



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

*Fifteenth Annual Report
2009 - 2010*

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BOARD OF DIRECTORS as on 17.06.2010

WHOLETIME DIRECTORS:

Shri.Vinod R. Sethi	Executive Chairman
Smt.Irmgard Velagapudi M. Rao	Managing Director
Smt.V.Kiran Rao	Executive Director

NON-WHOLETIME DIRECTORS:

Shri.K.A.Rangaswamy	Independent Director
Shri.Ranvir R.Shah	Independent Director
Dr.Vithal Rajan	Independent Director
Shri.M.S.V.M.Rao	Independent Director

Board Committees

Audit Committee

Shri.K.A.Rangaswamy
Shri. Vinod R. Sethi
Dr.Vithal Rajan
Smt.V.Kiran Rao
Shri.M.S.V.M.Rao

Remuneration Committee

Shri.K.A.Rangaswamy
Dr. Vithal Rajan
Shri. Vinod R. Sethi
Shri. Ranvir R.Shah

Share Transfer & Grievances Committee

Shri. K.A. Rangaswamy
Smt.Irmgard Velagapudi M.Rao
Smt.V.Kiran Rao

General Manager (Finance)

Shri.R. Ganesan

**Deputy General Manager (Finance)
and Company Secretary**

Shri.S.Chidambaram, B.Sc.,AICWA, ACS,

Auditors

Messrs. B.Purushottam & Co.
Chartered Accountants,
Flat No.3-D, "Pioneer Homes"
23/A, North Boag Road, T.Nagar
Chennai 600017.

Cost Auditor

Shri.G.Suryanarayanan

Legal Advisor

Shri.T.Raghavan

Bankers

State Bank of India
Punjab National Bank
ICICI Bank Ltd
ING Vysya Bank Ltd
Axis Bank Ltd

Registered & Corporate Office

"Ramakrishna Buildings"
239, Anna Salai,
Chennai - 600 006.
Ph: 044 - 28555171 to 28555176
Fax: 044-28546617, E-mail: kcpsugar@vsnl.com

Plant Locations:

1) Vuyyuru, Krishna Dist, Andhra Pradesh 521 165
Sugar, Industrial Chemicals, Incidental Co-generation Power,
Biotech, CO₂, Calcium Lactate Divisions.

2) Lakshmipuram, Krishna Dist, Andhra Pradesh 521 131
Sugar, Incidental Co-generation Power.

Registrars to Deposits

TIPS Data Systems Private Limited
No.11, Annai Avenue Main Road
Korattur North, Chennai - 600 076.
Mobile: 9940380356

Registrars & Share Transfer Agent

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

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	Year Ended									
	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001
Share Capital	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	*1,133.85
Reserves and Surplus	15,925.95	14,546.49	14,342.19	14,475.97	12,784.19	9,012.45	6,554.82	4,962.81	5,384.94	6,772.84
Net Worth	17,059.80	15,680.34	15,476.04	15,609.82	13,918.04	10,146.30	7,688.67	6,096.66	6,518.79	7,906.69
Fixed Assets (Net)	13,698.22	13,959.19	14,758.28	15,541.25	13,970.66	10,448.77	9,649.21	10,141.13	10,114.89	9,589.37
Gross Income	26,306.43	19,954.65	25,428.43	33,611.64	36,184.68	29,977.81	20,890.02	17,690.59	14,947.76	22,204.78
Gross Profit	4,813.10	3,270.26	2,280.74	5,000.54	10,555.24	8,033.82	3,022.50	1,535.38	2,542.94	3,720.16
Depreciation	1,062.54	1,085.35	1,059.37	1,001.49	743.45	619.97	626.02	611.21	575.87	531.30
Interest	319.62	360.18	459.93	351.56	420.53	915.01	1,373.05	1,501.80	1,430.90	1,520.70
Profit / (Loss) before Tax	3,430.94	1,824.73	761.44	3,647.49	9,391.26	6,498.84	1,023.43	-577.63	536.17	1,668.16
Profit / (Loss) after Tax	2,374.37	1,132.88	710.97	2,355.05	5,711.05	4,065.21	1,911.79	-422.13	340.19	1,368.16
Earnings per Share (Rs.)	**2.09	**0.999	**0.63	**2.08	**5.04	35.85	16.86	-3.72	3.00	*10.79
Cash Earnings per Share (Rs.)	**3.03	**1.96	**1.56	**2.96	**5.69	41.32	22.38	1.67	8.08	*14.97
Book Value per Share (Rs.)	**15.05	**13.83	**13.65	**13.77	**12.28	89.49	67.81	53.77	57.49	69.73
Dividends on Equity %	75.00	70.00	50.00	50.00	150.00	100.00	25.00	—	25.00	25.00
Long term Debt Equity Ratio (excluding working capital borrowings)	0.25	0.25	0.22	0.12	0.16	0.30	0.49	0.58	0.70	0.73

* 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.

** Face value of each equity share of Rs.10/- has been sub-divided into 10 equity shares of Face Value of Re.1/- each w.e.f. 17.03.2006.

SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

SEASON	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
SUGAR UNIT, VUYURU										
Cane Crushed in MTS	4,89,522	5,38,686	8,46,674	12,21,209	10,72,145	9,97,945	10,14,957	9,74,932	6,88,821	6,09,355
Sugar bagged in QTLS	4,64,110	5,64,150	9,19,000	13,19,880	11,97,470	11,44,442	10,60,812	9,81,994	7,22,284	6,31,820
Recovery (%)	9.50	10.45	10.85	10.83	11.15	11.46	10.47	10.07	10.48	10.38
SUGAR UNIT, LAKSHMIPURAM										
Cane Crushed in MTS	1,50,759	1,35,957	2,74,193	4,53,307	4,35,534	3,72,153	3,13,619	2,27,826	82,058	1,85,586
Sugar bagged in QTLS	1,29,206	1,22,686	2,68,948	4,67,905	4,61,679	4,13,580	3,14,879	2,09,638	68,658	1,75,071
Recovery (%)	8.58	9.05	9.80	10.32	10.63	11.10	10.05	9.07	9.40	9.36

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fifteenth 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 19th day of August 2010 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, 2010 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 place of Shri. Vinod R. Sethi, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. K.A. Rangaswamy, who retires by rotation, and being eligible, offers himself 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, on such remuneration as shall be fixed by the Board of Directors. M/s B. Purushottam & Co, the retiring auditors of the company are eligible for reappointment.

SPECIAL BUSINESS:

6. 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 and 309 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 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 Board of Directors hereby approves the reappointment of Smt.Irmgard Velagapudi M.Rao as Managing Director of the Company, for a period of five years i.e. from 29th March 2010 to 28th March, 2015 on the terms and conditions as to remuneration, recommended by the Remuneration Committee of the Board, as hereunder:

- | | | |
|---------------------------------|---|--|
| i. Salary | : | Rs.4,00,000/- (Rs.Four Lakhs only) per month. |
| ii. Perquisites | : | Provision of car(s) with driver(s) 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 Managing Director. |
| iii. Commission | : | Remuneration by way of commission on net profits in addition to salary and perquisites such that the amount of salary, perquisites 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 Companies Act, 1956. |
| iv. Minimum remuneration | : | Notwithstanding anything to the contrary herein contained, where in any financial year during currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company will pay to her as minimum monthly remuneration salary 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 she shall not be entitled to any commission. |

RESOLVED FURTHER THAT during such time that Smt.Irmgard Velagapudi M.Rao holds and continues to hold the Office of the Managing Director, she shall not be liable to retire 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 salary within the prescribed limits.

RESOLVED FURTHER THAT Smt.Irmgard Velagapudi M.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 and to do all such acts, deeds, matters and things which may be necessary, usual, expedient or proper to give effect to this resolution."

7. 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, 309 and 316 read with Schedule XIII and Article 147 and 148 of the Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, 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 Board of Directors hereby approves the appointment of Shri. Vinod R. Sethi, as a Whole-time Director designated as Executive Chairman of the Company, liable to retire by rotation, for a period of five years i.e. from 8th April 2010 to 7th April, 2015 on the terms and conditions as to remuneration, recommended by the Remuneration Committee of the Board, as hereunder:

Tenure /Period of Appointment	5 years from 08.04.2010 to 07.04.2015.
Designation	Executive Chairman –Liable to retire by rotation.
Salary/ Per month	Rs.1,00,000/- (Rupees One lakh only)
Perquisites	<ul style="list-style-type: none"> • Contribution to provident fund; • Gratuity as per Payment of Gratuity Act; • Medclaim Insurance; • Personal Accident Insurance; • Provision of car with driver for use on Company's business • 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 Chairman;
Commission	Remuneration by way of commission on net profits in addition to salary and perquisites such that the amount of salary, perquisites 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, 309 and 349 read with Schedule XIII of the Companies Act, 1956.
Minimum remuneration	Notwithstanding anything to the contrary herein contained, where in any financial year during his said tenure, the Company has no profits or its profits are inadequate, the appointee shall be entitled to the salary and the perquisites mentioned above as minimum monthly remuneration, however not exceeding the limits specified under Section II of Part II of Schedule XIII of the Act and he 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 Companies Act, 1956, the Board of Directors be and are hereby authorized to vary or increase the salary within the prescribed limits.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps and to do all such acts, deeds, matters and things which may be necessary, usual, expedient or proper, including signing and submission of necessary forms with the Registrar of Companies and other statutory authorities, to give effect to this resolution."

// BY ORDER OF THE BOARD //

Place : Chennai

Date : 17.06.2010

VINOD R. SETHI

EXECUTIVE CHAIRMAN

NOTES:

- (i) 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 Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 12th day of August 2010 to 19th day of August 2010, both days inclusive, **for the purpose of payment of dividend.**
- c. **Dividend on equity shares**, as recommended by the Board, on approval by the shareholders at the AGM, will be paid on or after 19.08.2010 but within the stipulated time, subject however to the provisions of Section 206A of the Companies Act, 1956:
- d. to those Members whose names appear on the Register of Members of the Company as on 11.08.2010, after giving effect to all valid **share transfers in physical form** lodged with the Company/Registrars on or before the close of business hours of 11.08.2010; and

- 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 11.08.2010.
- d. **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.
- e. 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.
- 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 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.**
- 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 11.08.2010. The requisite **ECS application form is printed with this Annual Report**, which can be completed by Members and mailed to reach us latest by 11.08.2010. 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.
- 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 **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.
- k. As required under the provisions of the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2003 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

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
31.03.2003		No Dividend declared for the year		
31.03.2004		02.09.2004	08.09.2011	07.10.2011
31.03.2005	(interim)	10.11.2004	22.11.2011	21.12.2011
	(Final)	31.08.2005	04.09.2012	03.10.2012
31.08.2006	(interim)	27.10.2005	07.11.2012	06.12.2012
	(Final)	12.10.2006	17.10.2013	16.11.2013
31.03.2007		27.09.2007	02.10.2014	01.11.2014
31.03.2008		11.09.2008	12.09.2015	11.10.2015
31.03.2009		23.09.2009	24.09.2016	23.10.2016

- l. Shareholders are requested to **encash their Dividend Warrants on receipt** as Dividend remaining **unclaimed for seven years**, are 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), 2003-04, 2004 – 05 (interim & final), 2005–06 (interim & final), 2006-07, 2007-08 and 2008-09 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.**]

- m. 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.
- n. 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.
- o. **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 least two weeks before the Meeting** so that the information may be made available at the Meeting.
- P. Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under.

	Shri. Vinod R. Sethi	Shri. K.A. Rangaswamy
Profile of the Director	<p>Shri. Vinod R. Sethi is a Chemical Engineer from IIT, Mumbai, and an MBA (Finance) and a Beta Gamma Sigma Graduate from New York University, with rich experience in investment banking for more than a decade, heading the Indian business of Morgan Stanley Investment Management, Inc, New York.</p> <p>He was co-opted as an additional Director on the Board of the Company on 26.10.2005 and was elected as Chairman of the Board of Directors for a period of five years. He was appointed as Director of the Company liable to retire by rotation at the 11th Annual General Meeting held on 12.10.2006.</p>	<p>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 48 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 01.04.2001 and was inducted again in the Board on 29.03.2002 as Non Executive Director, liable to retire by rotation.</p>
Directorships and Committee Memberships in other Companies.	<ul style="list-style-type: none"> • GTL Limited - Director. <ul style="list-style-type: none"> - Member, Audit Committee. - Member, Remuneration Committee. • Subex Ltd., Director. <ul style="list-style-type: none"> - Member, Audit Committee - Chairman, Remuneration Committee • Axsys HealthTech Ltd – Director. <ul style="list-style-type: none"> - Member, Audit Committee. - Member, Remuneration Committee. • Mount Everest Mineral Water Ltd – Director. <ul style="list-style-type: none"> - Member, Audit Committee. • Geodesic Ltd – Director. <ul style="list-style-type: none"> - Member, Audit Committee. - Member, Remuneration Committee • United Phosphorus Ltd. – Director • Itz Cash Card Ltd. – Director • Advanta India Ltd – Director <ul style="list-style-type: none"> - Member, Audit Committee. • KCP Sugars Agricultural Research Farms Ltd. – Director. • G.G.Dandekar Machine Works Ltd – Director <ul style="list-style-type: none"> - Member, Audit Committee. • Orbis Financial Corporation Ltd. - Director • ISMT Limited – Director <ul style="list-style-type: none"> - Chairman, Audit Committee. 	<ul style="list-style-type: none"> • Energy Device Technology (India) Pvt. Ltd. – Director.
No. of Shares held in their own name.	10 equity shares of F.V.Re.1/- each	2,260 equity shares of F.V.Re.1/- each.

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956:

Item No.6:

Smt. Irmgard Velagapudi M.Rao was appointed as Managing Director of the Company for a period of three years from 29.03.2002 till 28.03.2005, under Schedule XIII of the Companies Act, 1956, and other applicable provisions and the same was approved by the Shareholders at the Seventh Annual General Meeting held on 11.09.2002. At the expiry of this term, the Board had unanimously reappointed her for the second term for a period of five years (from 29.03.2005 to 28.03.2010). Her reappointment for a further period of five years, viz, from 29.03.2010 to 28.03.2015, had been approved by the Board of Directors in its meeting held on 27.01.2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The Company with Smt. Irmgard Velagapudi M. Rao at the helm of affairs as Managing Director, had not only witnessed a turnaround within a short span but also went from strength to strength. Under her adept and proficient stewardship the Company had earned a record profit of Rs.94 crores in the financial year 2005-06 and declared an all-time high dividend of 150%. With sustained growth, consistent dividend policy, debt-free stature and prompt payment of cane dues, the Company has carved a niche in the industry. Her leadership was exemplary even during difficult times on account of dwindling cane availability coupled with farm labour problems attributable to the cyclic nature of the industry. Owing to her dynamic and remarkable managerial skills cordial relationship is being maintained with all stakeholders and the farmers repose unflinching confidence in the Company.

The Board of Directors proposes the appointment of Smt. Irmgard Velagapudi M.Rao as Managing Director and recommends the resolution as set out in Item No. 6 of the Agenda for the approval of the shareholders at the ensuing Annual General Meeting.

Smt.Irmgard Velagapudi M.Rao, is the Chairperson of The Eimco K.C.P.Ltd, KCP Sugars and Agricultural Research Farms Ltd, Durgamba Investment Private Limited, Energy Device Technology (India) Private Limited, and V.M.Rao Consultants Private Limited.

Smt. Irmgard Velagapudi M.Rao is interested in the resolution as set out at Item No.6 of the Notice which pertains to her appointment and remuneration payable to her. None of the other Directors of the Company except Smt. V. Kiran Rao, and Shri. Vinod R. Sethi, being relatives, is deemed to be concerned or interested in this Resolution.

Item No.7:

Shri. Vinod R. Sethi was co-opted as an additional Director on the Board of the Company on 26.10.2005 and was elected as Chairman of the Board of Directors for a period of five years. He was appointed as Director of the Company liable to retire by rotation at the 11th Annual General Meeting held on 12.10.2006.

Shri. Vinod R. Sethi is a Chemical Engineer from IIT, Mumbai, and an MBA (Finance) and a Beta Gamma Sigma Graduate from New York University, with rich experience in investment banking for more than a decade, heading the Indian business of Morgan Stanley Investment Management, Inc, New York. He is on the Board of several leading Corporates.

The Board of Directors at its meeting held on 08.04.2010 appointed him as a Whole-time Director designated as Executive Chairman, for a period of five years from 08.04.2010 to 07.04.2015, liable to retire by rotation, and subject to the approval by the shareholders at the ensuing Annual General Meeting.

The Board of Directors is of the opinion that the appointment of Shri. Vinod R. Sethi as Whole-time Director designated as Executive Chairman is in the best interest of the Company and accordingly recommended the resolution set out in Item No.7 for approval of the shareholders at the ensuing Annual General Meeting.

Shri. Vinod R. Sethi is interested in the resolution as set out at Item No.7 of the Notice which pertains to his appointment and remuneration payable to him. None of the other Directors of the Company except Smt. V. Kiran Rao, and Smt. Irmgard Velagapudi M.Rao, being relatives, is deemed to be concerned or interested in this Resolution.

// BY ORDER OF THE BOARD //

Place : Chennai

Date : 17.06.2010

VINOD R. SETHI

EXECUTIVE CHAIRMAN

DIRECTORS' REPORT

Your Directors present their 15th Annual Report and the audited statement of accounts for the year ended 31st March 2010.

I. FINANCIAL RESULTS:

	For the Year ended 31.03.2010	For the Year ended 31.03.2009
Physical Performance		
Cane crushed – in Tonnes	6,40,281	7,17,363
Sugar bagged – In Quintals	5,93,316	7,34,306
Financial Performance – Rs. Crores		
Turnover	301.55	250.35
Other Income	4.10	5.35
Profit Before Tax	34.31	18.25
Profit After Tax	23.74	11.33
Surplus from Previous Year	40.81	39.91
Amount available for appropriation	64.55	51.24
Appropriations		
Transfer to General Reserve	2.38	1.14
Proposed Dividend	8.50	7.94
Tax on proposed Dividend	1.45	1.35
Carried forward	52.22	40.81

II. PERFORMANCE:

During the financial year under review your Company recorded a Turnover of Rs. 301.55 crores (Prev.Year: Rs.250.35 cr.) including Excise Duty of Rs. 9.27 crores (Prev.Year: Rs.10.96 cr.) and Inter-divisional transfers of Rs. 42.58 crores (Prev. year: Rs.56.15 cr.). The profit before interest and depreciation is Rs. 48.13 crores. Profit before tax is Rs. 34.31 crores and after providing Rs. 10.57 crores for Income tax and deferred tax the Profit after tax is Rs. 23.74 crores.

The improvement in financial results is mainly due to buoyant realisation from the sale of free sugar despite reduction in volume of cane crushed and recovery.

III. DIVIDEND:

The Board of Directors recommends a dividend of 75% on the Paid-up Equity Capital for the year ended 31.03.2010 as against the total 70% approved for the previous year ended 31.03.2009. The dividend recommended by your Directors, if approved at the ensuing Annual General Meeting by the Shareholders would be paid within the stipulated time.

IV. SHARE CAPITAL AND RESERVES:

The Share Capital of the Company is Rs.11.33 crores. The General Reserves & Surplus as at 01.04.2009 was Rs.102.65 crores and after transferring from Net Profits a sum of Rs.2.38 crores to the General Reserve for the year ended 31.03.2010, the General Reserve stood at Rs.105.03 crores as on 31.03.2010. The total Reserves and Surplus has increased to Rs.159.26 crores as on 31.03.2010 as against Rs. 145.46 crores as on 31.03.2009.