

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



Seventh Annual Report
2001 - 2002

HOMAGE



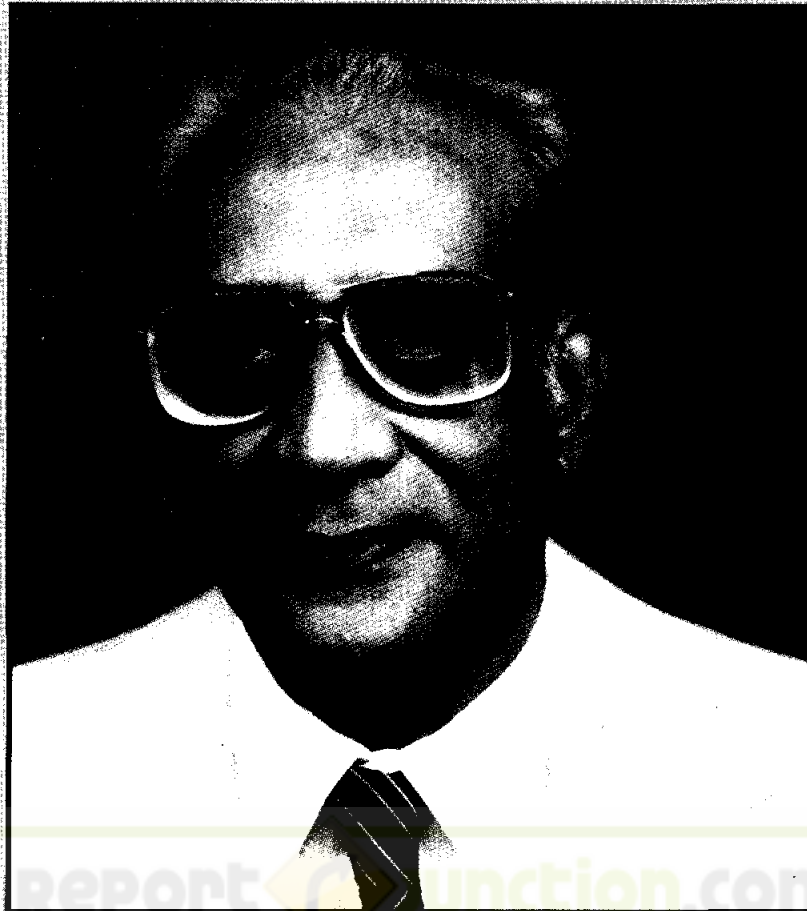
V.R.DURGAMBA

Promoter Director

17.08.1912 - 13.01.2002

**We, the Members of the Board, Employees and Shareholders
of the K.C.P.Sugar and Industries Corporation Limited,
pay Homage to our beloved Promoter Director.**

HOMAGE



V.M.RAO
Chairman and Managing Director
26.10.1932 - 02.10.2001

**We, the Members of the Board, Employees and Shareholders
of the K.C.P.Sugar and Industries Corporation Limited,
pay Homage to our beloved Chairman and Managing Director.**

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K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**BOARD OF DIRECTORS**

Chairman & Managing Director	Shri.V.M.Rao (till 02.10.2001)
Executive Chairman	✓ Smt.Rajeswary Ramakrishnan (from 01.11.2001)
Managing Director	✓ Smt.Irmgard Velagapudi M. Rao (from 29.03.2002)
Executive Director	Ms.V. Kiran Rao (from 29.07.2002)
Directors	Shri.R.K.Talwar (till 12.12.2001)
	Dr.N.B.Prasad
	Shri.K.A. Rangaswamy
	Shri. K. Subramanian
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 Biotech Research and Development Lakshmipuram - Sugar Tada - Workshop
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, 2nd 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

(Rs. in Lakhs)						
FINANCIAL HIGHLIGHTS	Year Ended					
	31.03.2002	31.03.2001	31.03.2000	31.03.1999	31.03.1998	31.03.1997
SHARE CAPITAL	1,133.85	1,133.85 *	1,289.30	1,289.30	1,289.30	1,289.30
RESERVES AND SURPLUS	5,384.94	6,772.84	6,105.68	5,515.34	4,926.30	3,875.85
NET WORTH	6,518.79	7,906.69	7,394.98	6,804.64	6,215.60	4,955.24
FIXED ASSETS (NETT)	10,114.89	9,589.37	8,979.56	7,878.04	6,341.50	6,598.96
GROSS INCOME	14,947.76	22,204.78	18,939.46	21,519.59	20,579.09	18,853.87
GROSS PROFIT	2,542.94	3,720.16	2,813.74	2,879.39	3,823.65	2,713.07
DEPRECIATION	575.87	531.30	428.73	368.96	350.29	335.44
INTEREST	1,430.90	1,520.70	1,201.44	1,263.60	1,458.44	1,404.16
PROFIT BEFORE TAX	536.17	1,668.16	1,183.57	1,246.83	2,014.92	973.47
PROFIT AFTER TAX	340.19	1,368.16	983.57	946.83	1,614.92	673.47
EARNINGS PER SHARE (RS.)	3.00	10.79 *	7.63	7.34	10.90	4.68
CASH EARNINGS PER SHARE (RS.)	8.08	14.97 *	10.95	10.21	15.24	7.83
BOOK VALUE PER SHARE (RS.)	57.49	69.73	57.36	52.78	48.21	38.43
DIVIDENDS ON EQUITY (%)	25.00	25.00	25.00	25.00	25.00	25.00
DEBT EQUITY RATIO (excluding working capital borrowings)	0.70	0.73	0.75	0.77	0.48	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	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
SUGAR UNIT, VUYYURU						
CANE CRUSHED IN MTS	6,88,821	6,09,355	10,47,565	9,32,052	8,91,340	9,00,781
SUGAR BAGGED IN QTLS	7,22,284	6,31,820	10,66,540	9,62,300	8,63,146	9,47,253
RECOVERY %	10.49	10.38	10.20	10.33	9.68	10.52
SUGAR UNIT, LAKSHMIPURAM						
CANE CRUSHED IN MTS	82,058	1,85,586	4,68,010	4,50,431	3,30,772	4,10,949
SUGAR BAGGED IN QTLS	68,658	1,75,071	4,51,700	4,41,310	3,04,238	4,34,208
RECOVERY %	9.40	9.36	9.65	9.80	9.20	10.57

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventh 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 Wednesday, the 11th day of September, 2002 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, 2002 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 the place of Dr.N.B.Prasad who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") or any statutory modification(s) or re-enactment thereof, and subject to such other approvals including that of the Central Government, if so required and as may be necessary, Smt.Rajeswary Ramakrishnan be and is hereby appointed as the "Executive Chairman" of the Company, for a period of five years, i.e. from 1st November 2001 to 31st October 2006, during which term of office she shall not be liable to retirement by rotation, on the terms and conditions as to remuneration as hereunder :

- i. **Salary** : Rs.24,00,000 (Rupees Twenty Four Lakhs only) per annum, to be paid to the Appointee at such intervals during the year as may be mutually agreed upon by her and the Board of Directors.
- ii. **Commission** : Remuneration by way of commission on net profits in addition to salary such that the amount of salary and commission in the aggregate is subject to an overall ceiling of 2 % of the net profits of the Company in a particular financial year as laid down in Section 198 and 309 read with Section 349 of the Act.
- iii. **Minimum remuneration** : Notwithstanding anything to the contrary herein contained, where in any financial year during her said tenure, the Company has no profits or its profits are inadequate, the Company will pay to her as minimum remuneration – salary as stated above and she shall not be entitled to any commission. As the Executive Chairman is a managerial person in another Company also, she shall draw remuneration pursuant to the provisions of Section III of Part II of Schedule XIII of the Act, which stipulates that the aggregate remuneration drawn from the Companies shall not exceed the higher maximum limit admissible from any one of the Companies in which she is a managerial person. The payment of the above remuneration shall be within the limits specified under Section II and III of Part II of Schedule XIII of the Act as applicable to her.

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 Act, the Board of Directors be and are hereby authorized to vary or increase the remuneration 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."

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

"RESOLVED THAT Shri.K.A.Rangaswamy, who was appointed as a Director in the casual vacancy caused by the resignation of Shri.R.K.Talwar, 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 himself for reappointment and in respect of whom the Company has received a notice from a Member in writing under Section 257 of the Act alongwith the requisite deposit of money signifying his intention to propose Shri.K.A.Rangaswamy as a candidate for the Office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **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 (the "Act") or any statutory modification(s) or re-enactment thereof, and such other approvals including that of the Central Government, if so required and as may be necessary, Smt.Irmgard Velagapudi M.Rao be and is hereby appointed as the "Managing Director" of the Company, for a period of three years, i.e. from 29th March 2002 to 28th March 2005, during which term of office she shall not be liable to retirement by rotation, on the terms and conditions as to remuneration as hereunder :

- i. **Salary** : Rs.4,00,000/- (Rs.Four Lakhs only) per month.
- ii. **Commission** : Remuneration by way of commission on net profits in addition to salary such that the amount of salary and commission in aggregate is subject to an overall ceiling of 3 % of the net profits of the Company in a particular financial year as laid down in Section 198 and 309 read with Section 349 of the Act.
- iii. **Minimum remuneration** : Notwithstanding anything to the contrary herein contained, where in any financial year during her said tenure, the Company has no profits or its profits are inadequate, the Company will pay to her as minimum monthly remuneration – Rs 2,00,000/- (Rs.Two Lakhs only) as salary, however not exceeding the limits specified under Section II of Part II of Schedule XIII of the Act and she shall not be entitled to any commission.
- iv. **Others** : Provision of car with driver and telephone at her residence for use on Company's business. However, personal long distance telephone calls and personal use of car shall be charged to her.

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 Act, the Board of Directors be and are hereby authorized to vary or increase the remuneration 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."

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

NOTICE (CONTD.)

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

"RESOLVED THAT Shri.K.Subramanian who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, (the "Act") and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a Member in writing under Section 257 of the Act alongwith the requisite deposit of money signifying her intention to propose Shri.K.Subramanian as a candidate for the Office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation in accordance with the Articles of Association of the Company."

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

"RESOLVED THAT Ms.V.Kiran Rao who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, (the "Act") and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a Member in writing under Section 257 of the Act alongwith the requisite deposit of money signifying his intention to propose Ms.V.Kiran Rao as a candidate for the Office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation in accordance with the Articles of Association of the Company."

10. 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 Sections 198, 269, 309 read with Schedule XIII and other applicable provisions of the Act and subject to the approval of the Central Government, if required, approval of the Members is hereby accorded for the appointment of Ms.V. Kiran Rao as "Executive Director" of the Company, from 29th July 2002 for a period of five (5) years, i.e. upto 28th July 2007 on the terms and conditions as to remuneration as hereunder :

- i. **Salary** : Rs.1,00,000/- (Rs.One Lakh only) per month.
- ii. **Perquisites** :
 - a. Rent free furnished residential accommodation
 - b. Personal accident insurance;
 - c. Contribution to Provident Fund and gratuity;
 - d. Electricity to be valued as per Income Tax Rules.

The above in accordance with the Company's practice, rules and regulations in force, from time to time as may be applicable to her.
- iii. **Commission** : Remuneration by way of commission on net profits in addition to salary such that the amount of salary and commission in aggregate is subject to an overall ceiling of 2% of the net profits of the Company in a particular financial year as laid down in Section 198 and 309 read with Section 349 of the Act.
- iv. **Minimum remuneration** : Notwithstanding anything to the contrary herein contained, where in any financial year during her said tenure, the Company has no profits or its profits are inadequate, the Company will pay to her as minimum monthly remuneration the salary mentioned in (i) and the perquisites mentioned in (ii) above, however not exceeding the limits specified under Section II of Part II of Schedule XIII of the Act and she shall not be entitled to any commission.
- v. **Others** : Provision of car with driver and telephone at her residence for use on Company's business. However, personal long distance telephone calls and personal use of car shall be charged to her.



NOTICE (CONTD.)

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 Act, the Board of Directors be and are hereby authorized to vary or increase the remuneration within the prescribed limits.

RESOLVED FURTHER THAT Ms.V.Kiran Rao be and is hereby authorized to exercise such powers of management, as may be delegated to her by the Board of the Company, from time to time, subject however to the overall superintendence, control and direction of the Board.

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 : 29.07.2002

SMT.RAJESWARY RAMAKRISHNAN
EXECUTIVE CHAIRMAN

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 10 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 from Monday to Friday.**
- c. **The Register of Members, Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from 29th day of August 2002 to 11th day of September 2002, 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 28th August, 2002, and
 - 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 28th August 2002.
 - Income tax will be deducted at source wherever the dividend amount exceeds Rs.1000/-**. Shareholders who are required to submit Form-15G for non-deduction of tax are requested to submit the same in duplicate to the Registrar and Transfer Agents and Depository Participants, M/s. Integrated Enterprises (India) Ltd., on or before 28th August 2002.
 - Shareholders other than (iii) above are requested to give their **Permanent Account No. (PAN)** allotted to them under Section 139-A of the Income-tax Act, 1961, stating their name and folio / client ID No. to M/s. Integrated Enterprises (India) Ltd., as it is **mandatory** to quote payee's PAN in Form 16A certificate.