During the year ended 31.03.2011, the turnover and other income increased to Rs.12.92 lakhs from Rs. 10.66 lakhs primarily on account of dividend receipts on investments. This resulted in profit of Rs. 4.78 lakhs as against Rs. 3.87 lakhs in the previous year. After providing for taxation of Rs. 0.80 lakhs, the profit was Rs. 3.98 lakhs. After adding balance profit of Rs. 1.81 lakhs brought forward from previous year, the balance carried to Balance sheet was Rs. 5.79 lakhs.

**FIXED DEPOSITS:**

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

**DIRECTORS:**

In accordance with the Companies Act 1956 and the Articles of the Association of the Company, Smt. Irmgard Velagapudi M. Rao, Director, retires by rotation and is eligible for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Your Directors confirm:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period ended 31st March 2011 and of the profit of the Company for that period ;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

**STATUTORY STATEMENTS:**

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

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

**SECRETARIAL COMPLIANCE CERTIFICATE:**

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

**AUDITORS:**

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

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

Place : Chennai  
Date : 26.05.2011

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

**SECRETARIAL COMPLIANCE CERTIFICATE**  
**Registration No : CIN – U73100TN1978PLC041501**  
**Nominal Capital : Rs. 500.00 Lakhs**

To,  
 The Members

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

I have examined the registers, records, books and papers of M/s. **KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2011**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company and therefore no comments are required.
4. The Board of Directors duly met 4 ( Four ) times respectively on 16.06.2010, 26.07.2010, 10.11.2010 and 09.02.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members.
6. The Annual General Meeting for the financial year ended on **31<sup>st</sup> March 2010** was held on 18.08.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company has not conducted any Extra Ordinary General Meeting during the year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to under Section 295 of the Act.
9. According to the Register of Contracts, the Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificate during the year under review.
13. The Company has :
  - i. not made any allotment / Transmission / transfer of securities during the financial year.
  - ii. not declared any dividend for the financial year.
  - iii. Payment/Posting of dividend warrants to all the members within a period of 30 days from the date of declaration and transfer of unclaimed/unpaid dividend to unpaid dividend Account of the Company is not applicable since the Company has not declared any dividend for the year under review.
  - iv. Transfer of amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund is not applicable to the Company.
  - v. As per the information/explanation provided by management, the company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment / cessation of a Director during the year.
15. The Company's Paid-up Capital being less than the prescribed Rs.5.00 crores, it is not required to appoint the Managing Director / Whole-time Director / Manager and accordingly the provisions of Section 269 of the Act to that extent are not applicable.
16. The Company has not appointed any sole-selling agents during the financial year.
17. During the said year, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the year under review.
20. The Company has not bought back any shares during the year under review.
21. The Company has not issued any Redeemable Preference Shares / Debentures.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the year under review.

24. The Company has not made any borrowings during the financial year ended **31<sup>st</sup> March 2011**.
25. The Company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the company, and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Provisions of Section 418 of the Companies Act 1956 are not applicable to the company.

Place : Chennai  
 Date : 25.05.2011

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

**ANNEXURE A**

**Registers as maintained by the Company**

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

**ANNEXURE B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2011.

S. No	eForm No/ Return	Filed U/s	For	Date of Filing & SRN	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	Balance Sheet -23AC	220	the year ended 31.03.2010	13.09.2010 P52241320	Yes	NA
2	Annual Return -20B	159	As on 06.09.2010	16.09.2010 P52385556	Yes	NA
3	Secretarial Compliance Certificate - 66	383A	the year ended 31.03.2010	13.09.2010 P52238623	Yes	NA
4	Appointment of Auditors - Form 23B	224	The year ended 31-03-2010	06.09.2010 S03110244	No	NA

Place : Chennai  
 Date : 25.05.2011

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

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

1. We have audited the attached Balance Sheet of K.C.P. AGRICULTURAL & RESEARCH FARMS LIMITED No.239 (Old No 183), Ramakrishna Buildings, Anna Salai, Chennai 600 006 as at 31st March, 2011, the Profit and loss account and also the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. **Further to our comments in the Annexure referred to above, we report that:**
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956
  - e) On the basis of written representations received from the Directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
    - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
    - ii) in the case of the Profit and loss account of the profit for the year ended on that date; and
    - iii) in the case of cash flow statement, of the cash flows for the year ended on that date

**For Venkat & Rangaa**  
Chartered Accountants

Place : Chennai  
Date : 26.05.2011

**K.R. Adivarahan**  
Partner

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

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

**For Venkat & Rangaa**  
Chartered Accountants

Place : Chennai  
Date : 26.05.2011

**K.R. Adivarahan**  
Partner

## BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule		As at 31.03.2011 Rs.		As at 31.03.2010 Rs.
<b>SOURCES OF FUNDS</b>					
1. Share Holder's Funds:					
Equity Share Capital	A	2,25,00,000		2,25,00,000	
Reserves & Surplus		5,79,529	2,30,79,529	1,81,044	2,26,81,044
<b>Deferred Tax Asset (Net) (see note 6)</b>					
Deferred Tax Liability		1,27,563		1,11,734	
Less: Deferred Tax Asset		—	1,27,563	—	1,11,734
			<u>2,32,07,092</u>		<u>2,27,92,778</u>
<b>APPLICATION OF FUNDS:</b>					
2. Fixed Assets:	B				
Gross Block		47,54,256		47,54,256	
Less: Depreciation		3,74,813		3,28,797	
Net Block			43,79,443		44,25,459
3. Investments	C		1,77,07,807		19,26,408
4. Current Assets, Loans and Advances					
Inventories	D	4,18,749		3,03,961	
Sundry debtors	E	—		—	
Cash and Bank balances	F	67,114		1,54,62,704	
Loans & Advances	G	7,28,690		8,99,998	
		<u>12,14,553</u>		<u>1,66,66,663</u>	
Less: Current Liabilities & Provisions	H				
(a) Liabilities		30,207		30,207	
(b) Provisions		64,504		1,95,545	
		<u>94,711</u>		<u>225,752</u>	
Net Current Assets			11,19,842		1,64,40,911
			<u>2,32,07,092</u>		<u>2,27,92,778</u>
Notes forming part of accounts	L				

	As per our report of even date for <b>VENKAT &amp; RANGAA</b> Chartered Accountants FRN 004597S	For and on behalf of the Board <b>IRMGARD VELAGAPUDI M.RAO</b> Chairperson
Chennai 26.05.2011	<b>K.R.ADIVARAHAN</b> Partner M. No. 25420	<b>R.GANESAN</b> Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule		2010 - 2011 Rs.		2009 - 2010 Rs.
<b>Income</b>					
Sale of Products			56,472		50,129
Other Income	J		12,35,559		10,16,054
			<u>12,92,031</u>		<u>10,66,183</u>
<b>Expenditure</b>					
Payments and Benefits to Employees			4,01,298		3,86,226
Manufacturing, Selling and Administrative Expenses	K		4,80,703		3,97,537
Depreciation	B		46,016		45,281
Decrease in Stock	I		(114,778)		(1,49,675)
			<u>8,13,239</u>		<u>6,79,368</u>
Profit/(Loss) before taxation			4,78,792		3,86,814
Less: Provision for taxation					
Current			64,504		54,647
Deferred			15,829		40,503
Add : Reversal of excess provision for taxation relating to earlier years			26		—
Profit/(Loss) after taxation			3,98,485		2,91,664
Loss brought forward from previous year			1,81,044		(1,10,620)
Balance carried to Balance Sheet			<u>5,79,529</u>		<u>1,81,044</u>
Basic and Diluted Earnings Per Share			0.18		0.13

	As per our report of even date for <b>VENKAT &amp; RANGAA</b> Chartered Accountants FRN 004597S	For and on behalf of the Board <b>IRMGARD VELAGAPUDI M.RAO</b> Chairperson
Chennai 26.05.2011	<b>K.R.ADIVARAHAN</b> Partner M.No. 25420	<b>R.GANESAN</b> Director

<b>Schedule A - Share Capital</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	<b>Rs.</b>	<b>Rs.</b>
Authorised 50,00,000 equity shares of Rs.10 each	<b>5,00,00,000</b>	5,00,00,000
Issued, Subscribed & Paid Up Capital		
22,50,000 equity shares of Rs.10 each		
(all the shares are held by the Holding Company	<b>2,25,00,000</b>	2,25,00,000
K.C.P. Sugar and Industries Corporation Ltd. and their nominees)		

<b>Schedule B - Fixed Assets</b>										<b>Amt.in Rs</b>	
Name of the Asset	Gross Block at cost				Depreciation				Net Block		
	Cost Upto 31.3.2010	Additions during the year	Deductions during the year	Cost Upto 31.3.2011	Upto 31.3.2010	for the year	On Deductions	upto 31.3.2011	As at 31.3.2011	As at 31.3.2010	
Land (including development)	36,86,503	—	—	<b>36,86,503</b>	—	—	—	—	<b>36,86,503</b>	36,86,503	
Fencing	3,06,424	—	—	<b>3,06,424</b>	1,04,198	<b>10,235</b>	—	1,14,433	<b>1,91,991</b>	2,02,226	
Building	1,26,500	—	—	<b>1,26,500</b>	35,548	<b>4,225</b>	—	39,773	<b>86,727</b>	90,952	
Plant & Machinery	6,05,319	—	—	<b>6,05,319</b>	1,85,154	<b>28,753</b>	—	2,13,907	<b>3,91,412</b>	4,20,615	
Vehicles	29,510	—	—	<b>29,510</b>	3,897	<b>2,803</b>	—	6,700	<b>22,810</b>	25,163	
<b>Total</b>	<b>47,54,256</b>	<b>—</b>	<b>—</b>	<b>47,54,256</b>	<b>3,28,797</b>	<b>46,016</b>	<b>—</b>	<b>3,74,813</b>	<b>43,79,443</b>	<b>44,25,459</b>	
Previous Year	47,32,221	27,510	5,475	<b>47,54,256</b>	2,86,997	<b>45,281</b>	3,481	3,28,797	<b>44,25,459</b>	44,45,224	

<b>C . INVESTMENTS</b>	<b>As at 31.03.2011</b>		<b>As at 31.03.2010</b>
<b>SHARES OF COMPANIES</b>	<b>No. of Shares</b>	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>
<b>Non- Trade Investments</b>			
Quoted Equity Shares - Fully Paid: Current			
(1) Asian Paints Ltd	200	<b>2,32,837</b>	2,32,837
(2) Blue Star Ltd. <i>(Face value of Rs.2/- each )</i> <i>(Includes 5500 shares purchased during the year for Rs.22,44,438/-)</i>	5,800	<b>23,64,753</b>	1,20,315
(3) Container Corporation of India Ltd. <i>(Includes 500 shares purchased during the year for Rs.6,51,890/-)</i>	700	<b>8,22,051</b>	1,70,161
(4) Geodesic Information Systems Ltd. <i>(Face value of Rs.2/- each )</i>	400	<b>80,458</b>	80,458
(5) Gujarat Gas <i>(Includes 2500 shares purchased during the year for Rs.7,54,059/-)</i> <i>(Face value of Rs.2/- each )</i>	3,100	<b>8,38,740</b>	84,681
(6) Indraprastha Gas Ltd. <i>(Includes 4500 shares purchased during the year for Rs.11,89,997/-)</i>	8,000	<b>16,52,424</b>	4,62,427
(7) ISMT Ltd.	3,800	<b>3,00,380</b>	3,00,380
(8) Marico Limited <i>(Face value of Re.1/- each )</i>	3,500	<b>2,22,814</b>	2,22,814
(9) Nucleus Soft	200	<b>38,058</b>	38,058
(10) Subex Azure Ltd.	50	<b>26,322</b>	26,322
(11) Yuken India Ltd.	100	<b>20,137</b>	20,137
(12) Monsanto India Ltd	100	<b>1,67,818</b>	1,67,818
<b>Purchased during the year</b>			
(13) Savita Oil Technologies Ltd	8,165	<b>44,89,223</b>	—
(14) Precision Wire India Ltd	500	<b>69,958</b>	—
<b>Purchased during the year - Mutual Fund</b>			
(15) SBI Magnum Insta Cash Fund - Daily Dividend Option (Units)	3,80,998.1724	<b>63,81,834</b>	—
<b>TOTAL</b>		<b>1,77,07,807</b>	19,26,408

**NOTE:**

- The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.
- Aggregate of Quoted Investments
 

	- At cost	<b>1,13,25,973</b>	19,26,408
	- At market value	<b>1,23,16,864</b>	25,54,798
- Aggregate of Investment on Mutual Fund
 

	- At cost	<b>63,81,834</b>	—
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	31.03.2011 Rs.	31.03.2010 Rs.
<b>Schedule D - Inventories:</b> (as certified by the management)		
Stock in trade a) Pesticides/fertilisers	2,630	2,620
b) Standing crops	4,16,119	2,97,601
c) Finished Products	—	3,740
	<u>4,18,749</u>	<u>3,03,961</u>
<b>Schedule E - Sundry Debtors:</b>		
Sundry debtors-unsecured		
Debts outstanding for a period exceeding six months - considered good	—	—
Other Debts - considered good	—	—
	<u>—</u>	<u>—</u>
<b>Schedule F - Cash and Bank Balances:</b>		
Cash on hand	23,718	3,023
Balances at Scheduled Banks:		
in Fixed Deposits	2,499	1,54,50,681
in Current Accounts	40,897	9,000
	<u>67,114</u>	<u>1,54,62,704</u>
<b>Schedule G- Loans &amp; Advances:</b>		
Advances,unsecured,considered good (recoverable in cash or in kind or for value to be received)	92	92
Refund due from Income Tax Department	6,32,134	1,87,684
Income Tax deducted at source	96,464	7,12,222
	<u>7,28,690</u>	<u>8,99,998</u>
	<u>31,03,2011</u> Rs.	<u>31,03,2010</u> Rs.
<b>Schedule H- Current Liabilities &amp; Provisions</b>		
Current Liabilities		
Sundry Creditors (K.C.P.Sugar & Ind. Corp. Ltd.)	—	—
Sundry Creditors for expenses	30,207	30,207
Provision for taxation	64,504	1,95,545
	<u>94,711</u>	<u>2,25,752</u>
	<u>2010-11</u> Rs.	<u>2009-10</u> Rs.
<b>Schedule I - Increase/(Decrease) in stock:</b>		
<b>Opening Stock:</b>		
Standing crops	2,97,601	1,51,666
Finished goods	3,740	—
<b>Closing Stock:</b>		
Standing crops	4,16,119	2,97,601
Finished goods	—	3,740
	<u>(114,778)</u>	<u>(1,49,675)</u>
<b>Schedule J - Other income</b>		
Interest received from Banks	9,64,850	9,82,435
Dividend received from Investments	2,37,675	33,113
Dividend received from Mutual fund Investments	31,834	—
Profit on sale of Asset	—	506
Miscellaneous Receipts	1,200	—
	<u>12,35,559</u>	<u>10,16,054</u>
<b>Schedule K - Manufacturing, selling and Administrative Expenses</b>		
<b>Manufacturing Expenses:</b>		
Cultivation Expenses	1,67,880	1,63,506
Labour charges	1,09,960	1,06,234
Pesticides/fertilisers	1,30,415	69,281
Repairs	35,884	11,592
	<u>4,44,139</u>	<u>3,50,613</u>



**Administrative & Selling Expenses**

Bank Charges	1,730	1,450
Filing fees	—	1,500
Audit fees	13,236	13,236
Professional charges	10,206	10,148
Miscellaneous Expenses	11,392	20,590
	36,564	46,924
	4,80,703	3,97,537

**Schedule L - Notes on Accounts****1. Major accounting policies:****i. General:**

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

**ii. Fixed Assets:**

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

**iii. Depreciation:**

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

**iv. Inventments:**

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

**v. Inventories:**

Standing crops at the year end is valued at cost.

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

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

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

	Assets Rs.	Liabilities Rs.
a) Depreciation	—	1,27,563
c) Unabsorbed losses	—	—
<b>Total</b>	—	<b>1,27,563</b>

Chennai  
26.05.2011

As per our report of even date  
for **VENKAT & RANGAA**  
Chartered Accountants  
FRN 004597S  
**K.R.ADIVARAHAN**  
Partner  
M.No. 25420

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

AMT IN RS.		
	2010 - 11	2009 - 10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and Extraordinary Items	4,78,792	3,86,814
Adjustments for:		
Depreciation	46,016	45,281
Profit on sale of Assets	—	(506)
Dividend Received	(2,69,509)	(33,113)
Interest received	(9,64,850)	(9,82,435)
<b>Operating Profit before Working Capital Changes</b>	<b>(7,09,551)</b>	<b>(5,83,959)</b>
Adjustments for :		
Inventories	1,14,788	(1,50,355)
	<b>1,14,788</b>	<b>(1,50,355)</b>
<b>Cash Generated from Operation</b>	<b>(8,24,339)</b>	<b>(7,34,314)</b>
Direct Taxes Paid	24,212	1,01,153
<b>Cash Flow Before Extraordinary Items</b>	<b>(8,48,551)</b>	<b>(8,35,467)</b>
Extra ordinary items	—	—
<b>Net Cash from Operating Activities</b>	<b>(8,48,551)</b>	<b>(8,35,467)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Interest Received	(9,64,850)	9,82,435
Dividend Received	(2,69,509)	33,113
Sale of Assets	—	2,500
Investments Purchased	1,57,81,399	—
Purchase of Fixed Assets	—	(27,510)
<b>Net Cash flow from Investing Activities</b>	<b>1,45,47,040</b>	<b>9,90,538</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in Equity Share Capital	—	—
<b>Net Cash flow from Financing Activities</b>	<b>—</b>	<b>—</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,53,95,590)</b>	<b>1,55,071</b>
<b>Cash and Cash Equivalents as at 01.04.2010</b>	<b>1,54,62,704</b>	<b>1,53,07,633</b>
<b>Cash and Cash Equivalents as at 31.03.2011</b>	<b>67,114</b>	<b>1,54,62,704</b>

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

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

Chennai  
26.05.2011

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

**R.GANESAN**  
Director

**I. Registration Details**

a) Registration No.	41501
b) State Code	18
c) Balance Sheet dated	31.03. 2011

(Amount in Rs.Thousands)

**II. Capital raised during the Year**

a) Public Issue	Nil
b) Rights Issue	Nil
c) Bonus Issue	Nil
d) Private Placement	Nil
e) Others	Nil

**III. Position of Mobilisation and Deployment of Funds**

a) Total Assets	23,302
b) Total Liabilities	23,302

**Sources of Funds**

a) Paid-up Capital	22,500
b) Reserves & Surplus	579
c) Secured Loans	—
d) Unsecured Loans	—
e) Deferred Tax Liability	128
Total	<u>23,207</u>

**Application of Funds**

a) Net Fixed Assets	4,379
b) Investments	17,708
c) Net Current Assets	1,120
d) Misc. Expenditure	—
e) Deferred Tax Assets	—
Total	<u>23,207</u>

**IV. Performance of Company for the period ended 31st March 2011**

a) Turnover	56
b) Other Income	1,236
c) Increase in stocks	115
d) Total Expenditure	928
e) Profit/(Loss) for the period before tax	479
f) Profit/Loss after tax	398
g) E.P.S. in Rs.	0.18
h) Final Dividend Rate %	-

**V. Generic Names of Three Principal Products/Services of Company**

(as per monetary terms)

Item Code No. ITC Code	7.10
Product Description	Agricultural Produce



*Consolidated Financial Statements*

*of*

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

*and*

*its Subsidiaries*

*2010 - 2011*

	Schedule		AMT IN RS.	
			As at 31.03.2011	As at 31.03.2010
<b>I SOURCES OF FUNDS:</b>				
<b>1. Shareholders' Funds</b>				
Share Capital	A	11,33,85,050	11,33,85,050	
Reserves & Surplus	B	1,70,80,68,246	163,89,85,221	
			<b>1,82,14,53,296</b>	175,23,70,271
<b>2. Loan Funds</b>				
Secured Loans	C	11,27,37,334	22,61,83,953	
Unsecured Loans	D	39,29,02,000	27,30,75,000	
			<b>50,56,39,334</b>	49,92,58,953
<b>3. Deferred Tax Liability (Net)</b>				
Deferred Tax Liability		25,28,36,620	27,44,79,569	
Less: Deferred Tax Asset		1,89,68,046	3,62,85,453	
			<b>23,38,68,574</b>	23,81,94,116
<b>TOTAL</b>			<b>256,09,61,204</b>	248,98,23,340
<b>II APPLICATION OF FUNDS:</b>				
<b>1. Fixed Assets</b>				
(a) Gross Block	E	2,35,01,54,032	230,13,68,872	
(b) Less: Depreciation		1,03,57,95,349	92,44,55,347	
(c) Net Block		1,31,43,58,683	137,69,13,525	
(d) Capital Work-in-Progress		1,82,54,160	1,74,77,285	
			<b>1,33,26,12,843</b>	139,43,90,810
<b>2. Investments</b>	F		<b>24,29,67,116</b>	16,30,30,441
<b>3. Current Assets, Loans and Advances</b>				
(a) Inventories	G	2,17,38,35,288	118,65,80,817	
(b) Sundry Debtors	H	20,62,41,375	16,83,14,103	
(c) Cash and Bank Balances	I	10,56,06,124	8,08,88,436	
(d) Other Current Assets	J	22,48,364	52,89,046	
(e) Loans and Advances	K	20,15,43,198	30,21,05,504	
		<b>2,68,94,74,349</b>	<b>174,31,77,906</b>	
Less: <b>Current Liabilities and provisions</b>	L			
(a) Liabilities		1,61,01,82,248	67,18,00,111	
(b) Provisions		9,39,10,856	13,89,75,706	
		<b>170,40,93,104</b>	<b>81,07,75,817</b>	
<b>Net Current Assets</b>			<b>98,53,81,245</b>	93,24,02,089
<b>TOTAL</b>			<b>2,56,09,61,204</b>	248,98,23,340

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

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

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

**B.S.PURSHOTHAM**  
Partner  
M.No. 26785

**V. KIRAN RAO**  
Executive Director

Chennai  
27.05.2011

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

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

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

# CONSOLIDATED ACCOUNTS

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	AMT IN RS	
		2010 - 2011	2009 - 2010
<b>I INCOME:</b>			
Sale of Products and Services		299,46,72,606	332,06,82,978
Less: Inter Divisional Transfers		56,96,62,190	(42,58,37,843)
		<u>242,50,10,416</u>	<u>289,48,45,135</u>
Less: Excise Duty collected		(9,17,50,885)	(11,19,25,922)
		<u>233,32,59,531</u>	<u>278,29,19,213</u>
Other Income	M	8,55,48,559	4,70,45,469
		<u>241,88,08,090</u>	<u>282,99,64,682</u>
<b>II EXPENDITURE:</b>			
Raw Materials Consumed		205,67,89,299	144,40,58,300
Less: Inter Divisional Transfers		(7,73,44,242)	(8,31,24,159)
		<u>197,94,45,057</u>	<u>136,09,34,141</u>
Decrease in Stocks	N	(99,97,36,955)	18,30,42,999
Payments and Benefits to Employees	O	29,83,94,311	28,08,35,166
Manufacturing, Selling, Administrative and other Expenses	P	82,90,60,123	50,01,69,089
Interest		5,22,48,638	4,19,42,603
Depreciation		11,32,23,422	11,02,24,360
		<u>227,26,34,596</u>	<u>247,71,48,358</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>14,61,73,494</b>	<b>35,28,16,324</b>
Less: Provision for - Current Tax		3,46,64,504	12,49,54,647
Deferred Tax		(43,25,542)	(1,54,30,936)
Add: Reversal of excess provision for taxation relating to earlier years		1,22,20,554	—
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>12,80,55,086</b>	<b>24,32,92,613</b>
Balance brought forward from previous year		55,66,30,923	43,66,29,440
		<u>68,46,86,009</u>	<u>67,99,22,053</u>
<b>III APPROPRIATIONS</b>			
Transfer to General Reserve		1,27,00,000	2,38,00,000
Proposed Dividend		5,10,23,273	8,50,38,788
Tax on Proposed Dividend		79,48,788	1,44,52,342
Balance Carried to Balance Sheet		61,30,13,948	55,66,30,923
Basic and Diluted Earnings Per Share (See Note 4)		1.13	2.15

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

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

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

**B.S.PURSHOTHAM**  
 Partner  
 M.No. 26785  
 Chennai  
 27.05.2011

**V. KIRAN RAO**  
 Executive Director

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

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

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

	AMT. IN RS.	
	As at 31.03.2011	As at 31.03.2010
<b>A . SHARE CAPITAL</b>		
<b>Authorised :</b>		
25,00,00,000 Equity Shares of Re.1/- each	<u>25,00,00,000</u>	<u>25,00,00,000</u>
<b>Issued, Subscribed and Paid-up:</b>		
11,33,85,050 Equity Shares of Re.1/- each fully paid	<u>11,33,85,050</u>	<u>11,33,85,050</u>

**B . RESERVES & SURPLUS**

Investment Allowance Reserve (Utilised)  
Capital Redemption Reserve - Shares Buy Back  
General Reserve\*  
Surplus ( i.e.) Balance in Profit and Loss A/c

As at 01.04.2010	Added during the Year	Withdrawn during the Year	As at 31.03.2011
45,05,000	—	—	45,05,000
1,55,45,110	—	—	1,55,45,110
1,06,23,04,188	1,27,00,000	—	1,07,50,04,188
55,66,30,923	—	—	61,30,13,948
<b>1,63,89,85,221</b>			<b>1,70,80,68,246</b>

**C . SECURED LOANS**

From Banks  
- Working Capital Borrowings

11,27,37,334                      22,61,83,953

**D . UNSECURED LOANS**

Fixed Deposits

39,29,02,000                      27,30,75,000



**E. FIXED ASSETS**

Description	GROSS BLOCK AT COST					DEPRECIATION					NET BLOCK		AMT. IN Rs.
	Cost up to 31.03.2010	Additions during the Year	Deductions during the Year	Cost up to 31.03.2011	Up to 31.03.2010	For the Year	Impairment Loss	On Deductions	up to 31.03.2011	As at 31.03.2011	As at 31.03.2010		
	Lands	8,91,16,071	-	-	8,91,16,071	-	-	-	-	-	8,91,16,071	8,91,16,071	
Buildings													
Own Buildings	27,99,78,240	3,07,70,891	6,50,454	31,00,98,677	5,06,14,347	69,79,322	-	3,48,900	5,72,44,769	25,28,53,908	22,93,63,893		
Leasehold Buildings	1,12,189	-	-	1,12,189	57,478	54,712	-	-	1,12,189	-	54,711		
Plant & Machinery	176,93,74,877	1,45,58,146	2,54,609	178,36,78,414	77,80,01,458	9,22,57,946	-	1,11,118	87,01,48,286	91,35,30,128	99,13,73,419		
Tramways & Railways													
Sidings	2,30,97,526	-	312	2,30,97,214	89,87,250	11,66,502	-	208	1,01,53,544	1,29,43,670	1,41,10,276		
Computers, Office Equipments & Furniture	8,29,43,557	43,44,101	1,95,256	8,70,92,402	6,04,65,217	72,45,392	-	1,78,035	6,75,32,574	1,95,59,828	2,24,78,340		
Knowhow and Designs	2,35,000	-	-	2,35,000	2,35,000	-	-	-	2,35,000	-	-		
Vehicles	5,65,11,412	18,33,614	16,20,961	5,67,24,065	2,60,94,597	55,19,548	-	12,45,159	3,03,68,986	2,63,55,079	3,04,16,815		
<b>Total</b>	<b>230,13,68,872</b>	<b>5,15,06,752</b>	<b>27,21,592</b>	<b>235,01,54,032</b>	<b>92,44,55,347</b>	<b>11,32,23,422</b>	<b>-</b>	<b>18,83,420</b>	<b>103,57,95,349</b>	<b>131,43,58,683</b>	<b>137,69,13,525</b>		
Previous year	223,29,75,191	9,13,09,669	2,29,15,988	230,13,68,872	82,56,13,757	11,02,24,360	-	1,13,82,770	92,44,55,347	137,69,13,525	140,73,61,434		
K.C.P. Sugar and Industries Corporation Limited	224,42,54,858	5,00,27,600	27,21,592	229,15,60,866	89,19,10,077	10,95,44,291	-	18,83,420	99,95,70,948	129,19,89,918	135,23,44,781		
The EIMCO-K.C.P. Ltd.	5,23,59,758	14,79,152	-	5,38,38,910	3,22,16,473	36,33,115	-	-	3,58,49,588	1,79,89,322	2,01,43,285		
KCP Sugars Agricultural Research Farms Ltd.	47,54,256	-	-	47,54,256	3,28,797	46,016	-	-	3,74,813	43,79,443	44,25,459		
<b>Total</b>	<b>230,13,68,872</b>	<b>5,15,06,752</b>	<b>27,21,592</b>	<b>235,01,54,032</b>	<b>92,44,55,347</b>	<b>11,32,23,422</b>	<b>-</b>	<b>18,83,420</b>	<b>103,57,95,349</b>	<b>131,43,58,683</b>	<b>137,69,13,525</b>		

	AMT IN RS.	
	As at 31.03.2011	As at 31.03.2010
<b>F . INVESTMENTS</b>		
I. OTHER INVESTMENTS:		
Government Securities		6,000
II. SHARES OF COMPANIES:		
A. Non- Trade Investments:		
(i) Quoted Equity Shares - Fully Paid:	30,83,231	34,35,801
(ii) Unquoted Equity Shares - Fully paid	5,00,000	5,00,000
B. Non- Trade Investments current:		
Quoted Equity Shares - Fully Paid:	15,30,44,457	5,25,08,528
Mutual Funds	8,63,39,428	10,65,80,112
	<u>24,29,67,116</u>	<u>16,30,30,441</u>
<b>G . INVENTORIES</b>		
Stores and Spares	7,84,16,691	7,29,88,278
Loose Tools	2,65,262	2,15,538
Stocks-in-trade		
a) Raw Materials	2,82,274	1,82,42,895
b) Crops under cultivation	24,40,235	31,17,200
c) Work-in-progress	5,33,90,107	4,94,99,587
d) Finished Goods	2,03,90,40,719	1,04,25,17,319
	<u>2,17,38,35,288</u>	<u>1,18,65,80,817</u>
<b>H. SUNDRY DEBTORS</b>		
Sundry Debtors, Unsecured :		
Debts outstanding for a period exceeding six months considered good	7,66,40,678	4,00,11,479
Considered Doubtful	63,04,846	63,04,846
	<u>8,29,45,524</u>	<u>4,63,16,325</u>
Less Provision	63,04,846	63,04,846
	<u>7,66,40,678</u>	<u>4,00,11,479</u>
Other Debts - Considered Good	12,96,00,697	12,83,02,624
TOTAL	<u>20,62,41,375</u>	<u>16,83,14,103</u>
<b>I. CASH AND BANK BALANCES</b>		
Cash on hand	9,10,188	8,80,591
Balances at Scheduled Banks :		
In Current Accounts	7,63,76,959	4,59,48,135
In Fixed Deposits	2,83,18,977	3,40,59,710
TOTAL	<u>10,56,06,124</u>	<u>8,08,88,436</u>
<b>J. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments and Deposits	22,48,364	52,89,046

# CONSOLIDATED ACCOUNTS

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

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

	AMT IN RS.	
	As at 31.03.2011	As at 31.03.2010
<b>K. LOANS AND ADVANCES</b>		
Advances (unsecured recoverable in cash or in kind or for value to be received)		
Considered Good	15,35,32,385	17,66,25,770
Considered doubtful	—	4,19,925
	<u>15,35,32,385</u>	<u>17,70,45,695</u>
Less: Provision	—	4,19,925
	<u>15,35,32,385</u>	<u>17,66,25,770</u>
Prepaid expenses	44,83,767	4,01,58,913
Excise duty paid in advance	54,30,585	65,95,404
Advance Income-tax paid (Net)	—	2,45,57,436
Income Tax deducted at source	45,96,904	69,78,014
Deposits with the Government Departments etc. recoverable	72,44,234	79,03,885
Claims receivable	2,62,55,323	3,92,86,082
	<u>20,15,43,198</u>	<u>30,21,05,504</u>
<b>L. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES :</b>		
<b>Sundry Creditors</b>		
- Due to small scale industrial undertakings	—	—
- Due to others	1,52,58,73,020	60,02,97,719
Unclaimed Fixed Deposits	20,80,829	14,09,392
Unclaimed Dividends	1,31,41,994	1,12,14,339
Unclaimed Interest on Fixed Deposits	59,33,821	41,43,606
Advances received against sales	4,63,04,904	3,80,65,335
Trade Deposits	1,23,300	1,23,300
Staff Security Deposits	1,00,000	1,73,000
Interest accrued but not due on loans	1,66,24,380	1,63,73,420
	<u>1,61,01,82,248</u>	<u>67,18,00,111</u>
<b>A</b>		
<b>B. PROVISIONS :</b>		
Provision for Income Tax and FBT (Net)	16,21,331	—
Provision for Leave encashment	2,03,58,833	1,62,06,747
Provision for Gratuity	1,26,30,169	2,32,77,829
Proposed Dividend	5,10,23,273	8,50,38,788
Tax on Distributed Profits	82,77,250	1,44,52,342
	<u>9,39,10,856</u>	<u>13,89,75,706</u>
<b>B</b>		
<b>A+B</b>	<u>1,70,40,93,104</u>	<u>81,07,75,817</u>

	AMT IN RS.	
	2010 - 11	2009 - 10
<b>M . OTHER INCOME</b>		
Interest received from Banks and others	1,78,51,221	61,74,398
Dividends Received on other than trade Investments	1,53,65,772	1,53,63,138
Rent received	40,14,689	36,80,049
Miscellaneous Receipts	74,94,830	90,97,406
Profit on sale of Assets	30,67,831	38,56,713
Profit on sale of Investments	3,26,20,246	–
Unclaimed balances credited back	5,46,787	79,849
Claims received	5,79,637	6,58,816
Excess provision credited back	30,19,013	73,41,974
Carbon Credit	8,12,046	–
Foreign exchange variation	1,76,487	7,93,126
	<u>8,55,48,559</u>	<u>4,70,45,469</u>
<b>N . INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stocks :</b>		
Crops under cultivation	31,17,200	8,59,640
Work-in-Progress	4,94,99,587	4,43,84,379
Finished goods	1,04,25,17,319	1,23,29,33,086
	<u>1,09,51,34,106</u>	<u>1,27,81,77,105</u>
<b>Closing Stocks :</b>		
Crops under cultivation	24,40,235	31,17,200
Work-in-Progress	5,33,90,107	4,94,99,587
Finished goods	2,03,90,40,719	1,04,25,17,319
	<u>2,09,48,71,061</u>	<u>1,09,51,34,106</u>
Increase/(Decrease) in stocks	<u>99,97,36,955</u>	<u>(18,30,42,999)</u>
<b>O . PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Salaries, Wages and Bonus	24,97,28,514	22,45,92,192
Payments under Voluntary Retirement Scheme	8,05,310	33,92,343
Contribution to Provident Fund and Pension Scheme	1,58,33,461	14074990
Contribution to Superannuation Fund	10,34,500	8,82,268
Contribution to Gratuity Fund & Gratuity Paid including provision	94,33,468	1,98,58,368
Workmen and Staff Welfare expenses	2,15,59,058	1,80,35,005
	<u>29,83,94,311</u>	<u>28,08,35,166</u>

# CONSOLIDATED ACCOUNTS

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

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

		AMT IN RS.	
		2010 - 11	2009 - 10
<b>P . MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>			
<b>MANUFACTURING</b>			
Stores and Spares Consumed		18,81,45,572	19,48,62,149
Machining and Fabrication Charges		2,37,93,586	3,06,06,907
Drawing Office Stationery		3,38,894	4,35,896
Testing and Inspection Charges		83,251	3,04,333
Cultivation Expenses		81,88,553	60,42,850
Power and Fuel	Rs.51,09,72,712/- P.Y. Rs.35,91,97,860/-		
Less: Inter Divisional Transfers	Rs.49,23,17,948/- P.Y. Rs.34,27,13,684/-		
Net Power and Fuel		1,86,54,764	1,64,84,176
Insurance		28,53,755	27,18,025
Research & Development		25,88,30,169	3,94,07,668
Repairs to Buildings		93,37,267	68,10,774
Repairs to Machinery		7,76,00,862	5,05,44,296
Repairs to Other Assets		78,64,594	37,88,697
		<b>(A) 59,56,91,267</b>	<b>35,20,05,771</b>
<b>SELLING</b>			
Loading, Unloading, Transport etc.		1,58,24,358	1,36,63,705
Commission on sales		7,45,875	15,48,875
Other Selling Expenses		62,89,231	52,57,272
		<b>(B) 2,28,59,464</b>	<b>2,04,69,852</b>
<b>ADMINISTRATIVE</b>			
Rent		1,54,130	3,06,510
Payments to Auditors		6,92,902	6,88,829
Directors Sitting fees		10,40,000	12,00,000
Remuneration to Whole time and other Directors		1,17,43,058	1,90,81,901
Miscellaneous expenses		6,30,56,693	5,43,90,667
		<b>(C) 7,66,86,783</b>	<b>7,56,67,907</b>
<b>Others:</b>			
Liquidated damages/Performance guarantee		1,27,77,644	98,26,205
Loss on sale of assets		1,06,059	2,31,140
Loss on sale of investments		1,56,091	—
Value of Investments written off		10,841	—
Net value of assets written off		—	94,67,195
Prior Period Adjustments		24,631	4,15,617
Bad debts written off		25,47,178	4,89,733
Provision for Doubtful debts		—	63,04,846
Excise duty and Taxes (Net)		11,82,00,165	2,52,90,823
		<b>(D) 13,38,22,609</b>	<b>5,20,25,559</b>
		<b>(A+B+C+D) 82,90,60,123</b>	<b>50,01,69,089</b>

**1. SYSTEM OF ACCOUNTING:**

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

**Basis Of Consolidation:**

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

**2. FIXED ASSETS**

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

**3. DEPRECIATION**

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

**4. INVESTMENTS**

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

**5. INVENTORIES**

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

according to the percentage of progress.

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

**6. SALES AND OTHER EARNINGS**

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

**7. WARRANTY AND GUARANTEE CLAIMS**

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

**8. FOREIGN EXCHANGE TRANSACTIONS**

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

**9. EXPENDITURE ON RESEARCH AND DEVELOPMENT**

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

**10 EMPLOYEE BENEFITS**

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

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

(b) Defined Benefit Plans

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

**11. TAXATION:**

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

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

**12. IMPAIRMENT OF ASSETS**

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

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

**13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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



**1. Contingent liabilities and Capital Commitments not provided for:**

Contingent Liabilities:

Claims against the company not acknowledged as debts:

Amount – Rs.

<b>Particulars</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Labour Cases	48,47,218	44,62,194
Central Excise Cases	-	1,91,12,314
Sales Tax Cases	5,70,852	9,21,111
ESI Cases	1,32,925	1,32,925
Case on Captive Power Generation	2,61,69,375	2,61,69,375
Bank Guarantees	8,55,90,382	7,63,37,859
Disputed Income Tax	19,28,609	-
<b>TOTAL</b>	<b>11,92,39,361</b>	<b>12,71,35,778</b>

**2. Related Party Disclosures:**

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

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

**Key Management Personnel**

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

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

<b>Particulars</b>	<b>(Amt. in Rs.)</b>	
	<b>2010-2011</b>	<b>2009-2010</b>
Rent Received	4,00,000	—
Remuneration Paid	1,11,04,758	1,84,97,997
Interest on Fixed Deposits Paid	32,20,104	31,61,644
Share Capital held	17,33,310	17,33,310
Fixed Deposits held	3,00,00,000	3,00,00,000

**3. Employee Benefits**

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

**Defined benefit plans**

Amount in Rs.

	<u>2010-2011</u>	<u>2009-2010</u>
<b>Gratuity</b>		
<b>(I) Change in Benefit Obligation</b>		
Liability at the beginning of the year	8,48,94,249	6,61,18,450
Transitional liability	—	—
Interest Cost	67,43,510	52,77,638
Current Service Cost	43,61,058	43,39,278
Benefit Paid	40,17,219	59,05,464
Actuarial (gain)/loss on obligations	39,12,331	1,50,64,347
Liability at the end of the year	9,58,93,929	8,48,94,249
<b>(II) Fair value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	6,18,92,666	5,80,54,743
Expected Return on Plan Assets	64,35,276	51,92,253
Contributions	1,91,49,620	36,37,846
Benefit Paid	39,01,834	50,92,176
Actuarial gain /(loss) on Plan Assets	—	—
Fair Value of plan assets at the end of the year	8,35,75,728	6,17,92,666
<b>III) Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	64,35,276	51,92,253
Actuarial gain/(loss) on plan Assets	—	—
Actual Return on Plan Assets	64,35,276	51,92,253
<b>(IV) Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	9,58,93,929	8,48,94,249
Fair value of Plan Assets at the end of the year	8,35,75,728	6,18,92,666
Difference (Unfunded)	1,23,18,201	2,35,54,075
Amount Recognised in the Balance Sheet	1,23,18,201	2,30,01,583
<b>(V) Expenses Recognised in the Income Statement</b>		
Current Service Cost	43,61,058	43,39,278
Interest Cost	67,43,510	52,77,638
Expected Return on Plan Assets	64,35,276	51,92,253
Net Actuarial (Gain)/ loss to be recognised	39,12,331	1,50,64,347
Expenses Recognised in P & L	85,81,623	1,94,89,010
<b>(VII) Actuarial Assumptions : For the Year</b>		
Discount Rate Current	8%	8%
Salary Escalation Current	5% & 7 %	5% & 7 %
Expected rate of return on plan assets	8 %	8 %
L I C Mortality rate 1994- 1996 ultimate		

**Provident fund:**

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

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

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

		<b>2010-2011 Rs.</b>	<b>2009-2010 Rs.</b>
Profit attributable to the Shareholders (A)		<b>12,80,55,086</b>	24,32,92,613
Basic / Weighted average number of			
Equity Shares outstanding during the year (B)		<b>11,33,85,050</b>	11,33,85,050
Nominal value of Equity Shares		<b>1.00</b>	1.00
Basic / Diluted Earnings per share (A/B)		<b>1.13</b>	2.15

## 4a. SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2011 - BUSINESS SEGMENTS (PRIMARY SEGMENTS)

Particulars	Sugar		Chemicals		Power & fuel		Engineering Equipments		Others		Eliminations		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	1,85,62,59,856	2,42,26,70,646	19,11,76,393	10,24,87,410	4,32,00,063	3,25,21,846	29,70,05,111	30,51,77,923	3,73,69,003	3,19,87,310	—	—	2,42,50,10,416	2,89,48,45,135
External Sales	28,94,96,922	23,86,97,493	7,98,743	5,89,900	27,93,66,525	18,65,50,450	—	—	—	—	56,96,62,190	42,58,37,843	—	—
Inter-segment Sales	2,14,57,56,779	2,66,13,68,139	19,19,75,136	10,30,77,310	32,25,66,578	21,90,72,296	29,70,05,111	30,51,77,923	3,73,69,003	3,19,87,310	56,96,62,190	42,58,37,843	2,42,50,10,416	2,89,48,45,135
<b>Result</b>														
Segment Result	8,21,88,465	37,39,17,878	2,30,56,766	(1,18,79,751)	4,36,81,484	59,59,413	2,15,75,936	2,10,93,082	1,56,16,251	1,07,30,136	—	—	18,61,19,900	39,98,20,758
Unallocated Corporate Expenses/Income	—	—	—	—	—	—	—	—	—	—	—	—	1,99,13,761	2,44,23,281
Operating Profit	—	—	—	—	—	—	—	—	—	—	—	—	16,62,05,139	37,53,97,477
Interest Expense	—	—	—	—	—	—	—	—	—	—	—	—	5,22,48,638	4,19,42,603
Interest Income	—	—	—	—	—	—	—	—	—	—	—	—	1,78,51,221	61,74,398
Dividend Income	—	—	—	—	—	—	—	—	—	—	—	—	1,53,65,772	1,53,63,138
Donations	—	—	—	—	—	—	—	—	—	—	—	—	10,00,000	21,76,086
Income Taxes	—	—	—	—	—	—	—	—	—	—	—	—	1,81,18,408	10,95,23,711
<b>Net Profit From Ordinary Activities</b>	—	—	—	—	—	—	—	—	—	—	—	—	12,80,55,086	24,32,92,613
<b>Other Information</b>														
Segment Assets	2,93,38,29,833	1,96,37,13,352	22,55,78,701	26,29,74,426	38,94,53,916	41,47,94,355	21,53,58,179	23,86,59,408	8,55,25,659	8,59,38,982	—	—	3,84,97,46,288	2,96,60,80,523
Un Allocated Corporate Assets	—	—	—	—	—	—	—	—	—	—	2,92,00,000	4,20,00,000	—	33,45,18,634
<b>Total Assets</b>	1,50,98,21,357	68,75,74,546.2	27,45,73,5	25,29,779	24,11,862	19,40,782	15,98,15,456	19,24,50,304	2,30,88,918	2,37,73,429	2,92,00,000	4,20,00,000	4,26,50,54,308	3,30,05,99,157
Segment Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	1,66,86,83,327	86,62,68,840
Un Allocated Corporate Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	77,49,17,685	88,19,60,046
<b>Total Liabilities</b>	1,39,95,766	8,39,21,503	9,54,192	14,41,497	14,42,020	29,02,849	14,79,152	30,18,864	3,44,12,498	34,37,224	—	—	2,44,36,01,012	1,54,82,28,886
Capital Expenditure	5,39,36,199	5,06,31,909	1,37,70,112	1,37,70,436	3,58,83,659	3,58,58,524	36,33,115	39,25,485	60,00,337	60,38,006	—	—	5,22,83,627	9,47,21,937
Depreciation	—	—	—	—	—	—	—	—	—	—	—	—	—	11,02,24,360
Non Cash Expenses other than Depreciation	—	91,34,730	—	30,63,507	—	—	1,53,60,294	1,07,14,371	—	35,90,987	—	—	1,53,60,294	2,65,03,596

Note:

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

## 4b. SECONDARY SEGMENT REPORT FOR THE YEAR ENDED 31.03.2011 - GEOGRAPHICAL SEGMENTS

PARTICULARS	CURRENT YEAR RS.	PREVIOUS YEAR RS.
<b>SALES REVENUE</b>		
IN INDIA	2,37,75,56,453	2,89,07,49,188
OUTSIDE INDIA (Export out of India)	4,74,53,963	40,95,947
<b>TOTAL</b>	<b>2,42,50,10,416</b>	<b>2,89,48,45,135</b>

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

**CONSOLIDATED ACCOUNTS**

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

**CASH FLOW STATEMENT ANNEXED TO ACCOUNTS**

**CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS**

	AMT IN RS.	
	2010-11	2009-10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and Extraordinary Items	14,61,73,494	35,28,16,324
Adjustments for:		
Depreciation	11,32,23,422	11,02,24,360
Loss/(Profit) on Sale of Assets	(29,61,772)	(36,25,573)
Assets/Investment written off	10,841	94,67,195
Provision for doubtful debts	—	63,04,846
Bad debts and Debit balances written off	25,47,178	4,89,733
Dividend Income	(1,53,65,772)	(1,53,63,138)
Loss/(Profit) on Sale of Investments	(3,24,64,155)	—
Interest paid	5,22,48,638	4,19,42,603
Interest received	(1,78,51,221)	(61,74,398)
	<u>9,93,87,159</u>	<u>14,32,65,628</u>
<b>Operating Profit before Working Capital Changes</b>	<b>24,55,60,653</b>	<b>49,60,81,952</b>
Adjustments for :		
Trade and other Receivables	(3,61,89,994)	6,57,68,384
Inventories	98,72,54,471	(16,33,23,529)
Trade Payables	(93,18,86,563)	2,35,81,681
	<u>1,91,77,914</u>	<u>(7,39,73,464)</u>
<b>Cash Generated from Operation</b>	<b>22,63,82,739</b>	<b>57,00,55,416</b>
Direct Taxes Paid (Net)	(61,15,926)	13,42,56,106
Cash Flow Before Extraordinary Items	<u>23,24,98,664</u>	<u>43,57,99,310</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>23,24,98,664</b>	<b>43,57,99,310</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	5,15,06,752	9,13,09,669
Investments purchased	8,99,56,239	13,57,47,605
Increase in Capital Work in Progress	7,76,875	34,12,268
Sale of Investments	(4,24,72,878)	—
Sale of Fixed Assets	(37,99,944)	(56,91,596)
Interest Received	(1,78,51,221)	(61,74,398)
Dividend Received	(1,53,65,772)	(1,53,63,138)
	<u>6,27,50,051</u>	<u>20,32,40,410</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(63,80,381)	10,16,99,647
Interest Paid	5,22,48,638	4,19,42,603
Dividends and Tax on dividend Paid (Including Interim)	9,91,62,668	9,28,58,388
	<u>14,50,30,925</u>	<u>23,65,00,638</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2,47,17,688</b>	<b>(39,41,738)</b>
Cash and Cash Equivalents - Opening	8,08,88,436	8,48,30,174
Cash and Cash Equivalents - Closing	<b>10,56,06,124</b>	<b>8,08,88,436</b>

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

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

**B.S.PURSHOTHAM**  
 Partner  
 M.No. 26785  
 Chennai  
 27.05.2011

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

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

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

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

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

We have examined the attached consolidated Balance sheet of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries as at March 31, 2011, and their Consolidated Profit and Loss Account for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

- a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries as at March 31, 2011.
- b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries for the year then ended, and
- c) the cash-flow statement is in agreement with the above Profit and Loss Account and Balance Sheet.

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

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

Place : Chennai  
Date : 27.05.2011

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

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

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

**FOLIO NO :**

--

Dear Sir,

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

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

<b>1.</b>	<b>NAME OF BANK</b>											
<b>2.</b>	<b>BRANCH NAME AND ADDRESS</b>											
<b>3.</b>	<b>ACCOUNT NO</b> (as appearing on cheque book)											
<b>4.</b>	<b>ACCOUNT TYPE</b> (please tick)	<input type="checkbox"/> <b>10</b> - Savings <input type="checkbox"/> <b>11</b> - Current Account <input type="checkbox"/> <b>13</b> - Cash credit										
<b>5.</b>	<b>LEDGER FOLIO NO OF THE BANK A/C</b> (if appearing on cheque book)											
<b>6.</b>	<b>9-DIGIT CODE NUMBER OF THE BANK &amp; BRANCH APPEARING ON THE MICR CHEQUE ISSUED BY THE BANK</b> <small>(please attach a xerox copy of the cheque or bank cheque of your bank duly cancelled for ensuring the accuracy of the bank's name branch name and code number)</small>	<table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table>										

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

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

DATE : .....

.....  
 (Signature of First holder)

* * * * FOR OFFICE USE ONLY * * * *	
<b>ECS REF NO.</b>	

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

## **PAYMENT OF DIVIDEND THRO' ELECTRONIC CLEARING SERVICE (ECS)**

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

\* To be filled in case nominee is a minor

Kindly take the aforesaid details on record.

Thanking you,  
yours faithfully

Date .....

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

Witness (two)

Date .....

Name and Address		Signature
1.		
2.		

(See overleaf for instructions)

## INSTRUCTIONS FOR NOMINATION

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

### FOR OFFICE USE ONLY

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



# K.C.P Sugar and Industries Corporation Limited

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

## ATTENDANCE SLIP

To be handed over at the entrance of Meeting hall

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

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

Date : **Thursday, 29<sup>th</sup> September, 2011**  
Time : **10.00 a.m.**

Proxy's name in Block Letters

I hereby record my presence

Signature of Member/Proxy

Folio No / Client ID No.

Shares :



# K.C.P Sugar and Industries Corporation Limited

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

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ being a Member/Members of K.C.P. Sugar and Industries Corporation Limited, hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf, at the Sixteenth Annual General Meeting of the Company, to be held at **10.00 a.m. on Thursday the 29<sup>th</sup> day of September 2011** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

S.No	Recieved on	Time	Code

Signed by the said .....

Affix  
Revenue  
Stamp

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









