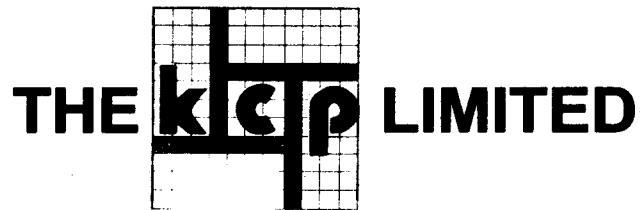


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ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005



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HIGHLIGHTS

(Rs. in Lakhs)

	Year Ended									
	31-3-96	31.3.97**	31-3-98	31-3-99	31-3-00	31-3-01	31-3-02	31-3-03	31-03-04	31-03-05
SHARE CAPITAL	2578	1289	1289	1289	1289	1289	1289	1289	1289	1289
RESERVES & SURPLUS	7263	9035	9425	9399	8329	8740	8435	8112	8084	8610
NET WORTH	9841	10324	10714	10688	9618	10029	9725	9401	9374	9899
FIXED ASSETS (NET)	10146	5292	6628	9357	9316	8686	8146	7556	7091	6850
GROSS INCOME	37654	21941	15466	19235	13957	13954	14092	14353	14722	16863
GROSS PROFIT	4569	7176	1702	2039	1139	2544	2734	1122	1385	2445
DEPRECIATION	692	360	356	419	618	701	695	688	667	494
INTEREST	1738	487	590	1152	1480	1255	1051	774	584	489
PROFIT BEFORE TAX	2139	6328	756	468	-959	587	988	-339	135	1462
PROFIT AFTER TAX	1939	5478	656	318	-962	567	790	-178	117	967
EARNINGS PER SHARE (Rs.)	7.52	42.49	5.09	2.47	-	4.40	6.13	-1.38	0.91	7.5
BOOK VALUE PER SHARE(Rs.)	38.17	80.08	83.11	82.91	74.61	77.79	75.43	72.93	72.71	76.79
DIVIDENDS ON EQUITY (%)	25	25	25	25	10	11	20	10	10	30
DEBT EQUITY RATIO	0.40	0.32	0.51	0.48	0.43	0.35	0.23	0.13	0.05	0.03

** After Re-Organisation.

**DIRECTORS**

DUTT V.L.
Chairman & Managing Director

INDIRA DUTT V.L.
Joint Managing Director

KAVITHA D. CHITTURI
Executive Director

PINNAMANENI KOTESWARA RAO

NANDAGOPAL S.

RAJU G.S.

RAMAKRISHNA.A

RAMAKRISHNAN P.R.

RAMAKRISHNAN V.H.

REDDY D.S.

SWAMINATHA REDDY O.

**SECRETARY AND CORPORATE
GENERAL MANAGER (Finance)**

PRANESH K.B.

AUDITORS

M/s BRAHMAYYA & CO.
Chartered Accountants, Vijayawada

COST AUDITORS

M/s P. PARANKUSAM & CO., Hyderabad

BANKERS

STATE BANK OF INDIA
CANARA BANK
SOUTH INDIAN BANK

REGISTERED AND CORPORATE OFFICE

"RAMAKRISHNA BUILDINGS"
2, Dr. P.V. CHERIAN CRESCENT,
EGMORE, CHENNAI - 600 008.
PH : 55772600 & 55772615 / 619 E MAIL : kcp@vsnl.com

**REGISTRARS & SHARE TRANSFER AGENT
&
DEPOSITORY REGISTRARS**

M/s INTEGRATED ENTERPRISES (INDIA) LIMITED
II FLOOR, "KENCES TOWERS",
NO.1, RAMAKRISHNA STREET,
NORTH USMAN ROAD, T.NAGAR,
CHENNAI - 600 017.
Ph : 28140801 to 803 Fax : 28142479
Website : www.iepindia.com

NOTICE TO SHAREHOLDERS

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixty Fourth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 16th September, 2005 at 10.00 A.M. at the Registered Office of the Company at "Ramakrishna Buildings", No. 2, Dr. P.V. Cherian Crescent, Egmore, Chennai-600 008 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the accounts of the Company for the year ended 31st March, 2005 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 and to consider if thought fit, to pass the following resolution as Special Resolution.

Pursuant to Section 224A of the Companies Act and other applicable provisions, if any, RESOLVED that M/s. Brahmayya & Co., Chartered Accountants, Vijayawada retiring at this Annual General Meeting be and are hereby appointed as Statutory Auditors till the conclusion of next Annual General Meeting.

Further RESOLVED that the Board of Directors be and are hereby authorised to fix their remuneration.

4. To appoint a Director in the place of Sri. S. Nandagopal, 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 Sri. S. Nandagopal who retires by rotation be and is hereby re-appointed a Director of the Company.
5. To consider not to appoint a Director in the place of Sri. D.S.Reddy, who retires by rotation and is not seeking re-appointment and to consider and if thought fit, to pass with or without the modification, the following resolution as an Ordinary Resolution.
RESOLVED that the vacancy caused by the retirement of Sri D.S.Reddy, who retires by rotation, be not filled up.
6. To consider not to appoint a Director in the place of Sri. G.S.Raju, who retires by rotation and is not seeking re-appointment and to consider and if thought fit, to pass with or without the modification, the following resolution as an Ordinary Resolution.
RESOLVED that the vacancy caused by the retirement of Sri G.S.Raju, who retires by rotation, be not filled up.

SPECIAL BUSINESS

7. To appoint Sri. V.H. Ramakrishnan as a director of the Company and to consider and if thought fit, to pass with or without the modification, the following resolution as an Ordinary Resolution.

RESOLVED that Sri V.H. Ramakrishnan be and is hereby appointed as a Director of the Company.

8. To appoint Sri. A. Ramakrishna as a director of the Company and to consider and if thought fit, to pass with or without the modification, the following resolution as an Ordinary Resolution.

RESOLVED that Sri A. Ramakrishna be and is hereby appointed as a Director of the Company.

(BY ORDER OF THE BOARD OF DIRECTORS)

Place: Chennai-600 008

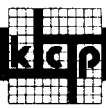
For THE K C P LIMITED

Date: 9th June, 2005

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 / CLIENT ID NUMBER SHOULD BE INDICATED.
4. A brief profile of the Directors retiring by rotation and eligible for re-appointment, as required by Clause 49 (VI) (A) of the Listing Agreements signed by the Company with the Stock Exchanges, is given as item No. 13 in the Directors' Report forming part of the Annual Report.
5. Shareholders are requested to bring with them their copies of the Annual Report. Due to the prohibitive costs of printing, it will not be possible to supply extra copies.
6. The Register of Members and the Register of Share Transfer will remain closed from 1st September, 2005 to 16th September, 2005, both days inclusive.
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.



8. The Company has already transferred the unclaimed Dividend, declared upto the financial year ended 31st March 1997 to the Miscellaneous general services account of the Central Government as required by the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.
9. Shareholders who have not encashed the dividend warrants for the earlier years (prior to June, 1996) are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, No. 26, Haddows Road, Chennai - 600 006.
10. Members who have not encashed their dividend warrants pertaining to 1998 and after may approach the Company's Registered Office at No. 2, Dr. P.V. Cherian Crescent, Egmore, Chennai - 600 008.

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE

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

NOTE ON ITEM NO .3

Banks & Financial Institutions hold more than 25% of the subscribed and paid-up share capital of the Company, mainly by way of shares held as security. In term of clarification of the Department of Company Affairs in this regard, it is necessary to pass a Special Resolution to appoint auditors in terms of Section 224A of The Companies Act, 1956. Accordingly a Special Resolution is tabled for consideration.

None of the directors of the Company is interested in this Resolution.

NOTE ON ITEM NO .7

Mr. V.H.Ramakrishnan is a retired General Manager from Bank of India. He was appointed as Nominee Director on the Board by IDBI. On repayment of loan, he was withdrawn from the Board. He is a Chartered Accountant and a Cost Accountant with 35 years of banking experience. In addition to the directorship of the company, he holds the following directorships as Nominee Director :

1. Hindustan Photo Films Mfg. Co. Limited, Indu Nagar, Udhagamandalam
2. B.S. Refrigerators Limited, Bangalore
3. Namtech Systems Limited, Bangalore

Considering his contribution during his tenure as a nominee Director and his experience, the Board appointed him as an additional director from 28/1/2005. He retires at the end of the 64th AGM. The Company has received a notice under section 257 (1), from a member proposing his candidature for being elected as a Director. Accordingly his appointment as a Director is being considered as item 7 on the Agenda. None of the directors of the Company is interested in this Resolution.

NOTE ON ITEM NO .8

Mr. A.Ramakrishna is a structural engineer with 40 years experience. He retired as President and Deputy Managing Director of Larson and Toubro Limited. In addition to the directorship of the company, he holds the following positions :

- | | |
|---|------------|
| 1. GVK Jaipur - Kisnengarh Expressway (Limited) | - Director |
| 2. Bangalore International Airport Limited | - Director |
| 3. Madras Cements Limited | - Director |
| 4. Andhra Sugars Limited | - Director |
| 5. GVK Industries Limited | - Director |

Considering his vast industrial experience in similar lines of business to that the company is engaged in, the Board appointed him as an additional director from 28/1/2005. He retires at the end of the 64th AGM. The Company has received a notice under section 257 (1), from a member proposing his candidature for being elected as a Director. Accordingly his appointment as a Director is being considered as item 8 on the Agenda.

None of the directors of the Company is interested in this Resolution.

AT A GLANCE

	31.03.2005		31.3.2004	
Cement Produced (M.T.)	484551		465684	
Power Produced (KWH)	23710176		5263160	
TURNOVER:	Rs.	%	Rs.	%
	(000')		(000')	
Machinery & Equipment	669452	40.85	542938	38.41
Cement	921352	56.22	844369	59.73
Others	48125	2.94	26264	1.86
	1638929	100	1413571	100
FIXED ASSETS	Rs.		Rs.	
	(000)		(000)	
Gross Block	1694150		1675556	
Depreciation	1016110		969608	
Nett	678040		705948	
RESERVES	861048		808429	
PROFITS	195561		80140	
(Before Depreciation and taxation)				
NETT PROFIT	96753		11729	
(After Depreciation and taxation, available for appropriation and dividend)				

REPORT OF THE DIRECTORS' FOR THE YEAR ENDED 31ST MARCH 2005

Submitted to the Shareholders at the 64th Annual General Meeting held
at the Registered Office of the Company on Friday, the 16th September, 2005 at 10.00 a.m.

1. Your Directors have pleasure in submitting their report for the financial year ended 31st March, 2005 together with the Balance Sheet on that date and the Profit and Loss Account for the year ended on that date.

2. PROFIT & APPROPRIATIONS

	Rs.	Rs.
The accompanying accounts		
Show a net profit of		9,67,52,603
for the year 2004-2005 after		
providing for interest of	4,89,02,164	
Depreciation of.....	4,93,70,010	
Provision for current tax of.....	5,25,00,000	
Deferred tax withdrawal of	30,61,280	
Balance brought forward (from		
2003-2004)		50,15,42,974
Add: Investment allowance		
(utilised) withdrawn		8,88,95,000
Deduct:		
Transfer to General Reserve		11,00,00,000
Proposed dividend and tax thereon		4,41,33,744
Balance to be carried to the next		
year of account		53,30,56,833

3. DIVIDENDS

Your Directors recommend payment of a Dividend of Rs. 3.00 per share on 12892116 Equity Shares of Rs. 10/- each amounting to Rs.3,86,76,348.

4. CAPITAL & RESERVES

Capital of the Company stood at Rs. 12,89,21,160 and the Reserves stood at Rs.86,10,47,977 as on 31st March, 2005.

5. FIXED DEPOSITS

As at 31st March, 2005, there were deposits matured and unclaimed amounting to Rs. 48,25,000 of 305 depositors. Since then, Rs. 12,75,000 of 64 depositors were renewed and Rs. 6,79,000 of 45 depositors were repaid.

6. MANAGEMENT DISCUSSION & ANALYSIS SALES & PROFITS

FINANCIAL YEAR	2004-2005	2003-2004
	(Rs. in lakhs)	
Sales	16,389	14,136
Profit before interest & tax	1,951	823
Profit(+)/Loss(-) after tax	968	117
Current ratio	1.95	2.19
Debt equity ratio	0.03	0.05
Inventory Turnover	4.33	4.49

During the year, operating margin improved as compared to the previous year in all segments. Adequate water supply in GB canal enabled generation of electricity to capacity.

CONTENT

Operational Performance :

FINANCIAL YEAR	2004-2005	2003-2004
	(Rs. in lakhs)	
Cement produced (M.T.)	4,84,551	4,65,684
Capacity Utilisation (%)	96%	93%
Cement sold	4,87,015	4,68,095
Turnover (Rs. In lakhs)	9,214	8,444
Segment result	566	418

Realisation during the year under review was better than the previous year. In the first two quarters, prices were good which enabled this segment to post profits. Subsequent quarters witnessed decline in prices. This segment posted losses in the last two quarters. For the year as a whole, this segment posted better results as compared to the previous year.

Overview :

The Company operates a plant of 500,000 tonnes annual capacity at Macherla in Guntur District of Andhra Pradesh. During the year under report, the Company marketed cement in Andhra Pradesh, Pondicherry and parts of Tamil Nadu, Karnataka and Orissa. The Company's prospects were in tune with the realisation in Andhra Pradesh since 86% of the production was marketed in Andhra Pradesh.

State of the Industry :

Andhra Pradesh continues to have surplus capacity in cement production. The Company's production capacity is 4% of the total production capacity available in the state. In addition to the existing excess capacity, fresh capacity is being established in the cluster. Severe competition had impacted prices in the last two quarters. This is expected to be a permanent risk that the Company has to manage, in the years to come.

The Company marketed 10% of its production in Tamil Nadu, during the year under report. Prices remained at unremunerative levels throughout the year, due to differential taxation policy.

Increase in transport costs due to oil price increase and consequent increase in input costs, usage of imported fuel, have had adverse impact on the segment result.

Andhra Pradesh Electricity Regulatory Authority (APERC) proposed service line charge for the captive generating capacity of 9.9 MW diesel generator, at 50% of the Maximum Demand charges. The Company filed an appeal against this order and obtained a stay from the AP High Court.



Outlook :

The Company produced 54% Portland Cement and 46% Blended Cement during the year. The company proposes to produce 60% Portland Cement and 40% Blended Cement in the ensuing year.

Prices have moved down drastically, during April and May, 2005, in core markets. If this trend continues, realisation will be less than that of the previous year.

Value Added Tax has been introduced in Andhra Pradesh, with effect from 1/4/2005. Nominal savings are expected from input credit. Due to rationing of domestic coal, it is envisaged that more imported coal is to be procured for running the factory. These will have negative impact on the current year earnings of this segment.

The Company is installing a waste heat recovery system, at a cost of Rs1150 lakhs, which is expected to generate of 2 MW electricity. Being one of the early indigenous efforts to generate electricity from outflow of hot gas from operations, without any additional input, there will be saving of carbon fuel. In furtherance of clean environment, a clinker silo is being built at a cost of Rs.1000 lakhs.

POWER

Operational Performance :

FINANCIAL YEAR	2004-2005	2003-2004
	(Rs. in lakhs)	
Hydel power generation in (KWH)	23710170	5263160
Usage (KWH)	22568453	5171391
Turnover (Rs. in lakhs)	790	193
Segment result	377	-206

Generating stations operated to capacity since adequate water flow was available. Wind power generation commenced in the last quarter and yielded a generation of 206409 units.

Overview :

The Company set up five mini-hydel units aggregating to 8.25 MW capacity on the Guntur Branch Canal of the Nagarjuna Sagar Dam. This being an irrigation canal, water is expected to be available for seven to eight months of the year. Electricity generated in these units is wheeled to the Company's cement unit for use. Generation in excess of the consumption at the cement unit is banked on a monthly basis and is to be used within twelve months of generation. Electricity unused even after twelve months is sold to the Grid. Electricity used in the cement factory will be deducted from the monthly bills and will get a relief at the H.T rates, while electricity sold to grid will be paid for at the prevalent purchase price as determined by APERC.

In addition to the Hydel unit, during the year the Company took on operating lease 12 wind turbines of 225 KW each, newly set up by Indusind bank, and maintained by Alfin Wind energy Limited. These are located at Thandayarkulam Village, Radhapuram Taluk, Tirunelveli district of Tamilnadu. The Company has entered into agreement with Tamil Nadu electricity Board, as operating lessee, to wheel the energy generated to the Company's engineering unit located in

Tiruvottiyur. Power remaining unused as at 31st March of each year is sold to TNEB at the prevalent purchase price.

Risks :

Two of the five schemes are operating at half the capacity due to irrigation and canal constrains. Further, water flow in the canal is unpredictable which is entirely dependant on inflow of water to Nagarjuna sagar dam. Near normal monsoon during the season improved storage in Nagarjuna sagar dam. Consequently, during the year under report, adequate flow of water was available in the canal. Generation was near normal.

Concerns :

Increase in wheeling charge was challenged by the Company, in AP High Court. The Court quashed the order. APTRANSCO went on appeal to Supreme Court, which is pending. Similarly, increase in water cess was challenged by the company and is pending in AP High Court. Government levied a duty on electricity generated, which was also contested by the Company and is pending in AP High Court. APERC has, for the current year fixed wheeling charge of 6% and cash compensation of Rs.84.25 paise per KW per month. The company has contested this hike also in the AP High Court, which is pending.

Outlook :

Prospects of this unit are dependent on copious monsoon resulting in abundant water flow to Nagarjuna Sagar Dam. Electricity reform measures are expected to tone down the concessions available to all developers including mini-hydel units. This will reduce the expected benefit out of captive generation of hydel power.

During the next financial year, wind turbines will have a full year of operation.

ENGINEERING

Operational Performance :

FINANCIAL YEAR	2004-2005	2003-2004
	(Rs. in lakhs)	
Turnover :		
Domestic	6301	3617
Export	875	2072
Segment result	1251	866

The Company operates a versatile engineering facility that is capable of manufacturing heavy mechanical equipment to a given design for various industries. The workshop has foundry, heavy fabrication and machine shop facilities, integrated within the plant location. Arakonam facility was effectively used to augment production of foundry products.

Operation of the Engineering Unit at Tiruvottiyur was substantially better than the previous year in terms of turnover and profits.

Overview:

Status of capital goods sector:

During the year capital goods industry revived, on both domestic and export demand. Acceptability of engineering goods of Indian origin in the global market improved.

THE KCP LTD.

Consequently, new opportunities are emerging. Similarly, in the domestic market, investment in capital goods has been stepped up by core industries during the year owing to better performance of those industries.

Opportunities:

Widening of the product range has also widened the customer base. This is leading to better value addition. Augmentation of capacity in Foundry with a 20 T holding furnace will provide opportunity to realise orders with higher value addition. Similarly, retro-fitment of CNC to important machines will enhance productivity.

Risks :

Product mix and customer mix are the deciding factors affecting the performance of this segment. These are variables with shorter time cycle. Consequently, this segment is open to drastic variations in job orders and hence the results.

Outlook :

With the orders on hand at Rs. 6952 lakhs and the existing product-mix, performance during fiscal 2005-2006 is expected to yield similar results as that of the year under report. The modernisation programme being implemented at a cost of Rs.500 lakhs will enable the company to increase productivity and to compete in higher value added segment.

7. CORPORATE INVESTMENTS

Performance :

Fives Cail K.C.P. Limited :

Operations during the year ended 31.03.2005 were better than the previous year. Export order to Bangladesh was partially completed. New domestic orders fructified on revival of sugar industry. The company returned profits in the current year and was able to recover part of accumulated losses. Outlook for the ensuing year is optimistic.

Sudalagunta Sugars Limited :

Sudalagunta Sugars Limited crushed 2,35,525 tonnes of cane during 2004/05 season with a recovery of 9.78%. In addition the company also processed 23,698 tonnes of imported raw sugar. During this financial year, the Company also sold 257 lakh units of electricity. The Company has also obtained OTS and restructured debts. Though sugar price is currently ruling high, reduction in cane yield due to drought will reduce profits. Wiping of past losses will take a considerable time.

As of date the promoter has bought back 20% of the holdings, as per the agreement.

K.C.P. Biotech Limited :

Natural colour extraction plant was commissioned in November and trial production runs were conducted from December 2004 to February, 2005. Commercial production started on 1st of March, 2005. During the year under report, paprika (chilli) colour extract was exported to France. Since then the unit has been exporting to South Africa. Quality of

the products has been acceptable to the international buyers. Natural colour market demand being vast, growth potential offered by this business is impressive.

However, production process is yet to stabilise, since the know-how acquired from CFTRI, did not yield contracted parameters. Efforts are on to improve yields, which is essential to make this business segment profitable.

For the year under report this unit posted a loss of Rs.33 lakhs.

Somayajulu & Co. Limited :

This investment yielded 5% return during the year under review. Performance of the stock market was good and hence earnings of the company were satisfactory. It is expected that with a similar trend being witnessed in the current fiscal, next year will also yield dividend.

KCP Vietnam Industries Limited :

KCP Vietnam Industries Limited concluded the third season with a crush of 3,30,952 tonnes and a recovery of 9.88%. Realisation in 2004 was higher than that of the previous year, due to shortage of sugar in Vietnam. For the year ended 31-12-2004, the Company earned a profit of Rs. 620 lakhs. Accumulated losses have been brought down to Rs.1,214 lakhs. Dong Xuan Factory crushed 8,303 tonnes of cane and the syrup was taken into production process at the Phu yen factory.

The 'Refined Sugar Superior' produced and marketed by the Company was awarded Gold cup as the best quality sugar produced during the year, in international trade fair conducted by AFTA in Vietnam.

During the year the Company commenced proceedings for voluntary winding up of the investment Company, (KECEPE Investments (Pte) Limited) in Singapore, through which investment was made in the Vietnam subsidiary. The company has obtained permission from Reserve Bank of India to hold the investment in KCP Vietnam industries directly. Consequent to the liquidation proceedings, the investment company will substitute the shares of KCP Vietnam Industries Limited for its own, as distribution in specie. The shares will have the same nominal value and proportion of KCP's holdings in the subsidiary.

Diminution in value of investments:

During the current year, investment in Prudential Mouli Sugars was written off.

Overview :

Status and risks:

Investment in Sugar:

Prospects of the parent company's investment in Vietnam improved substantially, with the drastic change of industry scenario. During the year under review this business posted profits.

During the current season upto May, 2005, the subsidiary processed equivalent of 320,000 tonnes of cane with a recovery of 9.69%. Cane yields fell sharply due to drought

in the growth period. Expected shortage of production has pushed up prices, in Vietnam. According to the current trend, prices will rule firm and Directors expect another profitable year.

This subsidiary is exploring feasibility of engaging in co-generation of electricity, for supply to the state grid.

Investment in Biotechnology:

Natural colour extract facility became operational during the year. However, commercial operation started only in March. Further, production process is yet to stabilise. While there is a good demand for the products, and quality has been established to international requirements, returns depend upon appropriate manufacturing process. Directors are confident that this will be achieved during the course of ensuing financial year.

8. CAUTIONARY STATEMENT

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

9. SAFETY & POLLUTION CONTROL

Cement and Engineering units had necessary approvals under pollution control and the emission / effluent levels conformed to requirements.

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

A statement giving the details of conservation of energy, technology absorption, export and foreign exchange earned and outgo in accordance with the companies (Disclosure of particulars in the report of Board of Directors), Rules, 1988 is enclosed.

11. SUBSIDIARIES

The financial details required under Sec.212 of the Companies Act, 1956 in respect of subsidiaries, M/s. KCP Vietnam Industries Limited, Vietnam and K.C.P. Biotech Limited, India have been attached to the Balance Sheet of the current year. In respect of M/s. KECEPE Investments Pvt. Ltd., Singapore, an application dated 9th December, 2004 was filed for voluntary liquidation. The company ceased operations on the said date. Hence, there are no statements of account for the current year. Statement as required under section 212 (6) is enclosed.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Clause 2(AA) of Section 217 of the Companies Act, 1956, Board of Directors hereby states -

- 1) that in the presentation of annual accounts, applicable Accounting Standards have been followed and there is no material departure;

- 2) that the directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at 31st March, 2005 and profit of the Company for the year ended 31st March, 2005;
- 3) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) that the directors have prepared the annual accounts on a 'going-concern' basis.

13. DIRECTORS

Messrs. S.Nandagopal, G.S.Raju, D.S.Reddy, retire by rotation at the forthcoming Annual General Meeting. Sri.G.S.Raju and Sri.D.S.Reddy, do not offer themselves for re-appointment. Sri..S.Nandagopal, being eligible, offers himself for re-appointment. Details of Sri.S.Nandagopal, whose reappointment is coming up for consideration at the AGM, are given below:

PROFILE OF EACH DIRECTOR:

a) S.Nandagopal

Mr. S. Nandagopal is a Chartered Accountant with 50 years of professional experience. He is a fellow member of Chartered Accountants of India and a member of Institute of Certified Public Accountants of Singapore. He retired as a senior partner in M/s. Brahmayya & Company, Chartered Accountants. He has also served on the Central Council of Institute of Chartered Accountants of India for nine years. He has had association with various industries/trade/public fora. He has served on the Boards of various banks public limited companies. In addition to the directorship of the Company, he holds the following positions :

- | | |
|---------------------------------|------------|
| 1. Rane Brake Linings Limited, | |
| Chennai | - Director |
| 2. Swan Vacuum Systems Limited, | |
| Hyderabad | - Director |
| 3. MRF Limited, Chennai | - Director |
| 4. K.C.P. Technologies Limited, | |
| Chennai | - Director |
| 5. K.C.P. Biotech Limited, | |
| Hyderabad | - Director |

Committee Memberships :

A. AUDIT COMMITTEE

- | | |
|-------------------------------|------------|
| 1. Rane Brake Linings Limited | - Chairman |
| 2. MRF Limited | - Chairman |

B. REMUNERATION COMMITTEE

- | | |
|----------------|------------|
| 1. MRF Limited | - Chairman |
|----------------|------------|

b) V.H.Ramakrishnan :

Mr.V.H.Ramakrishnan, a Chartered Accountant and a Cost Accountant is a retired banker, with 35 years of experience. In addition to the directorship of the Company he holds the following positions :