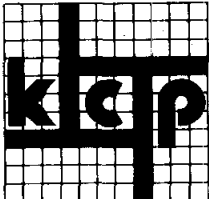


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60

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2001

**CONTENTS**

	<u>Page No.</u>
Board of Directors .....	3
Notice to Shareholders .....	4
Explanatory Statement Annexed to the notice .....	7
Report of the Directors .....	8
Auditors' Report .....	11
At a Glance .....	12
Cash Flow Statement .....	13
Balance Sheet Abstract and Company's General Business Profile .....	14
Balance Sheet .....	15
Profit and Loss Account .....	16
Schedules .....	17
Statement of Significant Accounting Policies .....	25
Notes forming part of the Accounts .....	26
Subsidiary Companies .....	31

## THE KCP LTD., CHENNAI

## HIGHLIGHTS

(Rs. in Lakhs)

	Year Ended									
	31.3.92	31.3.93	31.3.94	31.3.95	31.3.96	31.3.97**	31.3.98	31.3.99	31.3.2000	31.3.2001
SHARE CAPITAL	1719	1719	1719	2578	2578	1289	1289	1289	1289	1289
RESERVES & SURPLUS	2744	2791	4908	5969	7263	9035	9425	9399	8329	8740
NET WORTH	4463	4510	6627	8547	9841	10324	10714	10688	9618	10029
FIXED ASSETS (NET)	8013	8923	8751	9056	10146	5292	6628	9357	9316	8686
GROSS INCOME	16681	21837	26002	35870	37654	21941	15466	19235	13957	13954
GROSS PROFIT	1921	2757	4752	6614	4569	7176	1702	2039	1139	2544
DEPRECIATION	623	794	636	632	692	360	356	419	618	701
INTEREST	1088	1670	1577	1262	1738	487	590	1152	1480	1255
PROFIT BEFORE TAX	210	292	2538	4720	2139	6328	756	468	-959	587
PROFIT AFTER TAX	210	292	2537	3369	1939	5478	656	318	-962	567
EARNINGS PER SHARE (Rs.)	1.22	1.7	14.76	13.07	7.52	42.49	5.09	2.47	-	4.40
BOOK VALUE PER SHARE(Rs.)	25.96	26.24	38.55	33.15	38.17	80.08	83.11	82.91	74.61	77.79
DIVIDEND ON EQUITY (%)	12	15	25	35 *	25	25	25	25	10	11
DEBT EQUITY RATIO	1.14	1.28	0.77	0.51	0.55	0.41	0.67	0.76	0.76	0.62

\* Including 10% recommended as Founder's Centenary Bonus Dividend.

\*\* After Re-Organisation

Visit us at  
website : www.kcp.co.in



**DUTT V.L**  
Chairman & Managing Director

**INDIRA DUTT V.L**  
Joint Managing Director

**KAVITHA D. CHITTURI**  
Executive Director

**Dr. KOTAIAH P.**  
Nominee of IDBI

**NANDAGOPAL S.**

**PANIKAR C.V.R.**

**PINNAMANENI KOTESWARA RAO**

**RAJU G.S.**

**RAMAKRISHNAN P.R.**

**REDDY D.S.**

**SWAMINATHA REDDY O.**

**REPORT**

**function.com**

**PRANESH K.B.**

**AUDITORS**

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

**COST ACCOUNTANTS**

**M/s PARANKUSAM & CO., Hyderabad.**

**BANKERS**

**STATE BANK OF INDIA**  
**CANARA BANK**

**REGISTERED OFFICE**

**"RAMAKRISHNA BUILDINGS"**  
**2, Dr.P.V.CHERIAN CRESCENT**  
**CHENNAI-600008**

**REGISTERED OFFICE**

**M/s INTEGRATED ENTERPRISES (INDIA) LIMITED**  
**II FLOOR, "KENCES TOWERS"**  
**No.1, RAMAKRISHNA STREET,**  
**NORTH USMAN ROAD,T.NAGAR,**  
**CHENNAI-600017**  
**Ph : 8140801 To 8140803 Fax : 8142479**  
**Website : www.iepindia.com**

## THE KCP LTD., CHENNAI

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixtieth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 31st August, 2001 at the Registered Office of the Company at "Ramakrishna Buildings", No. 2, Dr. P.V. Cherian Crescent, Egmore, Chennai-600 008 at 4.15 P.M. to transact the following business :

## ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the accounts of the Company for the year ended 31st March, 2001 and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint auditors for the current financial year and to authorise the Board of Directors to fix their remuneration. Messrs. Brahmayya & Company, Chartered Accountants, Vijayawada, retire at this Annual General Meeting and are eligible for re-appointment.
4. To appoint a Director in the place of Smt. Kavitha D Chitturi, who retires by rotation and who is eligible for re-appointment and to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

RESOLVED that Smt. Kavitha D Chitturi, who retires by rotation be and is hereby re-appointed a Director of the Company.

5. To appoint a Director in the place of Mr. P.R. Ramakrishnan, who retires by rotation and who is eligible for re-appointment and to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

RESOLVED that Mr. P.R. Ramakrishnan, who retires by rotation be and is hereby re-appointed a Director of the Company.

6. To appoint a Director in the place of Mr. C.V.R. Panikar, who retires by rotation and who is eligible for re-appointment and to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

RESOLVED that Mr. C.V.R. Panikar, who retires by rotation be and is hereby re-appointed a Director of the Company.

## SPECIAL BUSINESS

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

Resolved that in accordance with the provisions of Section 198, 269 (read with Schedule XIII) 309, 310 and other applicable provisions of the Companies Act, 1956 and subject to necessary approvals, approval of the members be and is hereby accorded to the appointment of Dr. V.L. Dutt as the Chairman & Managing Director of the Company for a period of 5 years with effect from 1st July, 2001 and to pay him in each financial year, a remuneration by way of salary, perquisites and commission subject to an overall ceiling of 2.5 percent of the net profits of the Company

computed in accordance with Section 349 of the Companies Act, 1956.

- I. **SALARY** : Rs. 25,000/- per month i.e. Rs. 3,00,000/- per annum.

## II. PERQUISITES

## 1. Housing

- a) The Chairman & Managing Director shall be provided rent free furnished accommodation by the Company, and shall pay 10% of the salary towards the value of this perquisites.
- b) If the Company does not provide rent free furnished accommodation to the Chairman & Managing Director, he shall be paid a house rent allowance computed at 60% of his salary.
- c) The Company shall meet the expenses of gas, water and electricity at the accommodation provided to the Chairman & Managing Director.

2. **Medical Reimbursement** : Expenses incurred for the Chairman & Managing Director and his family.

3. **Club Fees** : Fees of clubs subject to a maximum of two clubs.

4. **Personal Accident Insurance** : Coverage as per Company Rules.

5. **Car and Telephone** : Provision of car for use on Company's business and telephone at the residence. Personal long distance calls on telephone and use of car for private purposes shall be charged to the Chairman & Managing Director.

- III. **COMMISSION** : Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is subject to an overall ceiling of 2.5% of the net profits of the Company in a financial year, computed in accordance with the provisions of Sec. 349 of the Companies Act, 1956.

- IV. **MINIMUM REMUNERATION** : Where in any financial year during the currency of the tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites as specified above.

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

RESOLVED that in accordance with the provisions of Section 198, 269 (read with Schedule XIII) 309, 310 and other applicable provisions of the Companies Act, 1956 and subject to necessary approvals, approval of the members be and is hereby accorded to the appointment of Smt. V.L. Indira Dutt as the Joint Managing Director of the Company for a period of 5 years with effect from 1st July, 2001 and to pay her in each financial year, a

To  
The Members,

### Disclosure under Section 302 of the Companies Act, 1956.

Your Board of Directors at its Meeting held on 31st May, 2001 has re-appointed Dr. V.L. Dutt as the Chairman & Managing Director of the Company for a further period of five years, effective July 1, 2001 on the same remuneration as currently applicable and detailed hereinafter.

In terms of Article 147(a) of the Articles of Association of the Company, Dr. V.L. Dutt shall not be subject to retirement by rotation during his tenure as the Chairman & Managing Director.

Your Board of Directors at its Meeting held on March 23, 2001 has also appointed Smt. V.L. Indira Dutt as Joint Managing Director of your Company for a period of five years effective July 1, 2001.

In terms of Article 147(a) of the Articles of Association of the Company, Smt. V.L. Indira Dutt shall not be subject to retirement by rotation during her tenure as Joint Managing Director.

The remuneration of Dr. V.L. Dutt & Smt. V.L. Indira Dutt for a period of five years effect July 1, 2001 will be as detailed below :

#### Dr. V.L. Dutt :

- |                                       |   |
|---------------------------------------|---|
| <b>I. SALARY</b>                      | Rs. 25,000/- per month i.e. Rs. 3,00,000/- per annum.   |
| <b>II. PERQUISITES</b>                |   |
| <b>1. Housing</b>                     | <p>a) The Chairman &amp; Managing Director shall be provided rent free furnished accommodation by the Company, and shall pay 10% of the salary towards the value of this perquisite.</p> <p>b) If the Company does not provide rent free furnished accommodation to the Chairman &amp; Managing Director, he shall be paid a house rent allowance computed at 60% of his salary.</p> <p>c) The Company shall meet the expenses of gas, water and electricity at the accommodation provided to the Chairman &amp; Managing Director.</p> |
| <b>2. Medical Reimbursement</b>       | Expenses incurred for the Chairman & Managing Director and family, subject to a ceiling of one month's salary i.e. Rs. 25,000/- in a year or 3 months salary over a period of 3 years i.e. Rs. 75,000.  |
| <b>3. Club Fees</b>                   | Fees of clubs subject to a maximum of two clubs.  |
| <b>4. Personal Accident Insurance</b> | Coverage as per Company Rules.  |
| <b>5. Car and Telephone</b>           | Provision of car for use on Company's business and telephone at the residence. Personal long distance calls on telephone and use of car for private purposes shall be charged to the Chairman & Managing Director.  |
| <b>III. COMMISSION</b>                | Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is subject to an overall ceiling of 2.5% of the net profits of the Company in a financial year, computed in accordance with the provisions of Sec. 349 of the Companies Act, 1956.   |
| <b>IV. MINIMUM REMUNERATION</b>       | Where in any financial year during the currency of the tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites as specified above.   |

#### Smt. V.L. Indira Dutt

- |                  |   |
|------------------|---|
| <b>I. SALARY</b> | Rs. 25,000/- per month i.e. Rs. 3,00,000/- per annum. |
|------------------|---|

**II. PERQUISITES**

- |   |  |
|---|--|
| 1. <b>Housing</b>   | 60% of the salary.   |
| 2. <b>Medical Reimbursement</b>                           | Expenses incurred for the Joint Managing Director and her family, subject to a ceiling of one month's salary i.e. Rs. 25,000/- in a year or 3 months salary over a period of 3 years i.e. Rs. 75,000/-.  |
| 3. <b>Leave Travel Concession</b>                         | For the Joint Managing Director and her family once in a year incurred in accordance with the rules specified by the Company.  |
| 4. <b>Club Fees</b>                                       | Fees of clubs subject to a maximum of two clubs.   |
| 5. <b>Personal Accident Insurance</b>                     | Coverage as per Company Rules.   |
| 6. <b>Provident Fund Superannuation Fund/Annuity Fund</b> | Company's contribution towards Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company, not exceeding 27% of the remuneration.   |
| 7. <b>Gratuity</b>  | Gratuity payable as per the rules of the Company, but shall not exceed half a month's salary for each completed year of service.   |
| 8. <b>Encashment Leave</b>                                | Entitlement to leave and encashment of leave will be as per the rules of the Company, made applicable to her. Contributions to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity within the limits specified above and encashment of leave at the end of the tenure will not be included in the computation of overall ceiling on remuneration specified here in above. |
| 9. <b>Car and Telephone</b>                               | Provision of car for use on Company's business and telephone at the residence. Personal long distance calls on telephone and use of car for private purposes shall be charged to the Joint Managing Director.  |

**III. COMMISSION**

Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is, subject to an overall ceiling of 2.5% of the net profits of the Company in a financial year, computed in accordance with the provisions of Section 349 of the Companies Act, 1956.

**IV. MINIMUM REMUNERATION**

Where in any financial year during the currency of the tenure of the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay her remuneration by way of salary and perquisites as specified above.

**Memorandum of Interest of Directors**

None of the Directors of your Company, except Dr. V.L. Dutt, Smt. V.L. Indira Dutt, Sri. P.R. Ramakrishnan and Smt. Kavitha Dutt Chitturi interested in respect of the above re-appointment and appointments respectively.

Copies of the Resolutions passed by the Board at its Meeting held on May 31, 2001 in respect of the above, may be inspected at the Registered Office of your Company between 10.30 a.m. and 12.30 p.m. on all working days except Saturday.

***By Order of the Board***

**K.B. Pranesh**

*Secretary & Corporate  
General Manager (Finance)*

May 31, 2001





remuneration by way of salary, perquisites and commission subject to an overall ceiling of 2.5 percent of the net profit of the Company computed in accordance with Section 349 of the Companies Act, 1956.

I. **SALARY** : Rs. 25,000/- per month i.e. Rs. 3,00,000/- per annum.

II. **PERQUISITES**

1. **Housing** : 60% of the salary.
2. **Medical Reimbursement** : Expenses incurred for the Joint Managing Director and her family.
3. **Leave Travel Concession** : For the Joint Managing Director and her family once in a year incurred in accordance with the rules specified by the Company.
4. **Club Fees** : Fees of clubs subject to a maximum of two clubs.
5. **Personal Accident Insurance** : Coverage as per Company Rules.
6. **Provident Fund Superannuation Fund/Annuity Fund** : Company's contribution towards Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company, not exceeding 27% of the remuneration.
7. **Gratuity** : Gratuity payable as per the rules of the Company, but shall not exceed half a month's salary for each completed year of service.
8. **Encashment Leave** : Entitlement to leave and encashment of leave will be as per the rules of the Company, made applicable to her. Contributions to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity within the limits specified above and encashment of leave at the end of the tenure will not be included in the computation of overall ceiling on remuneration specified here in above.
9. **Car and Telephone** : Provision of car for use on Company's business and telephone at the residence. Personal long distance calls on telephone and use of car for private purposes shall be charged to the Joint Managing Director.

III. **COMMISSION** : Remuneration by way of commission on net profits in addition to salary and perquisites is also payable. The amount of salary, perquisites and commission, in aggregate is, subject to an overall ceiling of 2.5% of the net profits of the Company in a financial

year, computed in accordance with the provisions of Section 349 of the Companies Act, 1956.

IV. **MINIMUM REMUNERATION** : Where in any financial year during the currency of the tenure of the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay her remuneration by way of salary and perquisites as specified above.

(BY ORDER OF THE BOARD OF DIRECTORS)

Place : Chennai-600 008

Date : 31st May, 2001

for THE K C P LIMITED

V.L. DUTT  
Chairman

**NOTES :**

1. Any member entitled to attend and vote may appoint a proxy to attend and vote instead of himself, and a proxy need not be a member.
2. Any member/proxy wishing to attend the meeting must complete the admission slip and hand it over at the entrance.
3. Shareholders are requested to notify their change of address, if any, without delay. IN ALL CORRESPONDENCE THE LEDGER FOLIO NUMBER SHOULD BE INDICATED.
4. Shareholders are requested to bring with them their copies of the Annual Report as due to the prohibitive costs of printing, it will not be possible to supply extra copies.
5. The Register of Members and the Register of Share Transfer will remain closed from 16/08/2001 to 31/08/2001, both days inclusive.
6. No money has been transferred from the Unpaid Dividend Account of the Company in pursuance of amended Sec.205A of The Companies (Amendment) Act, 1999 to the Investor Education and Protection Fund established under Sec.205C of The Companies (Amendment) Act, 1999.
7. Members who wish to have their dividend warrant printed with the bank account for direct credit may please forward a mandate for payment of dividend, to avoid loss during postal transit or interception and encashment by unscrupulous persons.



**EXPLANATORY STATEMENT ANNEXED TO THE NOTICE**

Explanatory Statement annexed pursuant to Section 173(2) of the Companies Act, 1956.

**Note on Item No. 7**

Dr. V.L. Dutt has been associated with the Management of the Company for a considerable time. He was (prior to the abolition of the Managing Agency System) since 1958 has been an ex-officio Director of The K C P Limited till 2/4/1970. Ever since 3/4/1970 he has been appointed/re-appointed as Chairman & Managing Director of the Company with the approval of the Central Government/Financial Institutions for 5 years term of office each time. The current term of his office expires on 30.6.2001 and it is proposed to re-appoint him for a further period of five years from 1.7.2001.

The details of the appointment of and remuneration payable to Dr. V.L. Dutt are set out in the resolution and are in accordance and compliance with Sections 198, 269 (read with Schedule XIII), 309, 310 and other applicable provisions of the Companies Act, 1956.

None of the Directors of the Company is interested in this Resolution except Dr. V.L. Dutt, whose interest is in the manner and to the extent set out in the resolution under this item; and Smt. V.L. Indira Dutt, Smt. Kavitha D Chitturi and Sri. P.R. Ramakrishnan, as relatives of Dr. V.L. Dutt.

The Board of Directors recommend the said resolution for the approval of the General Body in the best interest of the Company.

**Note on Item No. 8**

Smt. V.L. Indira Dutt, was appointed to the Board at the 45th Annual General Meeting of the Shareholders of the Company held on 6th December, 1986. Further, she was appointed as a Whole-time Director of the Company with effect from 1.7.1996 and is functioning as Joint Managing Director with effect from 1.10.1999. Her term of office expires on 30.6.2001 and it is proposed to re-appoint her for a further period of five years from 1.7.2001.

The details of the appointment of and remuneration payable to Smt. V.L. Indira Dutt are set out in the resolution and are in accordance and compliance with Sections 198, 269 (read with Schedule XIII), 309, 310 and other applicable provisions of the Companies Act, 1956.

None of the Directors of the Company is interested in this Resolution except Smt. V.L. Indira Dutt, whose interest is in the manner and to the extent set out in the resolution under this item; and Dr. V.L. Dutt, Smt. Kavitha D Chitturi, as relatives of Smt. V.L. Indira Dutt.

The Board of Directors recommend the said resolution for the approval of the General Body in the best interest of the Company.


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# REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2001

Submitted to the Shareholders at the 60th Annual General Meeting held  
at the Registered Office of the Company on Friday, the 31st August, 2001 at 4.15 P.M.

1. Your Directors have pleasure in submitting their report for the financial year ended 31st March, 2001 together with the Balance Sheet on that date and the Profit and Loss Account for the year ended on that date.

<b>2. PROFIT &amp; APPROPRIATIONS</b>	Rs.
The accompanying accounts show a net profit.....	5,67,11,094
for the year 2000-2001 after providing for interest of Rs. 12,55,39,953, Depreciation of Rs. 7,01,49,962 and Provision for Taxation of Rs. 20,00,000 to which are added: Balance brought forward from 1999-2000	45,47,92,236
	<u>51,15,03,330</u>

## Deduct:

Transfer to general reserve	56,71,109
Proposed dividend	141,81,328
Tax on distributed profit	14,46,495
Leaving the balance to be carried to the next year of account amounting to	49,02,04,398

## 3. DIVIDENDS

Your Directors recommend payment of a Dividend of Re. 1.10 per share on 1,28,92,116 equity shares of Rs. 10/- each amounting to Rs. 1,41,81,328.

## 4. CAPITAL RESERVES

Capital of the Company stood at Rs. 12,89,21,160 and the Reserves stood at Rs. 87,40,16,871 as on 31st March, 2001.

## 5. FIXED DEPOSITS

As at 31st March, 2001, there were deposits matured and unclaimed amounting to Rs. 42,79,000 of 423 depositors. Since then, Rs. 13,04,000 of 89 depositors were renewed and Rs. 3,96,000 of 38 depositors were repaid.

## 6. REVIEW OF OPERATIONS

### SALES & PROFITS

FINANCIAL YEAR	2000-2001	1999-2000
	(Rs. in lakhs)	
Sales	13326	12880
Profit before Depreciation	1288	-294
Profit after Depreciation	587	-909

### CEMENT

Production Unit: Macherla (An ISO 9002 certified facility)

FINANCIAL YEAR	2000-2001	1999-2000
Cement Produced (M.T.)	3,67,695	4,74,679
Capacity Utilisation(%)	92	119

Cement sold (M.T.)	3,65,024	4,74,505
Turnover(Rs. in lakhs)	7,893	8,691

In the current year, the Company was able to operate balancing equipment completely and optimise the production process. Consequently, the installed production capacity has been re-evaluated at 5,00,000 tonnes per annum.

Price of cement firmed up from the second quarter of this accounting year and was satisfactory, thereafter. The Company decided to match production with the demand and to withdraw from farflung markets to maximise ex-factory realisation.

The above efforts alongwith reasonable price levels contributed to improvement in results. This business segment posted a reasonable profit for the year.

### POWER

Hydel Unit: Nekarikallu

FINANCIAL YEAR	2000-2001	1999-2000
Hydel power generation in (KWH)	2,65,48,480	2,77,48,546
Usage (KWH)	2,36,70,839	2,34,62,753
Turnover (Rs. in lakhs)	927	887

Generation of electricity was lower than that in the previous year due to lesser release of water in the canal affecting generation. Further, due to technical reasons, two units of 750 KW each had to be operated with partial capacity throughout the year, since repair is possible only during the dry season. This Unit posted profits during the year.

### ENGINEERING

#### A. Production Unit : Tiruvottiyur (An ISO 9002 certified facility)

FINANCIAL YEAR	2000-2001	1999-2000
	(Rs. in lakhs)	
Turnover	4270	2999

Operation of the Engineering Unit at Tiruvottiyur was at a higher level as compared to earlier year, due to a better opening order book position and further inflow of orders during the current year. This Unit achieved higher turnover, and posted profits.

#### B. Production Unit : Arkonam

As reported in the previous year's report, the Company started fabrication work through sub-contracting in the facility situated at Arkonam in October, 2000. This Unit is used as an additional facility to the main works at Tiruvottiyur, for increasing the turnover of this business segment.

#### C. Exports:

FINANCIAL YEAR	2000-2001	1999-2000
	(Rs. in lakhs)	
Turnover	835	748