



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

Sixth Annual Report

2000 - 2001

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K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**BOARD OF DIRECTORS***Chairman & Managing Director* **Shri.V.M.Rao**

Directors **Smt.Rajeswary Ramakrishnan**
Shri.R.K.Talwar
Dr.N.B.Prasad
Smt.Irmgard Velagapudi

General Manager (Finance) and Secretary **Shri.V.C.Unnikrishnan, FCA, FICWA, FCS***Auditors* **Messrs. Brahmaya & Co.**
Chartered Accountants, Vijayawada*Legal Advisor* **Shri.T. Raghavan**

Bankers **State Bank of India**
Punjab National Bank
ICICI Bank Ltd.

Registered & Corporate Office **"Ramakrishna Buildings"**
239, Anna Salai,
Chennai - 600 006.

Units **Vuyyuru** - **Sugar**
Industrial Chemicals
Workshop
Research and Development

Lakshmipuram - **Sugar**

Registrars to Deposits **M/s. Trident Investment Portfolio Services Pvt. Limited,**
No. 7, Fourth Main Road, United India Colony,
Kodambakkam, Chennai - 600 024,
Phone : 4844204 /4844217 Fax : 4800884

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: 8140801 to 8140803 Fax: 8142479
Website: www.iepindia.com



AT A GLANCE

(Rs. in Lakhs)

FINANCIAL HIGHLIGHTS	Year Ended					
	31.03.2001	31.03.2000	31.03.1999	31.03.1998	31.03.1997	01.04.1996 (1 Day Only)
SHARE CAPITAL	1133.85 *	1,289.30	1,289.30	1,289.30	1,289.30	1,289.30
RESERVES AND SURPLUS	6772.84	6,105.68	5,515.34	4,926.30	3,875.85	3,631.39
NET WORTH	7906.69	7,394.98	6,804.64	6,215.60	4,955.24	4,640.78
FIXED ASSETS (NETT)	9589.37	8,979.56	7,878.04	6,341.50	6,598.96	6,395.62
GROSS INCOME	22204.78	18,939.46	21,519.59	20,579.09	18,853.87	7.99
GROSS PROFIT	3720.16	2,813.74	2,879.39	3,823.65	2,713.07	0.21
DEPRECIATION	531.30	428.73	368.96	350.29	335.44	0.88
INTEREST	1520.70	1,201.44	1,263.60	1,458.44	1,404.16	3.77
PROFIT BEFORE TAX	1668.16	1,183.57	1,246.83	2,014.92	973.47	-4.44
PROFIT AFTER TAX	1368.16	983.57	946.83	1,614.92	673.47	-4.44
EARNINGS PER SHARE (RS.)	10.79 *	7.63	7.34	10.90	4.68	N.A.
CASH EARNINGS PER SHARE (RS.)	14.97 *	10.95	10.21	15.24	7.83	N.A.
BOOK VALUE PER SHARE (RS.)	69.73	57.36	52.78	48.21	38.43	36.00
DIVIDENDS ON EQUITY (%)	25.00	25.00	25.00	25.00	25.00	N.A.
DEBT EQUITY RATIO (excluding working capital borrowings)	0.73	0.75	0.77	0.48	0.61	0.61

* During this year, 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.

SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

SEASON	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997	1995-1996
SUGAR UNIT, VUYYURU						
CANE CRUSHED IN MTS	6,09,355	10,47,565	9,32,052	8,91,340	9,00,781	11,26,043
SUGAR BAGGED IN QTLS	6,31,820	10,66,540	9,62,300	8,63,146	9,47,253	11,04,605
RECOVERY %	10.38	10.20	10.33	9.68	10.52	9.81
SUGAR UNIT, LAKSHMIPURAM						
CANE CRUSHED IN MTS	1,85,586	4,68,010	4,50,431	3,30,772	4,10,949	4,56,731
SUGAR BAGGED IN QTLS	1,75,071	4,51,700	4,41,310	3,04,238	4,34,208	4,42,559
RECOVERY %	9.36	9.65	9.80	9.20	10.57	9.70

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall", Narada Gana Sabha, 254, T.T.K.Road, Alwarpet, Chennai - 600 018 on Monday, the 23rd day of July, 2001 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, 2001 and Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Smt.Rajeswary Ramakrishnan who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Smt.Irmgard Velagapudi, who was appointed as a Director in the casual vacancy caused by the resignation of Smt.V.R.Durgamba and holds Office upto the date of this Annual General Meeting under Section 262 of the Companies Act, 1956,(the Act) read with Article 109 of the Articles of Association of the Company. but being eligible, offers herself for reappointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Shareholder signifying his intention to propose Smt.Irmgard Velagapudi as a candidate for the Office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, Shri.V.M.Rao be and is hereby re-appointed as the Chairman and Managing Director of the Company for a period of five years i.e. from 1st April 2001 to 31st March, 2006, on the terms and conditions as to remuneration as hereunder:

- | | | |
|----------------------------|---|--|
| i. Basic Salary | : | Rs.75,000 per month i.e. Rs.9,00,000/- per annum. |
| ii. Consolidated Allowance | : | Rs.75,000 per month i.e. Rs.9,00,000/- per annum. |
| iii. Perquisites | : | Provision of car with driver 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 and Managing Director. |
| iv. Commission : | | Remuneration by way of commission on net profits in addition to basic salary, consolidated allowance and perquisites such that the amount of basic salary, consolidated allowance, perquisites and commission in aggregate is subject to an overall ceiling of 5% of the net profits of the Company in a particular financial year as laid down in Section 198 and 309 read with Section 350 of the Companies Act, 1956. |
| v. Minimum remuneration | : | Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Shri.V.M.Rao, the Company has no profits or its profits are inadequate, the Company will pay to him as minimum remuneration - basic salary, consolidated allowance and perquisites as stated above, however not exceeding the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 and he shall not be entitled to any commission. |



RESOLVED FURTHER THAT during such time that Shri.V.M.Rao holds and continues to hold the Office of the Chairman and Managing Director, he shall not be liable to retirement by rotation as a Director.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII of the Companies Act, 1956, the Board of Directors be and are hereby authorized to vary or increase the remuneration including the basic salary, consolidated allowance and perquisites within the prescribed limits.

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."

7. 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 Wholtime Directors and Nominee Directors be paid as remuneration for each of the five financial years commencing from 1st April, 2001 to 31st March 2006, 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 Wholtime 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, provided that none of the Directors aforesaid shall receive individually in a financial year a sum exceeding Rs.1.75 lakhs (Rupees One lakh 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."

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// BY ORDER OF THE BOARD //

Place : Chennai
Date : 28.05.2001

V.C.UNNIKRISHNAN
GENERAL MANAGER (FIN) AND SECRETARY

NOTES:

- a. **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.

- b. **The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in item No.5 to 7 above, is annexed hereto. All documents referred to in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 2.00 P.M. and 4.00 P.M. on any working day between Monday to Friday.**
- c. **The Register of Members, Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from Wednesday, 11th July, 2001 to Monday, 23rd July, 2001, both days inclusive.**
- d. **Dividend on equity shares**, as recommended by the Board, when declared at the Meeting will be paid, subject however to the provisions of Section 206A of the Companies Act, 1956 :
- to those Members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company/Registrars on or before 10th July, 2001, or
 - in respect of shares held in electronic form, to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as at the end of business hours on 10th July, 2001.

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

NOTICE (CONTD.)

- e. **M/s.Integrated Enterprises (India) Ltd**, II Floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017 are the Registrar and Transfer Agents and Depository Registrars of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
- f. Members are requested to **quote their Registered Folio number** in all correspondence with the Company/Registrar and are requested to notify to the Registrar change, if any, in the Registered Address and/or of their mandates. In case your mailing address mentioned on this Annual Report is without the PIN CODE, then you are requested to **kindly inform your PIN CODE** immediately to the Registrar.
- g. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they may 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 deletion/change in bank account details furnished by Depository Participants to the Company.**
- h. **Members holding shares in physical form** are requested to note that in order to avoid any loss/interception in postal transit and also to get prompt credit of **dividend through Electronic Clearing Service (ECS)**, they should submit their ECS details to the Company's Registrar and Transfer Agents latest by 10th July, 2001. The requisite **ECS application form is printed with this Annual Report** which can be completed by Members and mailed by 10th July, 2001. Alternatively, Members may provide details of their Bank Accounts quoting their folio numbers by the said date, to the Company's Registrar and Transfer Agents to enable them print such details on the dividend 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 the **Nomination Form 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. **The Unclaimed Dividend** for the year(s) 1996-97 ; 1997-98, 1998-99 and 1999-00 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.
- l. 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.P.V.Chcrian Crescent, Chennai - 8 at the earliest with a copy marked to the Registrar. New share certificates of this Company would be despatched after receipt of confirmation from The K.C.P.Ltd.
- m. Members/Proxy holders must bring the **Attendance Slip duly 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO.5**

Smt.Irmgard Velagapudi was appointed as a Director of the Company w.e.f. 11th September, 2000 in the casual vacancy caused by the resignation of Smt.V.R.Durgamba and she holds office only upto the date of the ensuing Annual General Meeting. Notice in writing under Section 257 of the Companies Act, 1956 has been received alongwith the requisite deposit from a Shareholder of the Company signifying his intention to propose Smt.Irmgard Velagapudi as a candidate for the office of Director. Smt.Irmgard Velagapudi, representing the Promoters, is a German National with Diploma in Commerce and a Director of Durgamba Investment Limited and Energy Device Technology (India) Private Limited.



The Directors, recommends the appointment of Smt.Irmgard Velagapudi.

No other Director other than Smt.Irmgard Velagapudi and Shri.V.M.Rao may be deemed to be concerned or interested in this resolution.

ITEM NO.6

Shri.V.M.Rao, a Mechanical Engineer by profession with Science Masters - in Chemical Engineering from the Massachusetts Institute of Technology, U.S.A. and with over four decades of experience in the sugar industry to his credit, and being the Chief Promoter Director of this Company, he was appointed as the Chairman and Managing Director of the Company w.e.f. 2nd April, 1996 for five years during which period he has steered the growth of the Company to its present position. Under his dynamic leadership your Company had consistently maintained profits resulting in growth of the Reserves and Surplus by 68.16 % to Rs.61.06 crores as at 31.03.2000 and increase in the book value per share by 59.33 % to Rs.57.36 in 1999-2000, besides declaring a steady dividend of 25% for each of the financial years from 1996-97 to 1999-2000. For the year ended 31.03.2001 also, the Board has recommended a dividend of 25% subject to the approval of the Shareholders. His vision and insight to the future has enabled the Company to diversify into the downstream industrial chemicals, bio-compost, bio-fertilizers which would come to the support of the Company's bottom-line despite the fluctuations in the industry. His prudent foresight also prompted the Company to reduce the share capital by about 12.06 % thro' buyback of shares. Aimed at consolidating the growth of the Company from within, efforts have been initiated to further automate the manufacturing process, improve operational efficiency by replacing the fifty year old boilers and also by implementing the voluntary retirement scheme. Your Board of Directors have at their Meeting held on 29th January,2001 recommended the reappointment of Shri.V.M.Rao as the Chairman and Managing Director for a further period of five years w.e.f.1st April, 2001. This appointment has since been approved by the Financial institutions.

No other Director other than Shri.V.M.Rao, Smt.Rajeswary Ramakrishnan and Smt.Irmgard Velagapudi may be deemed to be concerned or interested in this resolution.

ITEM NO.7

Your Board of Directors consist of senior seasoned professionals in their respective fields and the Company has during the last five years benefited largely from their experience in guiding the growth of this Company. At the First Annual General Meeting held on 2nd December,1996, the Shareholders had approved the payment of remuneration by way of commission on the profits of the Company not exceeding one per cent subject to a limit of Rs.1,25,000/- (Rs. One Lakh and twentyfive thousand) per Director for each of the five financial years ending with 31st March,2001, in addition to sitting fees paid for the meetings of the Board/Committee. 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 29th January 2001, recommended the payment of commission not exceeding one per cent of the profits of the Company subject to a maximum of Rs.1,75,000/- (Rs. One lakh and seventyfive thousand) per Director for each of the five financial years from 1st April,2001 ending with 31st March,2006, 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.

Smt.Rajeswary Ramakrishnan, Shri.R.K.Talwar, Shri.N.B.Prasad and Smt. Irmgard Velagapudi may be deemed to be concerned or interested in this resolution.

// BY ORDER OF THE BOARD //

Place : Chennai
Date : 28.05.2001

V.C.UNNIKRISHNAN
GENERAL MANAGER (FIN) AND SECRETARY

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

TO THE SHAREHOLDERS OF K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED

Your Directors are pleased to present their Sixth Annual Report on the business and operations of your Company and the Audited Accounts for the year ended 31st March, 2001.

FINANCIAL HIGHLIGHTS

	For the Year ended 31.03.2001	For the Year ended 31.03.2000
	(Rs.in lakhs)	
Sales & Other Income	22,204.78	18,939.46
Profit before extraordinary items, interest, depreciation & tax	4,211.57	3,270.20
Less : Extraordinary items - payments for Voluntary Retirement Scheme	491.41	456.46
Interest	1,520.70	1,201.44
Depreciation	531.30	428.73
Profit before tax	1,668.16	1,183.57
Provision for taxation	300.00	200.00
PROFIT FOR THE YEAR AFTER TAX	1,368.16	983.57
Add: Balance brought forward from previous year	1,359.99	869.66
SURPLUS AVAILABLE FOR APPROPRIATION	2,728.15	1,853.23
APPROPRIATION		
Capital Redemption Reserve	155.45	—
General Reserve	188.62	100.00
Proposed Dividend	283.46	322.33
Corporate tax on Proposed Dividend	28.91	70.91
BALANCE CARRIED TO BALANCE SHEET	2,071.71	1,359.99
Earnings per share(EPS)in Rs.	10.79 *	7.63
Cash earnings per share(CEPS) in Rs.	14.97 *	10.95
Book value per share in Rs.	69.73	57.36

* Weighted Average

This year inspite of the difficult position of our industry, the total income of your Company was higher by 17.24 % at Rs.22,204.78 lakhs, largely due to improved production and realization of the products. The operating profits also increased in line with sales leading to a nett increase by 40.94% at Rs.1,668.16 lakhs for the year under review as against Rs.1,183.57 lakhs for the previous year. This was possible even after taking into account the expenditure on account of Voluntary Retirement Scheme and increased interest costs due to replacement of equipments. After providing for a higher tax provision of Rs.300 lakhs (Rs.200 lakhs in previous year), the profit for the year ended 31.03.2001, showed an increase by 39.10 % at Rs.1,368.16 lakhs as against Rs.983.57 lakhs during the previous year. The Book Value of your Share has increased to Rs.69.73 per share as against Rs.57.36 per share for the previous year.

REVIEW OF OPERATIONS :

During the recent 2000 - 01 season, we crushed about 7.95 lakh MTS and this steep drop in the cane crushed arose from natural factors like untimely heavy rainfall, higher mean temperatures during the growth phase which had the impact of reducing the yield per acre by 5 - 6 MTS to 37 MTS at Vuyyuru as against 43 MTS achieved in the previous season. Yet another disturbing factor was the unprecedented increase in the prices of the pulses by about 300 % which led to a large scale diversion from sugarcane to pulses, mostly in the Lakshmipuram area which will have the effect of reducing profitability during the next 2 - 3 years. However, it has been noticed recently that the pulse prices have begun to show a declining



trend and your Board of Directors have initiated steps to augment the availability of cane and are confident of reversing the present trend of diversion to pulses and restoring the minimum quantity of cane at the units in the seasons to come.

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

SEASONWISE

UNIT/SEASON PARTICULARS	VUYURU		LAKSHMIPURAM	
	2000-2001	1999-2000	2000-2001	1999-2000
Crushing commenced on	02.12.2000	02.12.1999	21.12.2000	12.12.1999
Crushing completed on	17.03.2001	22.05.2000	06.03.2001	10.05.2000
No. of days	106	156	75	150
Cane crushed (in MTS)	6,09,355	10,47,565	1,85,586	4,68,010
Sugar Bagged (in qtls)	6,31,820	10,66,540	1,75,071	4,51,700
Recovery (%)	10.38	10.20	9.36	9.65
Statutory Min. Price-Rs. per MT	735.00	686.40	714.00	653.40
Adhoc additional price adjustable against Bhargava formula -Rs. per MT	45.00	55.00	35.00	45.00

FINANCIAL YEARWISE

UNIT/YEAR ENDED DETAILS	VUYURU		LAKSHMIPURAM	
	31.03.2001	31.03.2000	31.03.2001	31.03.2000
1999-2000 Season-From / To	01.04.2000	01.04.1999	01.04.2000	01.04.1999
	to	to	to	to
	22.05.2000	09.04.1999	10.05.2000	13.04.1999
2000-2001 Season-From / To	02.12.2000	02.12.1999	21.12.2000	12.12.1999
	to	to	to	to
	17.03.2001	31.03.2000	06.03.2001	31.03.2000
No. of days	158	121	115	124
Cane crushed (in MTS)	9,20,808	7,64,933	2,95,872	3,91,091
Sugar Bagged (in qtls)	9,45,119	7,93,574	2,70,140	3,91,119
Recovery (%)	10.26	10.37	9.13	10.00
Sugar sales (Rs. in lakhs)	14,589.49	10,694.56	4,581.15	5,426.98

Generally, Vuyuru's production of various products has improved. The new boilers have also got over the initial problems. Your Company is shifting the Workshop from Vuyuru to Tada near Nellore in order to provide for better control and nearness to market.

The Statutory Minimum Price announced by the Central Government has been paid within the stipulated time at both the Sugar units. In addition, as a proactive measure in the interests of the Company's relationship with the cane growers, your Board of Directors have announced and also paid adhoc additional prices adjustable against Bhargava formula in respect of the two seasons at both the units. Even though the Bhargava formula is normally announced by the Central Government only about 2 - 3 years after the season is completed, this decision by your Board is to encourage the cane growers shift their focus from pulses to sugarcane. The case filed by the Company questioning the authority of the State Government to fix the State Advised Price for the cane supplied has been decided in our favour by the Division Bench of the Hon'ble High Court of Andhra Pradesh.