



K.C.P. SUGAR AND INDUSTRIES

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CORPORATION LIMITED

Twelfth Annual Report

2006 - 2007

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

Shri.Vinod R. Sethi

Managing Director

Smt.Irmgard Velagapudi M. Rao

Executive Director

Smt.V.Kiran Rao

Directors

Shri.K.A.Rangaswamy

Shri.Ranvir Shah

Shri.Prathap K.Moturi

Dr.Vithal Rajan

Shri.Raghu Cidambi

Shri.M.S.V.M.Rao

Shri.S.V.Narasimha Rao

Chief Operating Officer**General Manager (Finance)
and Secretary**Shri.V.C.Unnikrishnan, FCA, FICWA, FCS
[till 04.07.2007]**General Manager (Finance)**

Shri.R. Ganesan [from 05.07.2007]

**Deputy General Manager (Finance)
and Company Secretary**Shri.S.Chidambaram, B.Sc.,AICWA,ACS,
[from 05.07.2007]**Auditors**Messrs. B.Purushottam & Co.
Chartered Accountants, Chennai**Legal Advisor**

Shri.T.Raghavan

Bankers

State Bank of India

Punjab National Bank

ICICI Bank Ltd

ING Vysya Bank Ltd

UTI Bank Ltd

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

Vuyyuru - Sugar
Industrial Chemicals
Incidental Co-Generation power
Biotech
Research and Development
CO2
Calcium Lactate

Lakshmipuram - Sugar
- Incidental Co-Generation power

Tada - Workshop

Registrars to DepositsTIPS Data Systems Private Limited
19 (old 11) Nagarjuna Nagar, 1st Street
Rangarajapuram, Kodambakkam, Chennai - 600 024.
Ph: 24812333 / 24812335 Fax : 24812336
Website : www.tipsdatasys.com**Registrars & Share Transfer Agent
&
Depository Registrars**M/s Integrated Enterprises (India) Limited,
2nd Floor, "Kences Towers", No.1,Ramakrishna Street,
North Usman Road, T.Nagar, Chennai - 600 017.
Ph: 28140801 to 28140803 Fax: 28142479
Website: www.iepindia.com



AT A GLANCE

FINANCIAL HIGHLIGHTS										
(Rs. in Lakhs)										
Particulars	Year Ended									
	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001	31.03.2000	31.03.1999	31.03.1998
Share Capital	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	*1,133.85	1,289.30	1,289.30	1,289.30
Reserves and Surplus	14,475.97	12,784.19	9,012.45	6,554.82	4,962.81	5,384.94	6,772.84	6,105.68	5,515.34	4,926.30
Net Worth	15,609.82	13,918.04	10,146.30	7,688.67	6,096.66	6,518.79	7,906.69	7,394.98	6,804.64	6,215.60
Fixed Assets (Net)	15,541.25	13,970.66	10,448.77	9,649.21	10,141.13	10,114.89	9,589.37	8,979.56	7,878.04	6,341.50
Gross Income	33,611.64	36,184.68	29,977.81	20,890.02	17,690.59	14,947.76	22,204.78	18,939.46	21,519.59	20,579.09
Gross Profit	5,000.54	10,555.24	8,033.82	3,022.50	1,535.38	2,542.94	3,720.16	2,813.74	2,879.39	3,823.65
Depreciation	1,001.49	743.45	619.97	626.02	611.21	575.87	531.30	428.73	368.96	350.29
Interest	351.56	420.53	915.01	1,373.05	1,501.80	1,430.90	1,520.70	1,201.44	1,263.60	1,458.44
Profit / (Loss) before Tax	3,647.49	9,391.26	6,498.84	1,023.43	-577.63	536.17	1,668.16	1,183.57	1,246.83	2,014.92
Profit / (Loss) after Tax	2,355.05	5,711.05	4,065.21	1,911.79	-422.13	340.19	1,368.16	983.57	946.83	1,614.92
Earnings per Share (Rs.)	2.08	5.04	35.85	16.86	-3.72	3.00	*10.79	7.63	7.34	10.90
Cash Earnings per Share (Rs.)	2.96	5.69	41.32	22.38	1.67	8.08	*14.97	10.95	10.21	15.24
Book Value per Share (Rs.)	13.77	12.28	89.49	67.81	53.77	57.49	69.73	57.36	52.78	48.21
Dividends on Equity %	50.00	150.00	100.00	25.00	-	25.00	25.00	25.00	25.00	25.00
Long term Debt Equity Ratio (excluding working capital borrowings)	0.12	0.16	0.30	0.49	0.58	0.70	0.73	0.75	0.77	0.48

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

SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

SEASON	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
SUGAR UNIT, VUYURU										
Cane Crushed in MTS	12,21,209	10,72,145	9,97,945	10,14,957	9,74,932	6,88,821	6,09,355	10,47,565	9,32,052	8,91,340
Sugar bagged in QTLS	13,19,880	11,97,470	11,44,442	10,60,812	9,81,994	7,22,284	6,31,820	10,66,540	9,62,300	8,63,146
Recovery (%)	10.83	11.15	11.46	10.47	10.07	10.48	10.38	10.20	10.33	9.68
SUGAR UNIT, LAKSHMIPURAM										
Cane Crushed in MTS	4,53,307	4,35,534	3,72,153	3,13,619	2,27,826	82,058	1,85,586	4,68,010	4,50,431	3,30,772
Sugar bagged in QTLS	4,57,905	4,61,679	4,13,580	3,14,879	2,09,638	68,658	1,75,071	4,51,700	4,41,310	3,04,238
Recovery (%)	10.32	10.63	11.10	10.05	9.07	9.40	9.36	9.65	9.80	9.20

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**NOTICE TO SHAREHOLDERS****NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, on Thursday, the 27th day of September 2007 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2007 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Shri.K.A. Rangaswamy who retires by rotation in terms of Article 119 and 120 of the Company's Article of Association and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Smt.V.Kiran Rao, who retires by rotation in terms of Article 119 and 120 of the Company's Article of Association and being eligible, offers herself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS:

6. 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, 309, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and Article 147 & 148 of the Articles of Association of the Company, and subject to the approval of the Shareholders and such other approvals including that of the Central Government, if so required and as may be necessary, the Company hereby approves the reappointment of Smt.V. Kiran Rao as Executive Director of the Company, for a period of five years i.e. from 29th July 2007 to 28th July, 2012 during which term of office she shall not be liable to retirement by rotation and on the terms and conditions as to remuneration, recommended by the Remuneration Committee of the Board, as hereunder:

- i. **Salary** : Rs.3,00,000/- per month with an authority to the Remuneration Committee / Board of Directors to grant one or more suitable increments at the appropriate time within the ceiling prescribed under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.
- ii. **Perquisites** : Provision of car with driver for use on Company's business and telephone at the residence and cell phone (including payment for local calls and long distance official calls). Personal long distance calls on telephone and use of car for private purposes shall be charged to the Executive Director; Rent free furnished residential accommodation; Personal accident insurance; Contribution to provident fund and gratuity; Electricity to be valued as per Income Tax Rules. These perquisites shall be 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



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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.

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 Smt.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 is 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 : 29.06.2007

IRMGARD VELAGAPUDI M RAO
MANAGING DIRECTOR

NOTES:

- a. **Explanatory Statement** pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in item No. 6 are annexed hereto.
- b. **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.

- c. **The Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 19th day of September 2007 to 27th day of September 2007, both days inclusive, **for the purpose of payment of dividend.**
- d. **Dividend on equity shares**, as recommended by the Board, when declared at the Meeting will be paid on or after 27.09.2007, but within the stipulated time, subject however to the provisions of Section 206A of the Companies Act, 1956:
 - i. to those Members whose names appear on the Register of Members of the Company as on 19th September.2007, after giving effect to all valid **share transfers in physical form** lodged with the Company/Registrars on or before 18th September 2007, and

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- ii. 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 19th September 2007.
- e. **M/s. Integrated Enterprises (India) Ltd**, Kences Towers, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
- f. Securities and Exchange Board of India has made **trading** in the shares of the company **compulsory in dematerialized form** for all investors. Members are requested to open a Beneficiary owner account with a Depository Participant, if not done so far.
- g. 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.
- h. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if Members want to change/correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from Members for addition/deletion/change in bank account details furnished by Depository Participants to the Company.**
- i. **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 18th September 2007. The requisite **ECS application form is printed with this Annual Report**, which can be completed by Members and mailed to reach us latest by 19th September 2007. 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. Please ensure that the details submitted by you to our Registrars / your Depository Participant are correct as any error therein could result in the dividend amount being credited to wrong account. Payment of dividend through ECS and / or to the designated Bank Account which will appear on the dividend warrant, will help to prevent fraudulent encashment of dividend warrants.
- j. 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**.
- k. **Members who hold shares in the physical form** can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the **nomination facility** by filling **Form 2B printed with this Annual Report**. Members holding shares in dematerialized form may please contact their Depository Participants for recording nomination in respect of their shares.
- l. As required under the provisions of the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2000 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Protection and Education Fund (IPEF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.



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

Financial year ended		Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2000		11.09.2000	16.09.2007	15.10.2007
31.03.2001		23.07.2001	27.07.2008	25.08.2008
31.03.2002		11.09.2002	16.09.2009	15.10.2009
31.03.2003		No Dividend declared for the year		
31.03.2004		02.09.2004	09.09.2011	08.10.2011
31.03.2005	(interim)	10.11.2004	22.11.2011	21.10.2011
	(Final)	31.08.2005	04.08.2012	03.09.2012
31.03.2006	(interim)	27.10.2005	07.11.2012	06.12.2012
	(Final)	12.10.2006	11.10.2013	10.11.2013

- m. Shareholders are requested to **encash their Dividend Warrants on receipt** as Dividend remaining **unclaimed for seven years**, is required to be **transferred to the Investor Education and Protection Fund** established by the Central Government under Section 205C of the Companies Act, 1956. **Once** unclaimed dividends are **transferred** to this fund, shareholders will **not be entitled to claim** these dividends.

[The **Unclaimed Dividend** for the above year(s), 1999-00, 2000-01, 2001-02, 2003-04, and 2004 – 05 (interim & final), 2005 – 06 (interim & final) are held in separate Bank Accounts and Shareholders who have not received the dividend/encashed the said warrants, are in their own interest advised to write to the Registrar immediately with complete details. **Shareholders are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claim.]**

- n. 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 – 600 008 at the earliest with a copy marked to the Registrar. New share certificates of this Company will be despatched after receipt of confirmation from The K.C.P.Ltd.
- o. 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.
- p. **Members desirous of obtaining any information** concerning the accounts and operations of the Company are requested to **address their queries in writing** to the Secretarial Division at

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least two weeks before the Meeting so that the information may be made available at the Meeting.

Additional information on Directors seeking reappointment at the Twelfth Annual General Meeting as per clause 49 of the listing agreement with Stock Exchanges.

As per Section 255 read with 256 of the Companies Act, 1956 and in pursuance of Article 119 and 120 of Articles of Association of the Company, at least two thirds of the Board should consist of retiring Directors. Of these, one-third of the retiring Directors are required to retire every year.

(i) Shri.K.A.Rangaswamy

Shri.K.A.Rangaswamy is an experienced Chartered Accountant and Company Secretary and in addition holds a Master's Degree in Business Administration, with over 45 years of experience and expertise in the fields of finance, management, business administration, taxation and other related fields. He served as Executive Director of this Company for five years and retired at the close of the tenure on 1st April'2001 and was inducted again in the Board on 29.03.2002 as Non Executive Director.

Companies in which Shri.K.A.Rangaswamy holds Directorship

Energy Device Technology (India) Pvt Ltd. Chennai

Shareholding in the Company

2260 Equity Shares of face value Re.1/- each

(ii) Smt.V.Kiran Rao

Smt.V.Kiran Rao is a German National, an Anthropologist, Historian, and a graduate from the University of London and had worked in various assignments in Europe and the United Kingdom. She has also worked as Executive Assistant to the Chairman and Managing Director, from 01.07.1997 to 28.07.2002. Smt. V.Kiran Rao was appointed as an Executive Director for a period of five years from 29-07-2002 to 28-07-2007. She has made significant contribution during her tenure. She retires by rotation at this Annual General Meeting and is seeking reappointment.

Companies in which Smt. V.Kiran Rao holds Directorship

The Eimco K.C.P.Ltd, a wholly owned Subsidiary of the Company

Shareholding in the Company

2,55,020 Equity Shares of face value Re.1/- each

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.6:

Smt. V.Kiran Rao was appointed as an Executive Director at the Board Meeting held on 29-07-2002 for a period of five years from 29-07-2002 to 28-07-2007 and the appointment was approved by the shareholders at the Seventh Annual General Meeting held on 11-09-2002. Her appointment was made when the sugar industry was passing through difficult times and considering the turn around in the company and industry as a whole, the Board of Directors have, based on the recommendations of the Remuneration Committee at its meeting held on 27.01.2005, considered revision in her remuneration from 01.02.2005 till the end of her tenure till 28.07.2007, which was approved by the shareholders in the Tenth Annual General Meeting held on 31.08.2005. Smt. V.Kiran Rao has also been instrumental in maintaining cordial relations with the cane growers and ensuring their continued support to the Company. In recognition of Smt.V.Kiran Rao's efforts in the management of the affairs



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of the Company, based on the recommendation of the Remuneration Committee, the Board of Directors have proposed to reappoint her for a further period of five years with effect from 29.07.2007 during which term of office she shall not be liable to retirement by rotation, on the terms and conditions as stated in the resolution.

The Board recommends this resolution for approval of the members.

Smt.V.Kiran Rao is the Vice Chairperson of The Eimco K.C.P.Ltd, a wholly owned Subsidiary of the Company.

The Resolution set out in Item No.6 in the Notice alongwith this Explanatory Statement may be treated as an abstract of the terms and conditions of her appointment and compliance of the provisions of Section 302 of the Companies Act, 1956.

Memorandum of Interest

No other Director except Smt. V.Kiran Rao is concerned or interested in this resolution. Smt.Irmgard Velagapudi M.Rao, and Shri.Vinod R.Sethi, being relatives of Smt.V.Kiran Rao, may be deemed to be concerned or interested in this resolution.

// BY ORDER OF THE BOARD //

Place : Chennai
Date : 29.06.2007

IRMGARD VELAGAPUDI M RAO
MANAGING DIRECTOR