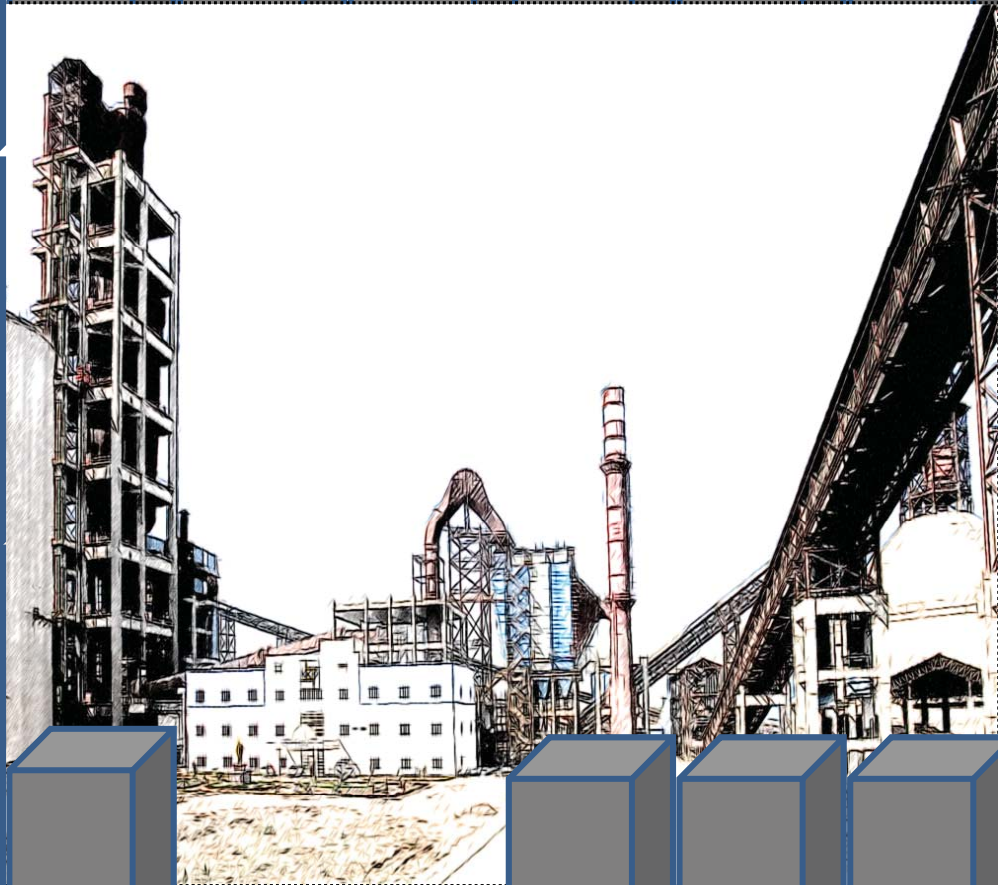
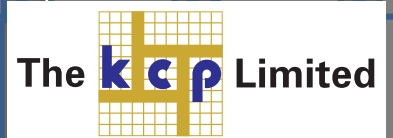


2011-12



# Looking Beyond Future

71<sup>st</sup> Annual Report



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## KEY FINANCIAL HIGHLIGHTS - THE K.C.P. LIMITED

(Rs. in Lakhs)

	Year Ended									
	31-3-12	31-3-11	31-3-10	31-3-09	31-3-08	31-3-07	31-3-06	31-3-05	31-3-04	31-3-03
SHARE CAPITAL	3289	3289	3289	1289	1289	1289	1289	1289	1289	1289
RESERVES & SURPLUS	33168	29542	27189	22780	17697	12984	9625	8610	8084	8112
NET WORTH	36457	32831	30478	24069	18986	14273	10914	9899	9373	9401
FIXED ASSETS (NET)	54374	50668	33448	13147	12653	11704	7572	6850	7091	7556
GROSS INCOME	72654	37626	42289	41788	41604	30051	20680	16863	14722	14353
GROSS PROFIT	15208	8224	11052	11369	11284	8321	3448	2445	1386	1123
DEPRECIATION	2935	1233	1056	914	858	618	519	494	667	688
INTEREST	3795	1394	949	671	692	444	444	489	584	774
PROFIT BEFORE TAX	8478	5597	9047	9784	9734	7259	2485	1462	135	-339
PROFIT AFTER TAX	6153	4135	6002	6591	6654	4829	1750	967	117	-178
EARNINGS PER SHARE(Rs)**	4.56	2.99	45.88	51.13	51.62	37.46	13.58	7.50	0.91	-1.38
BOOK VALUE PER SHARE(Rs)**	26.73	23.92	220.93	186.72	147.27	110.72	84.66	76.79	72.71	72.93
DIVIDEND ON EQUITY(%)	150*	100	100	100	100	100	50	30	10	10
DEBT EQUITY RATIO	0.51	0.71	0.33	0.27	0.15	0.21	0.39	0.03	0.05	0.13

## KEY FINANCIAL HIGHLIGHTS - THE K.C.P. LIMITED GROUP

(Rs. in Lakhs)

	Year Ended									
	31-3-12	31-3-11	31-3-10	31-3-09	31-3-08	31-3-07	31-3-06	31-3-05	31-3-04	31-3-03
SHARE CAPITAL	3289	3289	3289	1289	1289	1289	1289	1289	1289	1289
RESERVES & SURPLUS	46890	41684	33434	26791	19601	13532	9219	7846	7092	6728
NET WORTH	50179	44973	36723	28080	20890	14821	10508	9135	8381	8017
FIXED ASSETS (NET)	61561	57821	40750	22401	20084	18377	14391	14247	15604	16648
GROSS INCOME	115004	72100	69471	60401	58059	42575	28835	23604	17898	17477
GROSS PROFIT	23625	15288	17298	15428	14462	11150	5338	4314	2606	2821
DEPRECIATION	4104	2233	2167	2015	1605	1312	1262	1221	1430	1655
INTEREST	4154	1565	1336	1279	912	923	908	688	1017	1456
PROFIT BEFORE TAX	15367	11490	13795	12134	11945	8915	3168	2405	159	-290
PROFIT AFTER TAX	10605	7874	9076	8118	8022	5945	2133	1602	136	-167
EARNINGS PER SHARE(Rs)**	8.01	5.89	69.7	62.98	62.23	46.12	16.55	12.43	1.06	-1.30
BOOK VALUE PER SHARE(Rs)**	37.38	33.33	269.38	217.84	162.06	114.98	81.52	70.87	65.02	62.20
DIVIDEND ON EQUITY(%)	150*	100	100	100	100	100	50	30	10	10
DEBT EQUITY RATIO	0.38	0.53	0.42	0.07	0.17	0.38	0.26	0.20	0.09	0.15

(Figures for the current and previous year are as per the revised Schedule-VI)

\* Dividend for the year 2011-2012 includes a Special Dividend of 50% (Rs. 0.50 per share) recommended to commemorate the completion of 70<sup>th</sup> year of the Company.

\*\* During the year 2010-11 the Equity Shares of Rs. 10/- each were sub-divided into 10 Equity Shares of Re. 1/- each. EPS and Book Value per Share are reworked accordingly.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

**Dr. V.L. DUTT**  
Chairman and Managing Director

**Smt. V.L. INDIRA DUTT**  
Joint Managing Director

**Smt. KAVITHA D. CHITTURI**  
Executive Director

**Sri. V. GANDHI**  
Technical Director

### INDEPENDENT DIRECTORS

**Sri. P. KOTESWARA RAO**

**Dr. A. RAMAKRISHNA**

**Sri. V.H. RAMAKRISHNAN**

**Sri. O. SWAMINATHA REDDY**

**Sri. VIJAY SANKAR**

### CHIEF FINANCIAL OFFICER

**Sri. M.R. RAMACHANDRAN**

### AUDITORS

**M/s. BRAHMAYYA & CO**  
Chartered Accountants, Vijayawada

### BANKERS

**BANK OF BARODA**  
**BANK OF INDIA**  
**CANARA BANK**  
**HDFC BANK LTD**  
**INDIAN OVERSEAS BANK**

### COMPANY SECRETARY

**Sri. Y. VIJAYA KUMAR**

### COST AUDITORS

**M/s. NARASIMHAMURTHY & CO**  
Cost Accountants, Hyderabad

**M/s. S. MAHADEVAN & CO**  
Cost Accountants, Chennai

### INTERNAL AUDITORS

**M/s. R.G.N PRICE & CO**  
Chennai

**M/s. M. BHASKARA RAO & CO**  
Hyderabad

### REGISTERED AND CORPORATE OFFICE

"Ramakrishna Buildings"  
2, Dr. P.V. Cherian Crescent  
Egmore, Chennai - 600 008  
Ph: 66772600 Fax: 66772620  
E-mail: corporate@kcp.co.in  
Website: www.kcp.co.in

### REGISTRAR & SHARE TRANSFER AGENTS

#### **M/S INTEGRATED ENTERPRISES (INDIA) LIMITED**

II Floor "Kences Towers"  
No.1 Ramakrishna Street  
North Usman Road, T. Nagar  
Chennai - 600 017  
Ph: 28140801/803 Fax: 28142479  
E-mail: corpserv@integratedindia.in Website: www.integratedindia.in

## PLANT LOCATIONS

### CEMENT

**Macherla** - 522426  
Guntur District, Andhra Pradesh

**Muktyala** - 521175  
Krishna District, Andhra Pradesh

### HYDEL

B.No. AE-1, NSP Colony, Nekarikallu 522 615,  
Guntur District, AP

### THERMAL

Macherla - 522426, Guntur District, AP

### ENGINEERING

**Tiruvottiyur**  
Chennai 600 019. Tamilnadu

**Arakonam**  
Mosur Road, Ekhunagar, 631 004, Tamilnadu

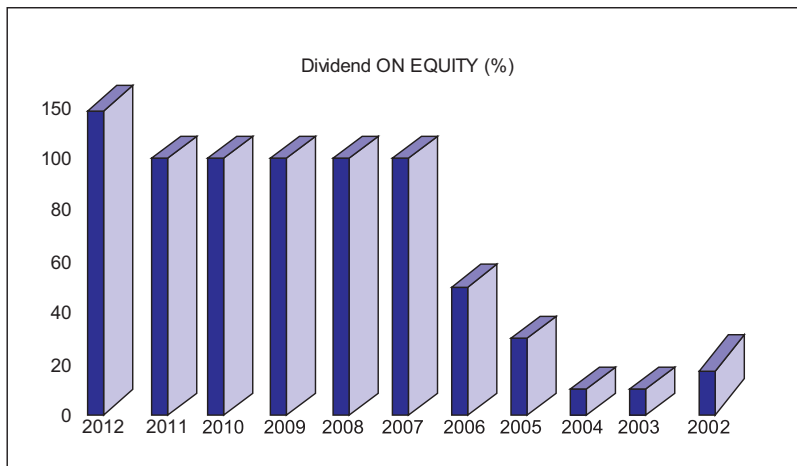
### WIND POWER

Uthumalai Village, Tirunelveli District, Tamilnadu

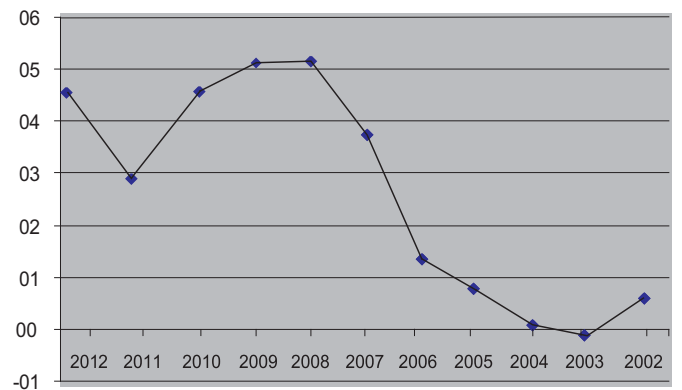
### BIOTECH

Plot No.14, A.K. Park, Genome Valley,  
Turkapally (village) – 500078,  
Shameerpet (Mandal), R.R.District, AP

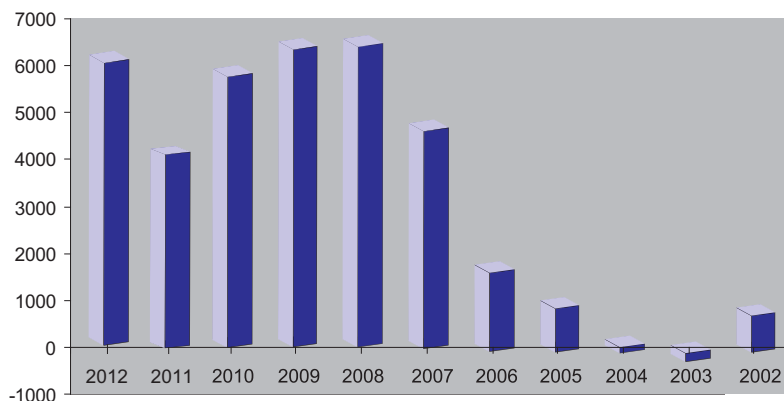
# At a Glance



Dividend History



Earnings Per Share (EPS)



Profit after Tax (Rs. in Lakhs)

(Not to Scale)

# Board of Directors



**Dr. V.L. Dutt**  
Chairman and Managing Director

**Smt. Kavitha Dutt Chitturi**  
Executive Director

**Smt. V.L. Indira Dutt**  
Joint Managing Director





**Sri. V. Gandhi**  
Technical Director



**Sri. O. Swaminatha Reddy**  
Director



**Sri. V.H. Ramakrishnan**  
Director



**Sri. A. Ramakrishna**  
Director



**Sri. Pinnamaneni Koteswara Rao**  
Director



**Sri. Vijay Sankar**  
Director

# Corporate Social Responsibility

Corporate Social Responsibility, as can be seen globally, is gradually emerging as a mainstream activity where it was once practised as a tokenism. The rapid societal changes in the era of globalisation and the incumbent challenges that need immediate attention have been making it imperative on corporations to take up social responsibilities in a big way.

While that being the emerging scenario, your company has always been in the forefront in tending to all its communities long before this trend caught up with others. There has always been a total integration of all our stakeholders, such as investors, customers, vendors, suppliers, employees, and the communities in which we have been operating. We have forever been emphasising on our external relationships as much as we have been on our internal relationships which has stood us in good stead over the last seven decades. For long, it has been helping us build trust with our communities.

Notable efforts have been put forward to realise our responsibilities and in the process your company has been building value for all its stake-holders. In the past seven decades since inception, KCP has taken up innumerable social and community initiatives.

Our aim has been to touch the lives of communities positively by taking up health-care, infrastructural, environmental, social, cultural and educational programs. Following is a brief note on KCP fulfilling its part of the social responsibilities during the year 2011-12.

## Health



Your company conducts health camps in Muktyala and surrounding villages like Dondapadu, Bugga Mahavaram, Agraharam to benefit more than 200 villagers every week. Private doctors and doctors from reputed hospitals are engaged to conduct these camps. Old cases are meticulously followed up in the subsequent camps and medicines are provided free of cost to the needy.

A pulse polio immunization program was held in association with Rotary Club of Macherla covering villages of Macherla, Veldurthy, Durgi Mandals and Macherla Town. Staff of your Macherla plant volunteered in conducting this camp.

Artificial limbs are distributed to the economically weaker sections in the villages surrounding Muktyala. The camps are conducted under the supervision of qualified specialists. Many hitherto disabled villagers expressed their gratitude to your company for such noble deeds.



Your Company extends ambulance facility to the surrounding villages, to help the villagers during Medical Emergencies.

A blood donation camp was organised in Indira Nagar Colony where more than 102 volunteers donated blood. Red Cross, Vijayawada Division conducted the camp on your company's behalf. Certificates were distributed to all the blood donors.



The Company has spent Rs. 10 lacs towards donation and campaign expenditure for LEPROA Organization and awareness programs on AIDS, TB and filaria.

## Environment





A thousand saplings have been planted in the areas surrounding our mines in Macherla and the ITI College, Macherla. Another 200 saplings were planted near Terala Mines on the occasion of Environment Day that we observe every year on September 14.

CPU II R K Puram, Muktyala planted 30,000 saplings in open land at Muktyala village.



**Infrastructure**

A reverse osmosis (RO) water plant was installed by your company in Muktyala Village for supply of purified drinking water to the villagers. The plant was inaugurated by the Joint Managing Director, Smt. V.L. Indira Dutt.



Your Cement Production Unit in Ramkrishnapuram handed over a bus to the Muktyala Village School to enable the children travel to and from Jaggyyapeta. Nearly 110 school children stand to benefit from this facility. All maintenance expenses of the bus would be borne by your cement unit.

KCP has extended financial support for renovation of Sree Raja Vasireddy Rama



Gopala Krishna Maheswara Prasad Memorial Zilla Parishad Secondary and Upper Primary School. All the students were provided free shoes on the occasion.

Your company undertook laying of Road from Radhasaala to Buruju in old town Macherla.

KCP aided the Govt. High School in Gandrai Village by constructing toilets & water facilities which were hitherto in disrepair.

Your company arranged for cleaning of local irrigation canals in Gandrai Village for the benefit of the villagers.



Your Engineering Unit fabricated a Police Booth and installed the same in Thiruvottiur Market Junction in the presence of Asst. Commissioner of Police Mr. G. Sankaralingam.



# Directors' Report

## Dear Shareholders,

Your Directors have pleasure in presenting their 71st Annual Report together with the Audited Accounts for the financial year ended 31st March, 2012.

## Financial Results

Brief summary of the Company's financial performance (Stand Alone and Consolidated) is as under:

(Rs. In Lacs)

Particulars	For the year ended		For the year ended	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
	Stand Alone		Consolidated (GROUP)	
<b>Revenue from operations</b>	<b>68,725</b>	36,182	<b>1,10,557</b>	70,467
Profit for the year (PBDIT)	<b>15,208</b>	8,224	<b>23,625</b>	15,288
<b>Less:</b> a) Interest and Finance charges	<b>3,795</b>	1,394	<b>4,154</b>	1,565
b) Depreciation	<b>2,935</b>	1,233	<b>4,104</b>	2,233
Profit before Tax	<b>8,478</b>	5,597	<b>15,367</b>	11,490
c) Current tax	<b>1,675</b>	1,118	<b>1,983</b>	1,529
d) Deferred Tax	<b>1,701</b>	1,361	<b>1,685</b>	1,380
e) Tax provision for earlier years	<b>28</b>	-	<b>28</b>	-
f) Minority share of profit	-	-	<b>2146</b>	1,725
<b>Add:</b>				
a) Refund of Income Tax	<b>10</b>	18	<b>11</b>	18
b) MAT Entitlement	<b>1,070</b>	751	<b>1,070</b>	751
c) Excess Provision of income tax of earlier years credited back	-	248	-	248
<b>Profit for the year</b>	<b>6,153</b>	4,135	<b>10,605</b>	7,874
Add: Surplus brought forward from earlier year	<b>4,108</b>	2,755	<b>13,228</b>	8,597
Amount available for appropriations	<b>10,261</b>	6,890	<b>23,833</b>	16,471
<b>Less:</b>				
Transfer to Preference Capital Redemption Reserve	<b>500</b>	-	<b>500</b>	-
Transfer to General Reserve	<b>2,000</b>	1,000	<b>2,119</b>	1,033
Proposed Dividend – Preference Shares	<b>240</b>	240	<b>240</b>	240
Proposed Final Dividend – Equity Shares	<b>322</b>	322	<b>322</b>	322
Proposed Special Dividend – Equity Shares	<b>645</b>	-	<b>645</b>	-
Interim Dividends Paid – Equity Shares	<b>967</b>	967	<b>4,074</b>	1,396
Tax on Distributed Profits – Equity Shares	<b>314</b>	214	<b>314</b>	214
Tax on Distributed Profits – Preference Shares	<b>39</b>	39	<b>39</b>	39
<b>Surplus at the end of the year</b>	<b>5,234</b>	4,108	<b>15,580</b>	13,227

### Segment wise Sales performance

Particulars	2011-12		2010-11	
	Sales Value (Rs. In lacs)	% to Total Sales	Sales Value (Rs. In lacs)	% to Total Sales
Engineering	14,091	20.50%	13,067	36.12%
Cement	54,232	78.92%	22,375	61.84%
Power	56	0.08%	52	0.14%
Others	346	0.50%	688	1.90%
<b>Total</b>	<b>68,725</b>	<b>100.00%</b>	<b>36,182</b>	<b>100.00%</b>

### Year in Retrospect

#### Financial results

There has been a quantum increase in turnover of the company of about 90% consequent to the commissioning of the 1.52 MTPA green field cement plant at Muktyala during the year under review. The Plant commenced production with both Cement mills in operation in August 2011 and during this period of stabilization, achieved an average capacity utilization of around 49%. The quantity of cement produced from this Plant was 5,48,991 MTs accounting for about Rs 26,300 lacs of the total turnover.

During the current year, the new plant has further increased its capacity utilization and is expected to achieve a figure of about 70% by the close of the year.

The Engineering Division maintained the turnover of the last year with a marginal increase of about Rs. 1,024 lacs (8%). Despatches continued to be sluggish in view of the continuing slow recovery of the global economy. With the weight of the European financial crisis looming large, world industrial production has been slack with the capital goods industry, as is natural, bearing the brunt as enterprises cancel or delay expansions, additions and new ventures. Domestic demand remained stable but active and contributed to a good portion of the Order Book.

#### Overall Financial position

The Profit before Depreciation, Interest and Tax also increased by Rs. 6984 Lacs, that is about 85% over the previous year. The Net Profit of Rs. 6153 Lacs against Rs. 4135 lacs accounts for an increase of 49% largely due better cement realization and dividend from Subsidiary. The continued healthy liquidity

position is a matter of considerable satisfaction even while the company had to defray substantial amounts towards the New Cement Plant, the upcoming Hotel Project etc. The income from investment in the subsidiary, namely KCP Vietnam Industries Ltd in the form of dividend substantially contributed to this position in addition to the increased cash generation from operations.

The utilization of working capital limits with Banks was, however higher on account of the necessity to maintain significant stock of coal for both the cement units in the face of the uncertainty in its availability.

Your Directors are confident that the current position will be sufficient to meet the company's obligations in completing the on-going Projects, service capital and debt and also take care of unexpected exigencies.

#### Power units

The various captive power generating units performed satisfactorily during the year. Shareholders' attention is drawn to the detailed Management Discussions and Analysis.

#### Captive Power Plant at Muktyala

Your Directors are of the opinion that a Captive Power Plant is essential to protect the large investment in the new cement plant by ensuring uninterrupted supply of quality power.

However, with the coal situation undergoing considerable changes since the last report, it has been decided to limit the capacity of the Plant to 18 MW only with provision for subsequent addition of another 18 MW at an appropriate time. Power generated over and above the captive requirement



will be sold to third parties at reasonably profitable market rates.

The Project Cost and the loan component thereof have been suitably revised.

### **Upcoming Hotel Project**

The Hotel Project at Somajiguda in Hyderabad is progressing well and is expected to be commissioned before the first half of the next financial year that is by June 2013. The Hotel will be a four star business category which has good business potential, under Management Agreements with a leading international chain.

### **Replacement of cement Mills at Macherla**

With the continuing improvement in production technologies as a result of innovation on a global scale, to meet competition, eliminate pollution and increase margins, the company has taken steps to replace the existing four old grinding mills with a single mill with latest technology at an estimated cost of Rs. 3400 lacs with a loan component of Rs. 2100 lacs. The process of replacement is expected to be completed during the current fiscal.

### **Outlook for the future**

A detailed analysis on the various segments in which the company operates has been furnished in the Management Discussions and Analysis.

### **Dividend from subsidiary**

During the year under review the company received a dividend of Rs 2800 lakhs from its subsidiary, KCP Vietnam Industries Ltd, Vietnam on its investment of Rs. 2371 lacs.

### **Investment in in BGE Global Inc**

As a strategic investment which would provide the Engineering Unit an opportunity for growth and also establish an export base, the company, during the year under review, has invested an amount of USD 9,00,000 equivalent to Rs. 462 Lacs as on 31.3.2012 in a US based company BGE Global Inc. U S A mainly engaged in providing Engineering and other related services and also offer key cement machinery and equipment through its affiliates, The investment comprises USD 150,000 in Common Non Voting Stock of a face value of USD 0.01 per share and USD 750,000 in Preferred Non Voting Stock of face value

of USD 0.01 bearing a fixed dividend of about 2.5% per annum.

Your Directors are of the opinion that the strategic investment will be beneficial in furthering the interests of its business prospects in the coming years to meet global competition.

### **Dividend on Preference Share Capital**

Your Directors recommend a dividend of 12% on the Preference Share Capital of the company. The amount of such dividend is Rs 240 lacs for the year.

### **Redemption of Preference Shares**

Pursuant to the Share subscription agreement dated 23rd November, 2009, entered with M/s Tata Capital Limited, 25% of the total subscription amounting to Rs.500 lacs is due for redemption in December 2012. As required under the Companies Act, 1956, a Preference Capital Redemption Reserve of an equivalent amount has been allocated out of the profits and created during the year under review.

### **Dividend on Equity Shares**

Based on the continued good financial performance and working results of the company during the last three quarters of the financial year 2011-12 and other relevant parameters, the Board had declared and paid three interim dividends of 25% each during the financial year amounting to 75 % (Rs 0.75 per share) as of date.

Your Directors are now pleased to recommend a final dividend of 25% (Rs 0.25 per share) making a total equity dividend of 100% (Rs 1/-per share) for the year. The total amount of dividend paid on equity capital excluding Dividend Distribution Tax thereon will be Rs 1,289 lacs, which is the same as in the previous year.

### **Special dividend on completion of 70th Year**

Shareholders will be happy to know that the company has completed 70 years of its existence having been incorporated in 1941. During this period, it has made consistent progress and taken great strides in expansions, diversifications etc. to reach a record group turnover in excess of Rs. 1000 crores. In appreciation of the continued support of the shareholders and to commemorate the 70th year, your Directors have considered it appropriate and fit

to declare a **Special Dividend of Rs.0.50 per Share** that is 50% on the paid up Equity Capital.

The dividend will be paid to members whose names appear in the Register of Members as on 13th August,2012 and in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

### Transfer to Reserves

Your Directors recommend the following appropriations from the profits available for appropriation:

To Preference Capital Redemption Reserve

(under the provisions of the Companies Act, 1956) - Rs. 500 lacs

To General Reserve - Rs.2000 lacs

This will leave Rs 5234 lacs in the Surplus Account to be carried forward to the next year.

The total amount in General Reserve as on 31st March, 2012, after the proposed appropriation, would stand at Rs.27000 lacs.

### Fixed Deposits

The total amount of Fixed Deposits outstanding as on 31st March, 2012 was Rs.6824.18 Lacs as compared to the figure of Rs.7624.61 Lacs as on 31-3-2011. As on 31st March, 2012, Fixed Deposits matured and remained unclaimed were Rs.141.14 Lacs from 243 depositors. As on the date of this report, Fixed Deposits relating to 57 depositors amounting to Rs.28.62 Lacs have been renewed and Fixed Deposits of Rs.20.51 Lacs of 25 depositors repaid.

### Corporate Social Responsibility (CSR)

For a business to take responsibility for its actions, that business must be fully accountable. Social accounting, a concept describing the communication of social and environmental effects of a company's economic actions to particular interest groups within society and to society at large, is thus an important element of CSR.

The rise in popularity of ethical consumerism over the last two decades can be linked to the rise of CSR.

As global population increases, so does the pressure on limited natural resources required to meet rising consumer demand (Grace and Cohen 2005, 147). Industrialization, in many developing countries,

is booming as a result of both technology and globalization. Consumers are becoming more aware of the environmental and social implications of their day-to-day consumer decisions and are therefore beginning to make purchasing decisions related to their environmental and ethical concerns.

The company in its own way has been taking a number of initiatives in supporting on-going long term projects while undertaking new ones.

With Corporate Social Responsibility in India having acquired a new dimension and being discussed at Government levels as a formal necessity for business in the recent years, your company has always laid considerable stress on voluntary compliance in this regard. It will be a repetition to state that long before CSR acquired its current nomenclature, KCP has been actively engaged in setting up projects and services to take care of surrounding community in its factory zones and has made their life more meaningful. Education, Health care, Community welfare measures are major areas in which it has laid its foundations in the early years of its existence and carefully added to them in succeeding years.

A more detailed report on activities under Corporate Social Responsibility is furnished separately in this Annual Report.

### Directors

Sri. A. Ramakrishna and Sri V.H.Ramakrishnan, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association.

Sri. Vijay Sankar had been appointed an Additional Director of the Company effective from 7th November, 2011 and will hold office till the conclusion of the ensuing Annual General Meeting. The Company has presently received a notice in writing from a member, with the requisite fee proposing the candidature of Sri Vijay Sankar as a Director of the company subject to retirement by rotation, in terms of Section 257 of the Companies Act, 1956 to be considered at the ensuing Annual General Meeting.

A resume of the Directors seeking re-appointment/ appointment is furnished along with the notice for the Annual General Meeting for the information of shareholders.



## Director's Responsibility Statement

The Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
2. The selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2012 and of the profit of the Company for the year ended as on date.
3. They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
4. They have prepared the Annual Accounts on a going concern basis.

## Auditors

M/s Brahmayya and Co, Chartered Accountants, Vijayawada, Auditors of the company retires at the conclusion of the ensuing Annual General Meeting. They are, however eligible for reappointment. They have furnished a certificate to the effect that their appointment will be in accordance with the limits specified in sub section (IB) of Section 224 of the Companies Act, 1956.

The Board recommends the reappointment of M/s Brahmayya & Co Vijayawada, as Auditors of the company to hold office till the conclusion of the next Annual General Meeting.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

## Cost Auditors

The Central Government has approved the appointment of M/s Narsimhamurthy and Co, Cost Accountants, Hyderabad the Cost Auditor for the Cement units for the year 2011-12. The Cost Audit Report for the year 2010-11 was filed by the Cost Auditor within the due date.

Pursuant to the Companies (Cost Accounting Records) Rules, 2011 M/s Narsimhamurthy and

Co Hyderabad has been appointed to conduct the Compliance audit for the Biotech unit and M/s Mahadevan and Co, Chennai has been appointed to conduct the Compliance audit for the Engineering unit of the company.

## Revised Schedule VI

It has been notified that in the preparation of the Balance Sheet and Profit and Loss Account for financial year commencing on or after 1st April 2011, the Revised Schedule VI as prescribed shall be followed. The accounts for the year have therefore been drawn in the new format. The most significant requirement of the Revised Schedule VI is the form of segregation of Assets and Liabilities to more effectively reflect their Current and Non Current nature and would be one step toward the achievement of IFRS.

## Human Resources

Realising that human resources are the main assets of an enterprise, the company follows a policy suited to train and retain talent, recognise performance, provide motivation and opportunity for growth. Ensuring that the right person is assigned to the job best suited to his background and experience, the potential to grow and contribute towards organisational excellence has been encouraged and nurtured for mutual benefit.

Stability of the workforce and meeting their aspirations is the foremost objective of the company and to this end the company has been taking a series of measures which includes training and development at different levels, merit-based promotions and other incentives. The families of employees are also brought into the overall fold in the form of periodical cultural meets, friendly get-togethers and other welfare measures. The Company has developed a unique "KCPeers culture" which binds employees together and keeps them happy resulting a high engagement level in the company.

The total number of employees as on date was 1233.

## Particulars of Employees

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011 is provided in **Annexure - 1** forms part of this report.

### Subsidiary company

The Company has fulfilled all the conditions prescribed under Sec 212 (8) of the Companies Act 1956 read with General Circular 2/2011 dated 8th February, 2011 to avail exemption from publishing the Balance Sheet and other statements of its subsidiary company, M/s KCP Vietnam Industries Ltd. Vietnam for the financial year 2011-12. However, a statement giving certain information as required in the said circular is included in the Annual Report.

The company will provide to any shareholder, on request and without any cost, the Balance Sheet and other particulars and statements of accounts of the subsidiary company, M/s KCP Vietnam Industries Ltd. Vietnam. The said Annual Accounts of the subsidiary Company will also be available for inspection at the Registered/Corporate Office of the Company.

### Consolidated Financial Statements

Pursuant to the requirements of Accounting Standard – 21 and the Listing Agreement with National Stock Exchange Ltd, financial statements consolidating those of its subsidiary KCP Vietnam Industries Ltd and its Joint Venture company, Fives Cail K C P Ltd, considering the minority interest in them and duly audited have been attached to this Directors' Report.

### Conservation of Energy, Technology absorption, Foreign Exchange Earning and Outgo

The particulars as prescribed under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are attached as **Annexure "2"** to this report.

### Occupational Health and Safety

We have well defined health and safety policies which are widely circulated internally to ensure appropriate attention to health and safety hazards and to build a safe working environment. All the manufacturing plants have medical facilities with qualified doctors. Annual medical check-up is mandatory for all employees of the Company. Training related to safety aspects is provided to all employees prior to engaging them in respective jobs.

The company insists their labour contractors to adopt similar Occupational Health and Safety practices while engaging them for Company work.

There is a system of periodical review of the activities done in the area of health, hygiene and safety and to address challenges in these areas.

Regular personal development sessions like "Art of living" etc. are also conducted with a view to maintain work life balance.

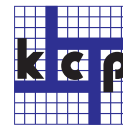
### Transfer of amounts to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

### Corporate Governance

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients and government regulations. India's SEBI Committee on Corporate Governance defines corporate governance as the "acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company."

Corporate Governance has always been at the core of the company's management philosophy aimed at bringing about a managerial style of functioning which reflects transparency coupled with efficiency so as to benefit the larger interests of all stakeholders. The theme of management is to provide for sufficient internal checks and balances to ensure professional decision-making in the day-to-day affairs of the company with minimum exposure to risks. All Directors and employees are bound by Code of Conduct that



sets out the financial standards to be followed in all actions carried out on behalf of the company.

A Detailed Report on matters relating to Corporate Governance as statutorily required is annexed as part of this Annual Report together with the report of the Auditors on its compliance.

### **Acknowledgements**

Your Directors wish to thank the Central and State Governments, Financial Institutions, Banks,

Government authorities, customers, vendors and shareholders for their continued co-operation and support extended. Your Directors wish to whole heartedly thank our employees for their sincere and devoted contribution to the company's continued good performance.

Ladies and gentlemen, your involvement as shareholders is deeply valued. Your Directors look forward to your continued support in all endeavours for stability, growth and prosperity for the company.

**Place:** Chennai

**Date:** 28th May, 2012

For and on behalf of the Board of Directors

**V.L. DUTT**

Chairman and Managing Director

# Management Discussion & Analysis

## Overall Company performance

(Rs. in lakhs)

FINANCIAL YEAR	2011-2012	2010-2011
Revenue from operations	<b>68,725</b>	36,182
Profit before depreciation, interest and tax	<b>15,208</b>	8,224
Profit(+)/Loss(-) after tax	<b>6,153</b>	4,135
Debt equity ratio	<b>0.51</b>	0.71
Inventory Turnover (times)	<b>4.63</b>	3.36

A discussion and analysis of the performance of the company for the year under review should be made in the light of the following:

- Steady and firm realisations from sale of cement throughout the year.
- Inflow of dividend from the subsidiary which was in excess of the carrying cost of the related investment.
- Satisfactory operations of the various captive power plants.
- Full scale commissioning of the new cement plant at Muktyala
- Higher burden of interest and depreciation related to the new cement plant
- Higher incidence of input costs for cement production like coal.
- Erratic power supply from the grid.
- Fall in Export Trade due to global recession.

### Issues:

The major issues concerning industrial growth have been the deepening of the economic crisis in the country, the falling value of the rupee, crisis in the areas of power, coal and infrastructure development etc. While the European crisis has had its impact to

a large extent, lack of decision-making on the domestic front has also had its effect. Industry is looking to the Government for positive steps in providing an impetus to growth of which there are signs emerging from policy statements being issued. However, in the long run it is expected that the inherent resilience of India's economy coupled with the presence of a large domestic market will see the country through the crisis.

Coming to the company's performance, the division wise analysis of the operations is discussed as under:

## CEMENT DIVISION

### Operational Performance:

FINANCIAL YEAR	2011-2012	2010-2011
Cement produced (MT)	<b>12,88,007</b>	7,26,159
Capacity Utilization (%)	<b>69.47</b>	110.02
Clinker produced (MT)	<b>12,43,267</b>	6,86,978
Clinker purchased (MT)	-	45,986
Cement sold (MT)	<b>12,65,354</b>	7,26,538
Turnover (Rs. In lacs)	<b>54,232</b>	22,375
Segment Profit (Rs.in lacs)	<b>2,741</b>	1,634

The year witnessed the commissioning of the new Cement Plant at Muktyala and stabilizing its operations in a phased manner. The New Plant contributed 5,48,991 MTs of cement to the Division's total production adding an amount of about Rs 26300 Lacs to its sales volume. While the New Plant used 49% of its installed capacity on a prorata basis, the total capacity utilization of the two units was of the order of 69 %.

### Overview

The Indian cement industry has outpaced the growth rates of other prominent industry-segments in the country, primarily based on the compelling needs for infrastructure development, expanding demand from the housing sector etc. While enlargement of the production base is not an alarming situation by itself, the sluggish growth of industry, uncertainty on the coal and energy sector etc could slacken demand for the product bringing substantial pressure on price realizations. However based on the long term demand for cement that is bound to grow, producers tend to

consolidate their positions with large capacities to achieve economies of scale. The location of limestone deposits in existing factory areas also boosts this sentiment.

#### Outlook:

While the overhang of supply could persist in the short term due to factors discussed above, the situation could turn positive for reasons of exigency in taking forward infrastructure development and promoting housing activity for the small and medium sectors. Despite the present financial crisis and sluggishness of the economy, India cannot afford to neglect to go forward with economic reforms and the process of globalization to take its share in world business in its bid to grow its GDP and provide better living standards to its people. It is therefore industry's hope that irrespective of political affiliations, the future for infrastructure is bright which will mean that cement will get its rightful place to stimulate the process.

#### Risks:

The slow-down of the growth in industrial production and of the general economy discussed earlier will have its natural impact on the cement industry. The prospects for the industry being closely linked to the overall growth pattern of the economy, the underlying risk of lack of off-take needs to be taken into account in the near-term.

The immediate concerns on the coal and power front are also risks that need to be mitigated by taking effective steps to be innovative in their procurement with integration of imported and domestic coal and by setting up of captive power plants. Industry is also constantly on the look-out for alternative sources of fuel to minimize the dependence on non-renewable energy and substantial research and development efforts are needed in this regard. The cement industry as a whole, it is expected, will muster its strengths and take wholesome measures to overcome these risk factors in an effort for survival and further growth with the motto of converting constraints into opportunities.

## POWER DIVISION:

### A). HYDEL POWER UNIT:

#### Operational Performance:

FINANCIAL YEAR	2011-2012	2010-2011
Hydel power generation (in KWH)	<b>3,68,85,854</b>	3,64,42,306
Usage (KWH)	<b>4,05,39,375</b>	3,23,65,199
Turnover (Rs. lacs)	<b>1,207.42</b>	954.88
Segment Profit (Rs. lacs)	<b>407</b>	332

#### Overview:

Given the investment in the Project, the generation of power from a natural source which is inexpensive and renewable is a rewarding experience. During the year, as in normal circumstances the Unit operated for only 8 months when water was available and the results have been very positive and profitable. The quantum generated was wheeled to the cement unit of the company helping to bring down the cost of production to a substantial extent.

The company has however to monitor the bunds alongside the canal on a continuous basis and incur substantial amounts for strengthening them at regular intervals.

#### Risks:

The major risk confronting the Unit is the non-availability of water in the face of failure of the monsoon in any season which in any event a fall-out of nature. The overall concern in protection of the environment can, to a large extent, positively overcome failure of monsoons and preservation of rainfalls.

Governmental policy on the Hydel plants fluctuates year to year with no ultimate solution found. It is time that the concerned Transco acts with foresight and looks at the overall picture of power generation by



pragmatic measures to cut down on T&D losses, prevent large scale power thefts, substitute subsidies to farmers with budgetary allocations and the like which are more likely to yield long term benefits.

## B.THERMAL ENERGY GENERATION UNIT

(Waste Heat Recovery):

### Operational Performance:

FINANCIAL YEAR	2011-2012	2010-2011
WHR power generation (KWH)	1,32,43,200	1,60,03,400
Usage (KWH)	1,32,43,200	1,60,03,400
Capacity utilization (%)	100	100
Turnover (Rs lacs)	393	460
Segment Profit (Rs lacs)	144	248

### Overview:

Waste Heat Recovery refers to the energy produced from hot gases exhausted by Preheater Cyclones and Clinker Cooler of Cement Plant and is used in the further process of the manufacture of cement.

Recovery of waste heat has a direct effect on the efficiency of the process. This is reflected by reduction in the utility consumption & costs, and process cost.

- **Reduction in equipment sizes:** Waste heat recovery leads to the reduction of the fuel consumption, which in turn leads to reduction in the flue gas produced. This results in reduction in equipment sizes of all flue gas handling equipments such as fans, stacks, ducts, burners, etc.
- **Reduction in auxiliary energy consumption:** Reduction in equipment sizes gives additional benefits in the form of reduction in auxiliary energy consumption like electricity for fans, pumps etc.
- The company's Waste Heat Recovery system has been registered for eligibility of carbon credits. Eligibility of carbon credit is cumbersome and time consuming.

The operations of the Waste Heat Recovery Unit was affected for a period on account of the revamping of the Cooler Boiler.

### Risks:

Constant maintenance need to be done especially to the Cooler Boiler involving stoppage of the plant and high cost incurrence.

## C. WIND POWER GENERATING UNIT:

### Operational Performance:

FINANCIAL YEAR	2011-2012	2010-2011
Power generated (KWH)	75,81,223	80,46,443
Capacity Utilization (%)	72.19	76.63
Segment Turnover (Rs lacs)	304	336
Segment Profit (Rs lacs)	134	66

### Overview:

The boon of nature that can be harnessed specifically to produce power is peculiar to certain pockets of the country. The long coastline of Tamilnadu and large open tracts of land are ideal locations for generating power from Wind. The very low capital and generating costs make this a totally viable segment in Renewable and Clean Energy. Governments have also come forward with generous incentives in the form of capital subsidies, local tax exemptions and 100% depreciation benefits.

The company's unit at Tirunelveli has continued to operate at above 70% capacity which is a good indicator.

### Risks:

The low utilization of the country's wind power potential so far is attributable to several factors, including lack of an appropriate regulatory framework to facilitate purchase of renewable energy from outside the host state, inadequate grid connectivity; high wheeling and open access charges in some states, delays in acquiring land and obtaining statutory clearances

## ENGINEERING DIVISION

### Operational Performance:

FINANCIAL YEAR	2011-2012	2010-2011
Domestic (Rs lacs)	<b>13,753</b>	12,006
Export (Rs lacs)	<b>338</b>	1,061
Segment Profit (Rs lacs)	<b>3,343</b>	4,526

### Overview:

During the past few quarters, the slow-down in global economies and sluggish domestic industrial growth has been hurting industrial growth. This has manifested itself in the slowdown in order inflow, delay in taking deliveries/execution of projects, delayed bill payments etc. In this scenario, the near-term outlook for capital goods remains fluid and is bound to face delayed orders and slower dispatches by engineering units.

The disastrously low figure of industrial production in the fourth quarter of the last year and the huge fiscal deficit in the country's finances has stimulated some stern measures by Government and this should act as a stimulus for spawning growth and a turn-around of the economy.

### Risks:

Operations in the Engineering Division continue to carry the risk of the effects of the slow-down of the economy as it heavily depends for its performance on the manufacturing sector and other segments for which capital goods are an essential part of their growth.

The dispersal of the Unit's activities over a larger spectrum of segments has to a large extent reduced the risk factor. However in a scenario in which every segment of the economy is facing its own problems, the capital goods manufacturer has to look to other sources of revenue. Finding innovative markets, creating export bases in countries to access customers in new and emerging frontiers, identifying specific products for development for the new frontiers etc are areas that are to be looked into and the company is seriously considering options in every direction to reduce risk. Substantial investment in technological upgrades to reduce costs and improve operational

skills, reduce maintenance costs etc are other areas in which the industry has to necessarily dwell upon. This will also mean that the present constraint is being converted into an opportunity to find, stay and grow in newer pastures.

## BIOTECH UNIT:

### Operational Performance:

FINANCIAL YEAR	2011-2012	2010-2011
Production (Kgs)	<b>59,997</b>	66,865
Turnover : (Rs. In lacs)	<b>238.90</b>	551.26
Domestic	<b>94.74</b>	396.79
Export	<b>144.16</b>	154.47
Segment Profit (Rs. in lacs)	<b>(125.26)</b>	(158.26)

### Overview:

The development capabilities of biotech companies are positive overall. However, by the very nature of their business which is export-oriented, volumes play a substantial part in making a unit viable. Agricultural commodities being the main raw material, purchases in high volume during the relevant season are essential to get the best prices. Similarly, a good volume of production provides sufficient space to off-load to the severely competitive and turbulent export market at the right time and at the remunerative prices.

Some of the factors that affected the growth of the unit were as follows:

- Erratic supply of the basic agricultural commodities
- Unseasonal rainfall that affected the crop
- Absence of economies of scale due to low capacity utilisation.
- Fluctuations in the Export market.
- Depreciating value of the Indian Rupee rendering the imports of Raw Materials costlier.
- Switching of the crops by the farmers.

The unit which as a subsidiary company was amalgamated with this company effective from 1st April,

2007 has now become debt free and is poised for exploration of various options.

**Risks:**

The unit being agricultural centric has to face irregular supplies of the main raw materials like chilies and turmeric which are affected by drought, floods and also untimely rains and lack of proper storage for the commodity which require large cold storage spaces which are not adequately available. This leads to inability to store adequate quantities of material and also to the deterioration of available quantities affecting yield of the final product.

**Outlook:**

With the expectation of a normal monsoon it is expected that the crop bearing lands would get enough precipitation and would result in a good harvest of the crops which would enable a continuous production. The revival of the global markets in the commodities is also expected to be robust this year. These would play a significant role in the stabilization of the unit by infusion of sufficient funds for working capital.

**JOINT VENTURE:**

**Fives Cail KCP Limited**

**Operational Performance:**

FINANCIAL YEAR	2011-2012	2010-2011
Turnover (Rs. lacs)	<b>20,156</b>	21,556
Profit before Tax (Rs. lacs)	<b>631</b>	1,292

The Joint Venture entered into with Fives of Lille, France is essentially in the field of provision of sugar technology, marketing of sugar plants and equipments and related fields. The position of the sugar industry in India is at the present time not quite favorable for them to go into large investments in capacity additions, technical up gradations, stabilization of operations etc. Orders on the company are therefore slightly slack but the prosecution of earlier orders and continuing with on-going Projects will keep it profitable. As is normal, the sugar industry is cyclic in nature and more so in India with political compulsions playing a large part in the fixation of sugarcane

price and the like. The cycle will bring it to a situation of inadequacy of sugarcane leading to a severe shortage of sugar pushing up prices and stimulating investment which is inevitable for the industry to survive in the long run with reduced costs, better sugar yields etc.

The company has also entered into newer and emerging markets and with its Ethiopian project going well, its prospective market base has expanded opening up better opportunities in the coming years.

**Risks:**

The risks are all too familiar with the sugar industry on a pause mode resulting in very low orders for the various sugar machineries and projects. The company is looking into all options to take it through till the sugar industry comes back to life with new projects.

**SUBSIDIARY:**

**KCP Vietnam Industries Limited:**

**Operational Performance:**

Particulars	12 months ended 31st March, 2012	12 months ended 31st March, 2011
Crushing Capacity (TPD)	<b>6,000</b>	6,000
Cane Crushed ( Mts)	<b>8,95,424</b>	4,91,949
Sugar produced (Mts)	<b>83,359</b>	55,675
Recovery Rate (%)	<b>8.53</b>	8.58
Average Sales Realization (Rs /mt)	<b>44,668</b>	34,525
Profit before Tax (Rs. lacs)	<b>6,636</b>	5,376

**Overview:**

During the year full production was achieved at Dong Xuan factory and company operated at the total crushing capacity of 6000 TCD.

Sugar as a cyclical industry faces wide fluctuations in availability of sugarcane and the recovery of sugar on account of climatic conditions and marked by wide movement in the demand for the product, the selling price etc. The international market for sugar was in general stable and the company was able

to realise better average prices and achieve higher profits despite the lower rate of recovery. In view of the comfortable funds position and having repaid its long term debt to institutions and also to this company, a dividend of 38.75 % has been declared during the year under review. Sugar, in general, has been witnessing a steady growth in production and demand globally, with a perceptible increase in per capita consumption. Industrial demand has also been strong and the overview for the industry is very positive. The market for the company's product in Vietnam has also been steady and it has positioned itself as one of the strong players in the country.

**Risks:**

The industry has its share of fluctuations having as its raw material an agricultural product which in turn is heavily dependent on climatic changes. Better use of sugarcane and its by- products has gained wide acceptance with down-stream products such as Rectified Spirit, paper, gypsum boards, power

generation, chemicals etc being manufactured to make for an integrated Plant to exploit sugarcane to its full potential. The company is also in discussions with the State authorities to implement a co-generation facility to generate power from bagasse and other raw materials which will add significantly to the bottom line.

**Cautionary Statement:**

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

**Place:** Chennai

**Date:** 28th May, 2012

For and on behalf of the Board of Directors

**V.L. DUTT**

Chairman and Managing Director

# Annexures to the Directors' Report

## ANNEXURE 1

Statement showing particulars of Employees of the Company as required under Sec. 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Report of the Board of Directors for the year ended 31st March, 2012.

Sl. No.	Particulars	1	2	3	4
1	Name	Dr. V.L. Dutt	Smt. V.L. Indira Dutt	Smt. Kavitha D. Chitturi	Sri. V. Gandhi
2.	Designation	Chairman and Managing Director	Joint Managing Director	Executive Director	Technical Director
3.	Qualification	Grad.B.I.M.	B.A.,	Grad. In Business Management, PGDHR	B.E. (MET)
4.	Experience	53 years	17 years	14 years	34 years
5	Date of Commencement of Employment	3.4.1970	1.7.1996	1.10.1999	25.01.2006
6	Salary in Rs.	61,50,000	51,00,000	24,00,000	24,00,000
7	Commission in Rs.	2,77,98,697	2,00,45,957	86,16,200	95,58,149
8	Benefits in Rs.	43,489	18,13,364	30,49,533	21,07,583
9	Total Remuneration in Rs.	3,39,92,186	2,69,59,321	1,40,65,733	140,65,732
10	Nature of employment	Contractual	Contractual	Contractual	Contractual
11	Date of Birth	27/12/1937	14/09/1940	17/05/1971	04/03/1949
12	Particulars of previous employment-Name of the Employer	V. Ramakrishna Sons Private Ltd	Nil	Nil	Fives Cail KCP Limited
13	Designation & period of Previous employment	Administrative Director – 12 years	Nil	Nil	General Manager (PPC)- 7 years



## Annexure 2

**Information required under Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.**

### A. Conservation of Energy

#### a) Energy conservation measures taken and impact of the measures:

##### **Cement Unit – I, Macherla:**

- ❖ Arranged 4 Nos. of VFDs for WHR plant cooling water circulation pump motors to reduce the speed, which resulted in energy saving of 3600 KWH/Month.
- ❖ 20 nos. of LED bulbs replaced in place of incandescent lights/Tube lights, which resulted in energy saving of 360 KWH/Month.
- ❖ D24 Dust collector fan inlet damper removed to avoid damper loss after providing VFD, which resulted in energy saving of 360 KWH/Month.
- ❖ Arranged flap valve at Cooler boiler de-duster bottom hopper outlet in place of 0.75 KW Rotary air valve, which resulted in energy saving of 120 KWH/Month.
- ❖ Installed Ingersoll Rand Make: HP-450 Model Single stage, oil injected 450 CFM rotary Screw compressor in place old Compressor in mines, resulted in diesel saving of 2 Ltrs/Hr.(Saving in energy cost = 2 Ltrs x 120 Hours/Month = 240 Ltrs/Month X Rs.41/ = Rs. 9,840 Per Month)

With the above energy conservation measures, Specific power per MT of Cement reduced from 94.75 (01-04-10 to 31-3-11 year average) to 94.53 (01-04-11 to 31-3-12 year average)

##### **Cement Unit - II, Muktyala:**

- ❖ Installed HT VFD for Coal Mill ID Fan and achieved saving of 120 KWH
- ❖ Installed VFDs 4 no for BF Fans in packing plant and achieved saving of 88 KWH
- ❖ Installed VFDs 4 no for Process BF Fans in Cement Mills and achieved saving of 86 KWH
- ❖ Installed VFD for Water pump and achieved saving of 8 KWH
- ❖ Installed VFD for LS Crusher BF Fan and achieved saving of 22KWH
- ❖ Installed the Lighting Energy Saver for the Plant Lighting and achieved saving of 20 KWH, the total Power saving of 18, 80,640 KWH/Year which results in cost saving of Rs. 75.79 Lacs/year @ 4.03 Rs/ KWH

##### **Engineering Unit:**

- ❖ Obsolete feeder breakers were replaced with latest electronic protection circuit breakers to ensure the systems stability and minimize down time and loss of power.
- ❖ The HRC fuses are being replaced with MCB & MCCB (Miniature Circuit Breaker & Molded Case Circuit Breaker) wherever required towards the Fuseless Technology concept for reliability and ease of maintenance
- ❖ Old DC & Thyristor Drives are being replaced with AC motors and VVFD drives in Horizontal boring machines, Turning rollers, etc.
- ❖ VVFD (Variable Voltage and Frequency Drives) for higher capacity motors and EOT cranes are being replaced for soft starting, energy saving and Power Factor improvement .
- ❖ Main Bus bar 'O' copper conductors were replaced with DSL angle line conductors and the cross travel with festoon cable trolley system
- ❖ The critical machines like Horizontal boring and VTL with obsolete Electrical controllers were replaced with PLC retrofit
- ❖ Lighting Energy savers are installed for shop floor and street lights supply. The conventional choke was replaced totally with Electronic ballast for tube lights.

**b) Additional Investments and Proposal for reduction of consumption of energy and Impact of the measures:**

**Cement Unit – I, Macherla:**

- ❖ Planning to provide Screw Compressor in place of old reciprocating compressor, costing around 11 lakhs (Estimated power saving: 10KWH).

**Cement Unit - II, Muktyala:**

- ❖ Installation of Solar lights for street lighting in phased manner.
- ❖ Installation of Solar water heaters for the Colony.
- ❖ Planning for 1 MW solar power plant.
- ❖ Water pumps optimization in Pump house.
- ❖ Planned to install Cooling towers in Cement Mills & Kiln for cooling of Bearings.

**Engineering Unit:**

- ❖ The shop wise monitoring is proposed for individual cost centre for efficient monitoring of Energy calculation
- ❖ Decided not to rewind the Motors more than twice in the life time.
- ❖ Proposed to add one more automatic power factor controller with harmonic filter for sub-station.

**B. Technology Absorption, Adaptation and Innovation**

- ❖ At Cement Unit-I, Macherla, Energy management system is established as a part of Technology absorption, which helps in section wise power consumption analysis.
- ❖ At Cement Unit-II, Muktyala, by Stabilizing and operating kiln at 4600 TPD clinker production (Designed Capacity 4000 TPD) and by optimizing cooler has resulted in reducing both specific fuel & energy consumption per ton of clinker and by operating all equipments like Raw mill, Coal mill, Kiln & Cooler in Fuzzy Logic system which has helped to operate the plant as an energy efficient and in a consistent way.
- ❖ At Engineering Unit Motor protection relays and MPCB (Motor Protection Circuit Breaker) are provided for all the motors in place of the thermal over load relays for better protection against over load and short circuit and The HRC fuses are being replaced with MCB & MCCB (Miniature Circuit Breaker & Molded Case Circuit Breaker) wherever required towards the Fuseless Technology concept for reliability and ease of maintenance.

**C. Foreign Exchange Earnings and Outgo**

The information on foreign exchange earnings and outgo is provided in page number 69 in Notes forming part of Accounts.

**FORM A  
(SEE RULE 2)**

**Form of Disclosure of Particulars with respect to Conservation of Energy  
CEMENT PRODUCTION UNITS, MACHERLA AND MUKTYALA .**

POWER AND FUEL CONSUMPTION	CURRENT YEAR 2011 - 12		PREVIOUS YEAR 2010 - 11	
	Macherla	Muktyala	Macherla	Muktyala
<b>1. ELECTRICITY</b>				
A). PURCHASED FROM APTRANSCO				
Units (K.W.H)	1,10,65,637	6,13,16,351	1,87,36,704	21,45,679
Total Amount Rs.	5,56,36,590	23,54,40,010	7,39,16,792	77,92,076
Rate/Unit Rs.	5.03	3.84	3.95	3.63
B). OWN GENERATION				
I) THROUGH DIESEL GENERATOR				
Units (K.W.H)	1,19,987	-	56,704	-
Units per Ltr.of Diesel Oil	2.59	-	1.66	-
Cost/Unit Rs.	40.76	-	225.48	-
2) THROUGH HYDEL POWER				
Units (K.W.H)	3,89,51,451	-	3,08,16,027	-
Total Amount Rs.	11,48,36,645	-	9,00,87,868	-
Cost/Unit Rs.	2.95	-	2.92	-
3) THROUGH W H R POWER				
Units (K.W.H)	1,15,00,497	-	1,39,96,540	-
Total Amount Rs.	3,39,08,139	-	3,99,97,345	-
Cost/Unit Rs.	2.95	-	2.86	-
<b>2. COAL (SPECIFY QUANTITY AND WHERE USED)</b>				
Qty (Tonnes)	1,04,577	1,13,143	1,11,161	10,007
Total cost Rs.	58,56,45,318	67,58,59,762	50,11,42,389	5,26,54,259
Average rate Rs.	5,600.12	5,973.52	4,508.27	5,261.74
<b>3. DIESEL OIL</b>				
Qty (Ltrs )	3,500	3,97,218	5,601	14,703
Total cost Rs.	1,50,018	1,74,35,712	2,23,332	5,98,406
Average Rate Rs.	42.86	43.89	39.87	40.70
<b>4. CONSUMPTION PER UNIT OF PRODUCTION</b>				
Electricity (KWH)	93.56	94.02	93.46	39.50
Coal	0.172	0.166	0.171	0.184
Others (Specify)	-	-	-	-

**FORM - B****(See Rule 2)****Form for disclosure of particulars with respect to absorption****RESEARCH AND DEVELOPMENT (R&D)****1. Benefits derived as a result of the R&D**

Being an on going exercises they would take a period before the benefits would flow and can be identified only over a period of time.

**2. Future plan of action**

- a) Capability development for characterisation of waste fuels.
- b) Understanding and linking process parameters to environmental emissions.
- c) Develop low energy cement.

**3. Expenditure on R&D**

Particulars	2011-12 Rs	2010-11 Rs
a) Capital Expenditure	-	-
b) Recurring Expenditure	98,060	2,44,587
<b>c) Total expenditure</b>	<b>98,060</b>	<b>2,44,587</b>
d) Total R&D expenditure as % of turnover	0.001	0.007

# Report on Corporate Governance

Corporate Governance is the set of rules, customs, policies and laws affecting the way the company is Directed, Administered or Managed

## 1. The Company's philosophy on code of Governance

The company believes in the philosophy on code of corporate governance, which provides a structure by which the rights and responsibility of different constituents, such as the Board, Employees and Shareholders are carved out.

- Effective Corporate Governance is an essential component of a successful enterprise in a globalised economy.
- Value addition through wider consultations and compliance of standards sharpens the organizational skills to achieve results better than before.
- Appropriate disclosures to shareholders ensure adequate information to assess and match risk of and reward from the enterprise.
- Consequently, Corporate Governance delivers a cohesive group of shareholders who cherish similar values, share similar perspectives and expect similar returns.

The Company reviews its Corporate Governance practices to ensure that they reflect the latest developments in the corporate arena and thus position itself to conform to the best Corporate Governance practices.

The report on Corporate Governance is divided into four parts:

- I. Board of Directors
- II. Committees of the Board
- III. Shareholders' information
- IV. Other disclosures

## 2. BOARD OF DIRECTORS

The Company is being managed by Dr.V.L Dutt, Chairman & Managing Director, Smt.V.L.Indira Dutt, Joint Managing Director, Smt.Kavitha Dutt Chitturi, Executive Director and Sri.V.Gandhi, Technical Director under the overall supervision, control and guidance of the Board of Directors

### a) Composition of Board and attendance particulars:

The Board of Directors consists of eminent individuals drawn from Management, Technical, Financial fields. The Board has an adequate combination of Executive and Non-executive Directors. As on 31st March, 2012, the Board has 9 (nine) members, comprising of 4 (four) Executive Directors (including Chairman & Managing Director) and 5 (five) Non-executive Independent Directors.

The Composition of the Board of Directors meets with the requirements of clause 49(1) (A) of the listing agreement.

The independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Clause 49 of the listing agreement.



**b) Board Meetings**

During the year SIX Board meetings were held on the following dates:

27/05/2011, 27/07/2011, 30/08/2011, 07/10/2011, 07/11/2011, 06/02/2012.

The maximum gap between any two meetings was less than 4 months as stipulated under Clause 49 of the Listing Agreement.

**c) Details of Board members and attendance details of each director at the Board Meetings and at the last Annual General Meeting (AGM)**

The names and categories of the Directors of the Company on the Board, their attendance at Board Meetings & Annual General Meeting of the Company held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below:

Directors	No. of Board Meetings attended out of 6 Meetings held during the year	Attendance at last AGM (27-07-2011)	*No. of other Directorships		* No. of other Board Committees in which Director is a member / Chairman		No. of shares held by Directors (Equity shares of Re.1/- each)
			Chairman	Member	Chairman	Member	
<b>Non-Executive Independent Directors:</b>							
Sri Pinnamaneni Koteswara Rao	4	P	1	-	-	-	19,200
Sri V.H. Ramakrishnan	6	P	-	1	-	-	Nil
Sri A. Ramakrishna	6	P	-	11	1	6	Nil
Sri O. Swaminatha Reddy	5	P	3	4	4	1	Nil
Sri. Vijay Sankar**	3	-	-	1	-	-	Nil
<b>Executive Promoter Directors:</b>							
Dr. V.L. Dutt, Chairman & Managing Director	6	P	1	1	-	1	55,79,500
Smt. V.L. Indira Dutt, Joint Managing Director	6	P	1	1	-	-	28,89,365
Smt. Kavitha D Chitturi, Executive Director	6	P	-	-	-	-	6,20,000
<b>Executive Non Promoter Directors</b>							
Sri V. Gandhi, Technical Director	6	P	-	1	-	-	2040

\* Represents directorships in public limited companies governed by the Companies Act, 1956 and memberships of Audit and investors grievance committees.

\*\* Sri. Vijay Sankar was appointed as Additional Director and a member of Audit Committee w.e.f 07/11/2011.

**d) Code of Conduct**

The Board has laid-down a “Code of Conduct” (Code) for all the Board members and the Senior Management personnel of the Company, and the Code is posted on the website of the Company [www.kcp.co.in](http://www.kcp.co.in).

Annual declaration regarding compliance with the Code is obtained from every person covered by the Code of Conduct.

A declaration to this effect signed by the Chairman and Managing Director is forming part of this report.

The Board reviews at every meeting, compliance reports of all laws applicable to the company.

**e) Remuneration policy of Directors**

**i) Remuneration to Non-Executive Directors.**

Non Executive Directors are paid sitting fee for the meetings of the Board and Committees, if any, attended by them.

During the year non-executive Directors of the Company were paid sitting fees of Rs. 20,000/- (Rupees twenty thousand only) each for every meeting of the Board and Audit Committees of the Board attended by them. For Investment Committee Meeting Rs. 10,000/- (Rupees ten thousand only) was paid as sitting fees. The sitting fee is well within the limits prescribed under the provisions of the Companies Act, 1956.

The details of sitting fees paid to Non Executive Directors for the year 2011-2012 (for attending the Board Meetings, Audit Committee meetings and Investment Committee Meeting) are given below:

Directors	Sitting fees paid
Sri. V. H. Ramakrishnan	Rs. 2,10,000/-
Sri. Pinnamaneni Koteswara Rao	Rs. 1,40,000/-
Sri. O. Swaminatha Reddy	Rs. 1,90,000/-
Sri. A. Ramakrishna	Rs. 2,10,000/-
Sri. Vijay Sankar*	Rs. 80,000/-

\*Sri Vijay Sankar was appointed as Additional Director and a member of Audit Committee w.e.f 07/11/2011.

#### (ii) Remuneration to Executive Directors

Remuneration to all the Executive Directors is paid within the limits prescribed under the provisions of the Companies Act, 1956, and is approved by the Board of Directors based on the recommendations of the Remuneration Committee and sanctioned by the Shareholders at their meeting.

Particulars of their remuneration for the year ended 31st March 2012 are given below:

Directors	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Dr. V.L. Dutt, Chairman & Managing Director	61,93,489	2,77,98,697	3,39,92,186
Smt. V.L. Indira Dutt Joint Managing Director	69,13,364	2,00,45,957	2,69,59,321
Smt. Kavitha Dutt Chitturi Executive Director	54,49,533	86,16,200	1,40,65,733
Sri. V. Gandhi Technical Director	45,07,583	95,58,149	1,40,65,732

#### f) Pecuniary relationship or transactions of Non executive directors' vis-à-vis the company

The Company does not have any direct pecuniary relationship/transaction with any of its Non Executive Directors.

#### g) The information made available to the Board includes the following

- 1) Annual Operating plans and budgets and any updates.
- 2) Capital budgets and any updates
- 3) Quarterly results for the Company and its operating divisions or business segments
- 4) Minutes of meetings of the audit committee and other committees of the Board.
- 5) The information on recruitment and remuneration of senior officers just below the board level, including appointment and removal of the Chief Financial Officer and the Company Secretary.
- 6) Show cause, demand, prosecution notices and penalty notices, which are materially important.
- 7) Details of joint venture or collaboration agreements.
- 8) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement if material.

### 3. COMMITTEES OF THE BOARD

The Board has set up the following Committees as per the requirements of the Listing Agreement entered with the Stock exchanges

#### a) Audit Committee

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit. The responsibilities of the Audit Committee include among other things overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment and remuneration of internal auditors, external auditors and cost auditors, reviewing the periodical interim and annual financial statements before submission to the Board, reviewing adequacy of internal control systems and discussing the scope of audit with external auditors.

The Audit Committee met four times during the year on 27th May 2011, 27th July 2011, 7th November 2011 & 6th February 2012.

The Audit Committee comprises 5 Non-Executive Independent Directors and an Executive Director. The Committee was chaired by an independent Director Sri. O. Swaminatha Reddy, a Chartered Accountant by qualification. In the opinion of the Board of Directors, all the members of the Audit Committee are financially literate, and also have accounting or related financial management experience.

The committee also meets the requirements of Section 292A of the Companies Act 1956.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Members	Number of Meetings Held	Number of Meetings Attended
<b>Non-Executive Independent Directors:</b>		
Sri O. Swaminatha Reddy - Chairman	4	4
Sri V.H. Ramakrishnan	4	4
Sri A. Ramakrishna	4	4
Sri. Pinnamaneni Koteswara Rao	4	3
Sri. Vijay Sankar	4	2
<b>Executive Promoter Directors :</b>		
Smt Kavitha D Chitturi	4	4

The Company Secretary is the Secretary to the Committee. Executive Directors, Statutory Auditors and the Internal Auditors have also attended the audit committee meetings, when invited by the Committee. The Committee also invites Business and Functional Heads to discuss matters concerning their Business / Departments as and when it deems necessary.

**BROAD TERMS OF REFERENCE**

The Audit Committee reviewed the quarterly, half-yearly and annual financial statements of the Company before submission to the Board of Directors. It has also reviewed the financial and other specified information of subsidiary Company. It has reviewed the Internal Audit reports and discussed the same with them and the concerned officer of the Company, to address the matters contained therein.

It has also taken on record the appointment of the Statutory Auditors, Cost Auditors and recommended to the Board the remunerations payable to them, and also to the Internal Auditors.

Sri O. Swaminatha Reddy, the Chairman of the Audit Committee, attended the Annual General Meeting of the Company held on 27th July 2011.

**b) Investment Committee**

The Investment Committee evaluates the various investment proposals of the Company and guides the Board of Directors in evaluating and implementing the same.

The Investment Committee met one time during the year on 27th July 2011.

The Investment Committee comprises the following 3 Non-Executive Independent Directors.

Non-Executive Independent Directors :	No. of meetings held	No. of Meetings attended
Sri O. Swaminatha Reddy - Chairman	1	1
Sri V.H. Ramakrishnan - Member	1	1
Sri A. Ramakrishna - Member	1	1

The Committee was chaired by an Independent Director, Sri. O. Swaminatha Reddy.

**c) Share Transfer, Transmission and Issue of Share Certificate Committee:-**

This Committee is constituted to approve transfer, transmission of shares and to issue duplicate share certificates as and when required.

During the year, 14 meetings of Share Transfer Committee were held on the following dates:

02/05/2011,01/06/2011,30/06/2011, 27/07/2011,22/08/2011, 07/09/2011,30/09/2011,15/11/2011,12/12/2011,31/12/2012, 31/01/2012, 14/02/2011, 29/02/2012, 31/03/2012.

The Committee comprises of the following executives of the Company:

Dr. A.V. Sivarama Prasad – Vice President - HRD & S
Sri. M.R. Ramachandran - Chief Financial Officer
Sri. Y. Vijayakumar – Company Secretary
Sri. S. Nandkumar – AGM – Finance

#### d) Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievances Committee specifically looks into redressing of Shareholders' and Investors' complaints/ grievances pertaining to transfer/transmission of shares, non-receipt of annual reports, dividend payments, issue of duplicate certificates and other miscellaneous complaints:

The Committee comprising of the following independent directors of the Company:

Sri O. Swaminatha Reddy, Chairman

Sri V.H. Ramakrishnan, Member

Sri A. Ramakrishna, Member

As per the confirmation received from M/s. Integrated Enterprises India Limited, the Company's Registrar and Share Transfer Agents, no complaints are pending as on 31-03-2012. The Board has designated Sri.Y.Vijayakumar, Company Secretary, as the Compliance officer of the Company.

#### e) Remuneration Committee

This Committee evaluates the financial position and state of affairs of the Company vis-à-vis the prevailing comparable remuneration structure of managerial personnel in other Companies and determines the remuneration and benefits for Board Members. The Committee did not have an occasion to meet during the year, 2011-2012.

The Remuneration Committee comprises the following Independent Directors:

Sri O. Swaminatha Reddy, Chairman

Sri V.H. Ramakrishnan, Member

Sri A. Ramakrishna, Member

The Remuneration Policy and the details of the remuneration paid to the Directors are furnished in the Section relating to the Board of Directors herein before.

## 4. GENERAL SHAREHOLDER INFORMATION

### 1. Date, Time and Venue of the Annual General Meeting

<b>Date</b>	Monday, the 13th August, 2012
<b>Time</b>	10.15 a.m.
<b>Venue (Registered Office)</b>	"Ramakrishna Buildings", No.2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008.

## 2. Financial Calendar:

### Key Financial Reporting Dates for the Financial year 2012-13

First Quarter ending 30th June, 2012	Within Forty five Days from the end of the Quarter
Second Quarter ending 30th September, 2012	Within Forty five Days from the end of the Quarter
Third Quarter ending 31st December, 2012	Within Forty five Days from the end of the Quarter
Fourth Quarter ending 31st March, 2013	Within Forty five Days from the end of the Quarter if audited, within Sixty Days from the end of the Quarter

**3. Dates of Book Closure:** 6th August, 2012 to 13th August, 2012 (Both days inclusive)

**4. Dividend Payment Date:** On or after 28th August 2012. (Both Final and Special)

## 5. Listing on Stock Exchanges:

Name of Stock Exchange	Stock Code
National Stock Exchange of India Limited, Mumbai	KCP
The Bombay Stock Exchange Limited, Mumbai (permitted to trade)	590066
Name of the Depositories(for demat only)	
National Securities Depository Ltd	INE805C01028
Central Depository Services (India) Ltd	INE805C01028

The Company has paid the listing fees to the National Stock Exchange of India Limited (NSE).

## 6. Share Price Data

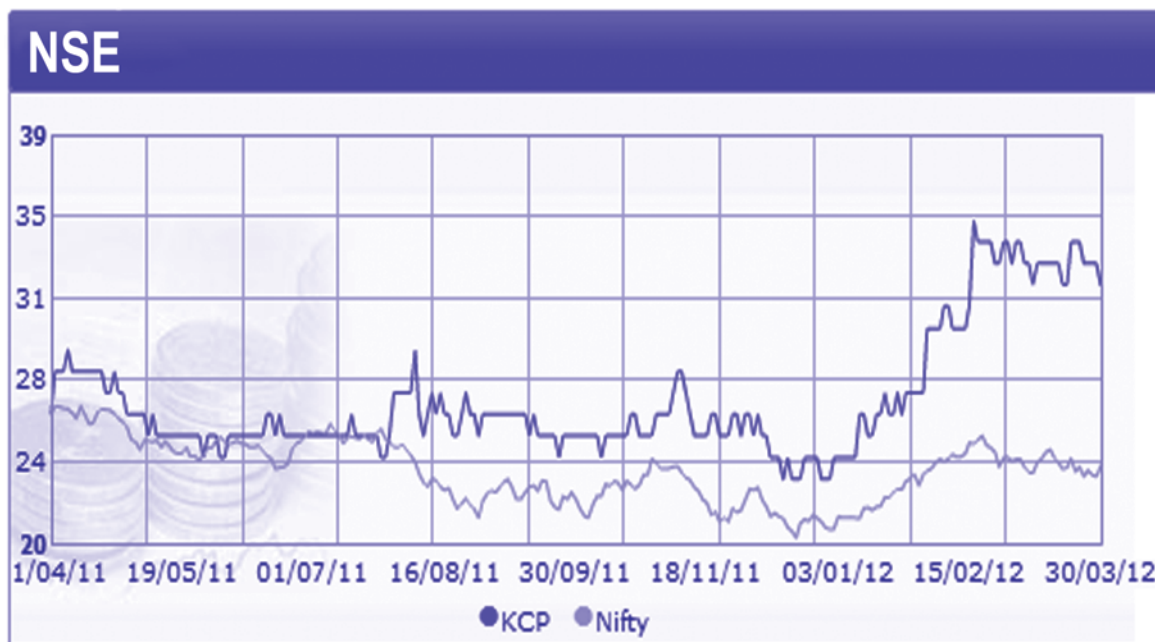
### NATIONAL STOCK EXCHANGE (NSE)

Month	High	Low
April 2011	29.00	25.30
May 2011	27.20	23.75
June 2011	26.65	24.25
July 2011	29.00	24.05
August 2010	30.50	24.00
September 2011	26.90	24.00
October 2011	26.85	24.00
November 2011	29.00	23.60
December 2011	26.35	22.40
January 2012	28.00	23.25
February 2012	37.20	28.10
March 2012	34.90	30.50

## 7. Relative Stock Performance Chart:

The Chart below gives the relative movement of the closing price of the company's share and the NSE Nifty relative to the closing price.

**The KCP Limited price Vs NSE Nifty**



## 8. Registrar & Share Transfer Agents

### For demat & physical shares:

M/s. Integrated Enterprises India Limited  
 II Floor, "Kences Towers"  
 No.1, Ramakrishna Street  
 North Usman Road  
 T. Nagar, Chennai 600 017.  
 Ph: 28140801/803  
 E-mail: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)  
 Website: [www.integratedindia.in](http://www.integratedindia.in)

## 9. Share Transfer System :

The shares for transfer received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. A summary of transfer/ transmission of securities so approved by the share transfer and transmission committee are placed at Board Meetings. The share certificates duly endorsed are sent to the

shareholders by Registrar and Share Transfer Agent. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL, expeditiously.

Pursuant to the Clause 47-C of the Listing Agreement, certificates on quarterly basis confirming due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to the stock exchanges.

In addition, a Reconciliation of Share Capital Audit Report for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the stock exchanges.



### 10. Distribution of the Shareholding as on 31<sup>st</sup> March, 2012 by number of shares

No. of Equity Shares held	No. of Share holders	% Share holders	No. of Shares	% Share holding
Upto 5000	16,564	91.79	1,24,28,981	9.64
5001-10000	669	3.71	49,14,074	3.81
10001-20000	363	2.01	51,16,329	3.97
20001-30000	138	0.76	33,87,505	2.63
30001-40000	80	0.44	28,20,788	2.19
40001-50000	52	0.29	24,06,097	1.87
50001-100001	86	0.48	60,68,288	4.71
Above 100001	94	0.52	9,17,79,098	71.18
<b>TOTAL</b>	<b>18,046</b>	<b>100.00</b>	<b>12,89,21,160</b>	<b>100.00</b>

### 11. Shareholding as on 31<sup>st</sup> March, 2012 by category

Category	No. of Share holders	No. of Shares	% Share holding
Clearing Member	105	4,54,937	0.3529
Bank Foreign	1	500	0.0004
Foreign Institutional	1	500	0.0004
Indian Financial Institutions	13	21,20,320	1.6447
Indian Promoters	25	5,98,58,915	46.4306
Mutual Funds & UTI	8	97,59,173	7.5698
NRI / OCBs	209	20,45,282	1.5865
Private Corporate Bodies	355	34,30,220	2.6607
Indian Public	17,326	5,11,95,953	39.7111
Trusts	3	55,310	0.0429
<b>TOTAL</b>	<b>18,046</b>	<b>12,89,21,160</b>	<b>100.0000</b>

### 12. Top ten Equity Shareholders of the Company (Excluding Promoters) as on 31<sup>st</sup> March, 2012

Sr. No	Name of the Shareholder	Number of Shares held	Percentage of holding
1	SBI Magnum Sector Funds Umbrella-Emerging Businesses Fund	44,65,290	3.46
2	HDFC Trustee Company Limited A/C HDFC Growth Fund	37,83,875	2.94
3	Reliance Capital Trustee Co. Ltd-A/C Reliancesmall Cap Fund	20,00,000	1.55
4	The New India Assurance Company Limited	13,02,930	1.01
5	G.V. Reddy (Dr)	12,87,250	1.00
6	Sakunthala Devi Boppana	10,37,410	0.80
7	Boppana Vinay Kumar	9,35,250	0.73
8	Padmini Rajan	8,67,790	0.67
9	Anumolu Raghava Ramakrishna	8,49,900	0.66
10	Raavi Sobhanadri Chowdary	8,21,999	0.64

### 13. Dematerialization of Shares and Liquidity

Out of the total paid-up Equity Capital 117024140 Equity shares are held in dematerialized form with NSDL and CDSL as on March 31<sup>st</sup>, 2012.

14. The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments that are outstanding.

### 15. Plant Locations :

CEMENT	Macherla - 522426 Guntur District, Andhra Pradesh
	Ramakrishnapuram, Muktyala - 521175 Krishna District, Andhra Pradesh
ENGINEERING	Tiruvottiyur Chennai 600 019. Tamilnadu
	Mosur Road Ekhunagar, Arakonam 631 004, Tamilnadu
POWER	
HYDEL UNIT	B.No. AE-1, NSP Colony Nekarikallu 522 615, Guntur District, AP
WIND POWER	Uthumalai Village Tirunelveli District, Tamilnadu

THERMAL UNIT	Macherla - 522426, Guntur District, AP
BIO TECH	Plot No.14, A.K. Park Genome Valley, Turkapally (village) – 500078 Shameerpet (Mandal), R.R.District, AP
REGISTERED OFFICE	“Ramakrishna Buildings”, 2, Dr. P.V. Cherian Crescent, Egmore, Chennai – 600 008

### 16. Compliance Certificate of the Auditors:-

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended June 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012. The Statutory Auditors have certified that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreements with the stock exchanges. The said certificate is annexed to the Directors' Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Tamil Nadu, Chennai, along with the Annual Report.

### 17. Prevention of Insider Trading

The Company has framed a Code of Conduct for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all Directors/officers / designated employees. Under this Code, they are prohibited to deal in shares of the Company during the closure of Trading Window and other specified period(s).

### 18. Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. The Board periodically discusses the significant business risks identified by the

management and the mitigation measures to address such risks.

### 19. OTHER DISCLOSURES

- 1) During the year there were no materially significant related party transactions that might have had potential conflict with the interest of the company at large.
- 2) During the last three years, there were no instances of non compliance by the company, with any statutory matters concerning capital markets, nor were any penalties or strictures imposed on it with regard thereto by any concerned regulatory authorities.
- 3) The company does not have a whistle-blower policy. However, the company does not deny any of its personnel, access to the audit committee.
- 4) The Company has, to the best of its understanding, complied with all the mandatory requirements of Clause 49 of the Listing Agreement. With regard to the non-mandatory requirements, in addition to the matters already implemented as reported herein elsewhere,
  - There were no qualifications by the auditors that are material in nature, and the company is taking corrective steps in response to the observations if any made by the auditors
  - All the Directors of the company have considerable experience and expertise as directors in this company and other companies, and hence in the opinion of the Board no further training or evaluation is considered necessary for them.
  - For the time being there is no ceiling on the tenure of the non-executive directors.
- 5) Adoption of Non-mandatory requirements of clause 49 of the listing agreement are being Reviewed by the Board from time to time.

## 1. Details of Annual General Meetings & Special Resolutions :

(a) Location and time of Annual General Meetings held in last 3 years along with Special Resolutions passed:

Year	AGM	Location	Date	Time	Special Resolutions considered thereof	Result
2009	68 <sup>th</sup>	"Ramakrishna Buildings" 2, Dr. P.V. Cherian Crescent Egmore, Chennai 600 008	27/07/2009	11.00 a.m	Resolution for Alteration in capital clause of the Memorandum of Association.	Passed
					Resolution for Alteration in capital clause of the Articles of Association	Passed
					Resolution for Issue of 200,00,000 Redeemable, Non-convertible, Cumulative Preference Shares of Rs.10/- each.	Passed
2010	69 <sup>th</sup>	"Ramakrishna Buildings" 2, Dr. P.V. Cherian Crescent Egmore, Chennai 600 008	28/07/2010	11.00 a.m.	Resolution for alteration of Capital Clauses in Memorandum	Passed
					Resolution for alteration of Capital Clause in Articles of Association	Passed
2011	70 <sup>th</sup>	"Ramakrishna Buildings" 2, Dr. P.V. Cherian Crescent Egmore, Chennai 600 008	27/07/2011	10.45 a.m.	-	-

(b) No EGM was held by the company during the financial year ended 31st March 2012.

(c) No resolution was passed by way of postal ballot during the financial year ended 31st March 2012

### Subsidiary Company

As per the revised clause 49 of the Stock Exchange Listing Agreement, your Company does not have any Material non-listed Subsidiary Company whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

The Audit Committee reviews the financial statements of the subsidiary Company KCP Vietnam Industries Limited, Vietnam.

The minutes of the Board meetings as well as statements of all significant transactions with the subsidiary company are placed before the Board of Directors of the Company for their review.

## 2. Means of Communication

The quarterly unaudited financial results and the annual audited financial results, Intimation of Board Meeting date, Record Date, Book Closure and dividend declaration notices are normally published in a leading business daily, viz. Business Line (English) and in Dinamani (Tamil):

The company does not send a half yearly declaration of its financial performance to each household of its shareholders.

The quarterly financial results, Annual Reports and the share holding pattern etc. are posted on the Company's website at www.kcp.co.in. The Company has not issued any official news release, nor made any presentations to the investors about its financial results during the year. A Management Discussion Analysis of relevant matters forms part of the Report of the Board of Directors.

### DEMATERIALISATION OF SHARES:

Dematerialisation is the process by which physical share certificates of an investor are converted to an equivalent number of securities in electronic form and credited into the investor's account maintained with his/ her depository participant (DP).

Those shareholders who are holding shares in physical form are advised to convert their holdings into demat form.

The following are the benefits of Dematerialisation:

1. Immediate transfer of securities;
2. No stamp duty on transfer of securities;
3. Elimination of risks associated with physical certificates such as bad delivery, fake securities etc;
4. Reduction in paperwork involved in transfer of securities;
5. Reduction in transaction cost;
6. Nomination facility;
7. Change in address recorded with Depository Participant (DP) gets registered electronically with all companies in which investor holds

securities eliminating the need to correspond with each of them separately;

8. Transmission of securities is done by DP eliminating correspondence with companies;
9. Convenient method of consolidation of folios/ accounts;
10. Holding investments in equity, debt instruments and Government securities in a single account;
11. Automatic credit into demat account, of shares, arising out of split/consolidation/ merger etc.

### Unclaimed share certificates lying with Company / R&T agent

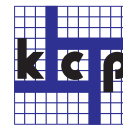
SEBI vide its notification dated 16.12.2010 has made it mandatory for every listed Company, which has issued shares in physical mode in past and where such share certificates could not reach the concerned shareholder due to insufficient / incorrect information or for any other reasons, to send at least three reminders to such shareholders whose shares have remained unclaimed as above and in case no response is received from concerned shareholder, such unclaimed shares shall be transferred to one folio in the name of "Unclaimed Suspense Account" and kept in a separate Demat Account. Pursuant to above amendment, Company's R&T agent has sent first reminder to all such shareholders whose share certificate(s), whether related to past public issue or related to transfer request, are lying undelivered with Company / R&T agent.

In case no response is received from these shareholders even after the second and third reminder, Company / R&T agent shall transfer all such shares to "Unclaimed Suspense Account".

As on 31st March, 2012, none of such shares were transferred to "Unclaimed Suspense Account".

### Green Initiative of Ministry of Corporate Affairs (Servicing of documents by e-mode)

Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing



paperless compliances by Companies through electronic mode. In accordance with the circular no. 17/2011 dated 21.04.2011 and circular no.18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to their shareholders through

electronic mode to the registered e- mail addresses of shareholders. In view of above, the investors, who have not registered their email addresses with their DP / RTA of the Company, are requested to register their e-mail addresses with the RTA, M/s Integrated Enterprises (India) Limited.

**Place:** Chennai  
**Date:** 28th May, 2012

For and on behalf of the Board of Directors

**V.L. DUTT**  
Chairman and Managing Director

## CEO / CFO CERTIFICATION

The Board of Directors,  
The KCP Limited

We hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of the company for the year ended March 31, 2012 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) The disclosures have been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have personal interest. However, none of these transactions have conflict with the interest of the Company at large.

Place: Chennai  
Date: 28th May, 2012

**V.L. Dutt**  
Chairman and Managing Director

**M.R. Ramachandran**  
Chief Financial Officer



## Auditors' Certificate on Corporate Governance

The Members  
The K.C.P Limited  
Ramakrishna Buildings  
No. 2, Dr. P.V. Cherian Crescent  
Egmore,  
Chennai - 600 008

We have examined the compliance of conditions of Corporate Governance by The KCP Limited for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by The Institute of Chartered Accountants of India, we have to state that as per the records maintained by the company, there were no investor grievances remaining unattended/ pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR BRAHMAYYA & CO  
Chartered Accountants  
Firm Regd. No. 000513S

Place: Chennai  
Date: 28th May 2012

T. V. RAMANA  
Partner  
(ICAI MEMB.NO.200523)

## Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

I, V.L. Dutt, Chairman & Managing Director of the Company hereby confirm that all the members of your Board and the Senior Management Personnel of your Company have confirmed the compliance to the Code of Conduct of the Company during the year ended 31-03-2012.

Place: Chennai  
Date: 28th May, 2012

**V.L. DUTT**  
Chairman and Managing Director

# Auditors' Report

To  
The Shareholders of  
The K.C.P Limited  
Chennai

We have audited the attached Balance Sheet of The KCP Limited, as at 31st March 2012, its Statement of Profit and Loss for the year ended on that date annexed thereto, and its cash-flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;

- c. The Balance Sheet and Statement of Profit and Loss and Cash-flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet and Statement of Profit and Loss and the Cash-flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012,
  - ii. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date,
  - iii. In the case of the cash-flow statement, of the cash-flows of the company for the year ended on that date

For BRAHMAYYA & CO  
Chartered Accountants  
Firm Regd No 000513S

**T.V. RAMANA**  
Partner

Place: Chennai  
Date: 28th May, 2012

(ICAI Memb.No.200523)

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- 1.1 According to the information and explanations furnished to us, the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- 1.2 According to the information and explanations furnished to us, the company has physically verified some of its fixed assets during the year, in accordance with a phased programme of verification, which, in our opinion, is reasonable, having regard to the size of the company and the nature of the assets. As per the said information and explanations, no material discrepancies were noticed on such verification carried out during the year.
- 1.3 According to the information and explanations furnished to us, the company has not disposed of a substantial part of its fixed assets during the year.
- 2.1 According to the information and explanations furnished to us, the company has physically verified its inventories during the year. In our opinion, the frequency of such verification is reasonable.
- 2.2 In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3 According to the information furnished to us, the company is maintaining proper records of its inventory and the discrepancies if any noticed on verification between the physical stocks and the book records were not material, and have been properly dealt with in the books of account.
- 3.1 According to the information and explanations furnished to us, the company has not granted any loans to companies, firms or other parties covered by the register maintained under Section 301 of the Companies Act 1956, at the beginning of the year or during the year, and consequently reporting under sub-clauses b, c and d of clause 4(iii) of the Order does not arise during the year.
- 3.2 According to the information and explanations furnished to us, the company has, at the date of the Balance Sheet under report, taken loans aggregating to Rs.17,80,03,500 crores from three directors, Rs.1,29,00,000 from a relative of the director and Rs. 7,50,00,000 from a company, covered by the register maintained under Section 301 of the Companies Act 1956.
- 3.3 In our opinion, the rate of interest and other terms and conditions on which loans have been taken by the company from companies, firms or other parties covered by the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- 3.4 According to the information and explanations furnished to us, the company has been regular in repaying the principal and interest amounts as stipulated on the loans taken by it from the parties listed in the registers maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have not come across any instances of major weaknesses in internal control that require correction and have so continued without correction.
- 5.1 Based on the information and explanations given to us, we are of the opinion that the transactions that are required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, the transactions which have been entered into, pursuant to contracts that have been entered in the register

maintained under Section 301 of the Companies Act 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA and other applicable provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information furnished to us, no Order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 58A and 58AA of the Companies Act 1956.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the company at its cement and electric power generation units pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out a detailed audit of the same.
- 9.1 According to the information furnished to us, the company has generally been regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- 9.2 There were no undisputed statutory dues mentioned in the preceding paragraph in arrears, as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.

9.3 According to the information furnished to us, there were no amounts of Sales Tax, Customs Duty, Excise Duty, Cess, Income Tax, Wealth Tax, Service Tax that have been disputed by the company, and hence, were not remitted to the concerned authorities at the date of the Balance Sheet under report, except

S. No	Nature of Dues	Applicable Statute	Amount (in Rs.)	Pending Before
1.	Excise duty and related demands	Central Excise Act 1944	3,06,82,545	Commissioner of Appeals
2.	Sales tax and related demands	Sales tax Acts of various state Govts.	56,36,029	Various appellate authorities
3.	Forest Permit Charges	A.P. Forest Produce Rules 1970	71,21,406	Hon'ble High Court
4.	Income Tax	Income Tax Act 1961	75,03,281	Various appellate authorities.

10. According to the information and explanations furnished to us by the company, it had no accumulated losses at the end of the financial year, and it did not incur cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the company, there were no defaults in repayment of dues to financial institutions, banks or debenture holders at the date of the Balance Sheet.
12. According to the information furnished to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi / mutual benefit fund/ society and hence, the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

15. In our opinion, and according to the information furnished to us, there are guarantees to the extent of Rs. 3,02,00,000/- outstanding as at the year end that are given by the company for loans taken by two parties from a bank.
16. In our opinion, and according to the information and explanations furnished to us, the term loans taken by the company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations furnished to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.
20. The company has not raised any moneys through public issue of its securities during the year, and the question of end use of such moneys does not arise during the year.
21. According to the information and explanations furnished to us, and based on the audit procedures generally adopted by us, we report that, during the year, no fraud on or by the company has been noticed or reported that is either significant or could have caused a material misstatement in the financial statements.

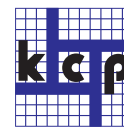
For BRAHMAYYA & Co  
Chartered Accountants  
Firm Regd No 000513S

Place: Chennai

Date: 28th May, 2012

**T. V. Ramana**  
Partner  
(ICAI Memb. No. 200523)





## BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	Notes	AS AT	AS AT
		31-03-2012	31-03-2011
		Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	32,89,21,160	32,89,21,160
Reserves and Surplus	4	3,31,68,42,075	2,95,41,54,647
		<b>3,64,57,63,235</b>	<b>3,28,30,75,807</b>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	5	1,76,26,57,957	2,21,48,40,490
Trade Payables	6.1	33,28,788	98,82,033
Deferred Tax Liability (Net)	7	48,92,50,625	31,91,41,658
Other Long-Term Liabilities	6.2	17,68,12,492	15,88,81,422
Long-Term Provisions	8.1	26,122,283	19,891,343
		<b>2,45,81,72,145</b>	<b>2,72,26,36,946</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	9	82,44,20,099	67,24,18,375
Trade Payables	10.1	37,17,10,684	14,88,22,658
Other Current Liabilities	10.2	1,51,52,45,333	1,27,93,45,570
Short Term Provisions	8.2	31,88,87,949	19,04,15,882
		<b>3,03,02,64,065</b>	<b>2,29,10,02,485</b>
<b>TOTAL</b>		<b>9,13,41,99,445</b>	<b>8,29,67,15,238</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	5,20,99,09,060	3,95,79,43,199
Intangible Assets	12	-	-
Capital Work in Progress		22,75,25,326	1,10,88,38,948
Non-current Investments	13	28,89,59,669	24,27,39,451
Deferred Tax Assets (net)		-	-
Long Term Loans and Advances	14.1	14,17,93,316	28,73,75,376
Trade Receivables	15.1	1,12,46,914	10,00,653
Other Non-Current Assets	15.2	-	-
		<b>5,87,94,34,285</b>	<b>5,59,78,97,627</b>
<b>Current Assets</b>			
Current Investments	16	-	-
Inventories	17	1,48,39,55,072	1,07,78,94,480
Trade Receivables	15.1	74,37,56,275	35,67,81,857
Cash and Bank Balances	18	35,04,04,858	71,45,89,774
Short Term Loans and Advances	14.2	64,32,77,469	51,38,33,841
Other Current Assets	15.2	3,33,71,486	3,57,17,659
		<b>3,25,47,65,160</b>	<b>2,69,88,17,611</b>
<b>TOTAL</b>		<b>9,13,41,99,445</b>	<b>8,29,67,15,238</b>
<b>III. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b>			
The accompanying notes are an integral part of the Financial Statements.			

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**V.L. DUTT**  
Chairman and Managing Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

**T.V. RAMANA**  
Partner  
(ICAI Memb. No.200523)

**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai  
Date: 28th May, 2012

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS	Notes	This Year	Previous Year
		Rs.	Rs.
<b>Income</b>			
Revenue from operations (Gross)	19	6,87,25,45,535	3,61,82,35,605
Less: Excise duty		86,77,76,739	45,57,53,968
Revenue from operations (Net)		6,00,47,68,796	3,16,24,81,637
Other Income	20	39,29,00,050	14,42,87,278
<b>Total Revenue (I)</b>		<b>6,39,76,68,846</b>	<b>3,30,67,68,915</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	21	1,31,36,10,485	77,46,58,669
[Increase]/Decrease in Inventories of finished goods, Work-in-progress and traded goods	22	-11,11,65,484	-14,46,90,974
Employee benefits expense	23	52,59,36,844	40,03,37,280
Finance Costs	24	37,94,98,375	13,94,07,398
Depreciation and amortization expense	25	29,34,69,755	12,33,25,957
Other expenses	26	3,14,85,16,361	1,45,40,58,831
<b>Total Expenses (II)</b>		<b>5,54,98,66,336</b>	<b>2,74,70,97,161</b>
<b>Profit/(Loss) before tax</b>		<b>84,78,02,510</b>	<b>55,96,71,754</b>
<b>Add : Income Tax Refund</b>		<b>9,74,378</b>	<b>18,27,175</b>
<b>Less : Tax expenses</b>			
Short /Excess provision of Income Tax of Earliar Years		28,48,366	-2,48,23,892
Current tax		16,75,00,000	11,18,00,000
Deferred tax		17,01,08,967	13,61,33,614
Add: MAT credit entitlement		10,70,14,368	7,51,06,187
<b>Total tax expense</b>		<b>23,24,68,587</b>	<b>14,61,76,360</b>
<b>Profit/(Loss) for the year from continuing operations (A)</b>		<b>61,53,33,923</b>	<b>41,34,95,394</b>
<b>Earnings per equity share [nominal value of share Re.1 /-</b>		<b>4.56</b>	<b>2.99</b>
<b>[31st March 2011 : Re. 1/-]</b>			
<b>Basic and diluted:</b>			
Computed on the basis of total profit for the year		4.56	2.99
<b>III. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b>	2		
The accompanying notes are an integral part of the Financial Statements.			

(FOR AND ON BEHALF OF THE BOARD)

**V.L. DUTT**  
Chairman and Managing Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**T.V. RAMANA**  
Partner  
(ICAI Memb. No.200523)

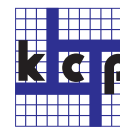
**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai  
Date: 28th May, 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	31-03-2012 Rs.	31-03-2011 Rs.
Cash flow from operating activities		
Profit before tax from continuing operations	84,78,02,510	55,96,71,754
Profit before tax	84,78,02,510	55,96,71,754
Depreciation/amortization on continuing operation	29,34,69,755	12,33,25,957
Impairment/other write off on tangible/intangible assets pertaining to continuing operation	6,66,148	12,20,533
Loss/[profit] on sale of fixed assets	-8,26,315	-6,45,527
Provision for diminution in value of investments (current plus other long term)	-	2,35,900
Unrealised foreign exchange loss	61,69,529	2,05,471
Interest expense	37,94,98,375	13,94,07,398
Interest income	6,31,15,111	6,27,05,951
Dividend income	28,41,41,880	5,22,15,796
Operating profit before working capital changes	1,16,88,36,583	70,93,79,851
Movements in working capital:		
Increase/[decrease] in trade payables	21,63,34,781	10,64,38,012
Increase/[decrease] in provisions	13,47,03,007	-24,07,302
Increase/[decrease] in current liabilities	22,33,50,833	-15,24,39,223
Decrease/[increase] in trade receivables	-39,72,20,679	19,05,38,684
Decrease/[increase] in inventories	-40,60,60,592	-23,96,68,688
Decrease/[increase] in loans and advances	1,61,38,432	4,97,26,458
Decrease/[increase] in other current assets	23,46,173	-78,40,689
Cash generated from/[used in] operations	95,84,28,538	65,37,27,103
Direct taxes paid [net of refunds]	14,37,66,138	9,91,30,569
Foreign exchange difference	61,69,529	2,05,471
Net cash flow from/[used in] operating activities (A)	82,08,31,929	55,48,02,005
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	66,10,86,654	1,84,40,01,005
Proceeds from sale of fixed assets	29,61,016	21,36,627
Purchase of non-current investments	4,61,99,685	-
Purchase of current investments	20,533	28,962
Sale of investments	-	51,43,405
Repayment of Loan by subsidiary	-	2,77,46,022
Interest received	6,31,15,111	6,27,05,951
Dividends received from subsidiary company	28,41,41,880	5,22,15,796
Net cash flow from/[used in] investing activities (B)	-35,70,88,865	-1,69,40,82,166
Cash flows from financing activities		
Proceeds from long term borrowings	6,95,00,000	1,25,34,98,097
Repayment of long term borrowings	35,22,02,533	20,69,70,000
Proceeds from short term borrowings	15,20,01,724	-
Repayment of short term borrowings	14,00,00,000	-
Interest paid	37,94,98,375	13,94,07,398
Dividends paid	15,29,21,160	13,63,51,297
Tax on Dividends paid	2,48,07,636	2,27,70,834
Net cash flow from/[used in] financing activities [C]	-82,79,27,980	1,16,19,38,568
Net increase/[decrease] in cash and Bank Balances (A+B+C)	-36,41,84,916	2,26,58,407
Cash and Bank Balances at the beginning of the year	71,45,89,774	69,19,31,367
Cash and Bank Balances at the end of the year	35,04,04,858	71,45,89,774
Components of cash and Bank Balances		
Cash on hand	6,70,328	6,14,272
Cheques/drafts on hand	3,26,81,181	1,36,96,644
With banks on current account	1,81,18,663	13,27,52,446
On deposit account	28,32,05,551	55,41,83,329
unpaid dividend accounts*	157,29,135	1,33,43,083
Total Cash and Bank Balances (note 18)	35,04,04,858	71,45,89,774
Summary of significant accounting policies	2	

(FOR AND ON BEHALF OF THE BOARD)

**V.L. DUTT**  
Chairman and Managing Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**T.V. RAMANA**  
Partner  
(ICAI Memb. No.200523)

**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai  
Date: 28th May, 2012

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. GENERAL

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India ( Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 FIXED ASSETS

Fixed assets are stated at cost, less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, and taxes, incidental expenses relating thereto, interest on direct borrowals upto commissioning, wherever applicable, and the cost of installation/erection, as applicable. CENVAT availed, if any, on Fixed Assets, is not included in the Cost of such Fixed Assets capitalised.

#### 2.2 LEASED ASSETS :

##### (A) ASSETS UNDER FINANCE LEASE:

Assets acquired under finance lease arrangement on or after 01.04.2001 are recognised separately among the fixed assets, at the inception of the lease at lower of their fair value or the present value of minimum lease payments in respect thereof. Depreciation and lease charges on such assets are accounted for, in accordance with the Accounting Standard-19 – “Accounting for Leases” issued by The Institute of Chartered Accountants of India .

##### (B) ASSETS UNDER OPERATING LEASE :

Assets used by the Company as a lessee under operating lease agreement are not recognised in the Company’s accounts. Lease payments under operating lease are charged to the profit and loss account on a systematic basis representative of the pattern of the benefit accruing to the Company from the use of the asset under operating lease.

### 2.3. INVESTMENTS

Investments (Long Term) are stated at cost less provision for diminution in value other than temporary, if any. Short term investments are valued at Cost or Fair value whichever is lower.

### 2.4. INVENTORIES

(a) Finished goods are valued at cost or market value, whichever is lower.

(b) Stock of scrap –

i. In respect of Engineering Unit, purchased scrap and internally generated scrap for use in production are both valued at average cost of purchased scrap.

ii. In respect of other scrap, the stock of scrap is not valued and adjusted. Sales, as and when made, are adjusted.

(c) Work-in-Progress, raw materials, stores, spares, material in transit, are valued at cost except where the net realisable value of the finished goods they are used in, is less than the cost of finished goods and in such an event, if the replacement cost of such materials etc., is less than their book values, they are valued at replacement cost.

### 2.5. SALES AND OTHER EARNINGS

(a) Sales and service earnings are inclusive of excise duty, service tax, freight, insurance etc. recovered thereon.

(b) Despatches from Engineering Unit are in completely knocked down condition and are invoiced at the appropriate technically evaluated values, which are matched with contracted sale prices.

(c) Electricity generated by the power units of the company, sold to its other units is accounted at the tariff rates charged by the State Electricity Boards. Such earnings are adjusted to the power charges.

(d) Dividend income is accounted as and when the right to receive arises.

(e) Other income – Revenue in respect of other incomes are recognised when there is a reasonable certainty as to its realisation.

## 2.6. FOREIGN EXCHANGE TRANSACTIONS

- A) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately with the difference in the rate of exchange arising on actual receipt/payment during the year.
- B) At each Balance Sheet date
- foreign currency monetary items are reported using the rate of exchange on that date
  - foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized
- C) In respect of forward exchange contracts in the nature of hedges
- Premium or discount on the contract is amortised over the term of the contract,
  - Exchange differences on the contract are recognized as profit or loss in the period in which they arise

## 2.7. ACCOUNTING FOR DERIVATIVES

The company uses derivative instruments to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is only to reduce the risk or cost to the company and is not intended for trading or speculation purposes.

## 2.8. EMPLOYEE BENEFITS

- a) Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.
- b) Long Term Employee Benefits i.e. such benefits which do not fall due wholly within twelve months after the end of the period in which the employees render the related service, are recognized as follows
- Expense is arrived at as per actuarial valuation and is recognized and charged to the Profit and Loss Account in the year in which employee has rendered services in lieu of such leave.
  - Liability as at the date of each Balance Sheet is arrived at and recognized therein as per actuarial valuation.

## c) Post Employment Benefits:

### (i) Defined Contribution plans:

The company's employees are covered under superannuation schemes, state governed provident fund scheme, employee state insurance scheme and employee pension scheme, which are in the nature of Defined Contribution Plans. The contributions paid/payable under the schemes are recognized during the period in which the employee renders the related service.

### (ii) Defined Benefit plans:

The company's liability to gratuity on retirement of its eligible employees is funded under a Defined Benefit Plan with the Life Insurance Corporation of India. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method. The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognized and charged to the Profit and Loss account in the year in which the employee has rendered service.

The fair value of the plan assets and the gross plan obligation, under the said plan, are recognized in each Balance Sheet on net basis.

- d) Actuarial Gains/losses are charged to the Profit and Loss account immediately in each year.

## 2.9. DEPRECIATION

Depreciation is provided in accordance with the rates and rules prescribed under Schedule XIV to the Companies Act, 1956, as follows:--

- i. In respect of assets existing as on 30-6-1988, under the written down value method: and
- ii. In respect of assets acquired on or after 1-7-1988, under the straight line method.

## 2.10. IMPAIRMENT OF ASSETS:

The carrying amount of assets are reviewed at each Balance sheet date to assess, if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever that carrying amount of the assets exceeds its recoverable amounts.



The recoverable amount is the greater of the assets net selling price and value in use. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 2.11. WARRANTY CLAIMS

Company's liability for Warranty claims and Guarantee claims are accounted on accrual basis as per contracts, after adjusting the claims no longer required.

### 2.12. DIVIDENDS

Provision is made in the accounts for the dividends paid / payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Income Tax on dividend payable is provided for in the year to which such dividends relate.

### 2.13. BORROWING COST

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue in the period in which they are incurred.

### 2.14. EXPENDITURE DURING CONSTRUCTION PERIOD:

All identifiable revenue expenses including interest on term loans incurred in respect of various projects/ expansions are allocated to capital cost of respective assets/ capital work in progress.

### 2.15. EXPENDITURE ON APPROVED RESEARCH AND DEVELOPMENT PROGRAMME

In respect of approved Research and Development Programme, expenditure of capital nature is included in the fixed assets and other expenditure is charged off to revenue in the year in which such expenditure is incurred.

### 2.16. TAXATION

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income Tax Act, 1961.

- Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised. Deferred tax assets arising on other temporary timing differences are recognised only if there is a reasonable certainty of realisation.
- MAT Credit Entitlement as per the provisions of Income Tax Act, 1961, is treated as an asset by credit to the Profit and loss account.

### 2.17. EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the company's Basic EPS is the attributable net profit or loss to the equity shareholders as per AS-20 "Earnings Per Share". The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

### 2.18. PROVISIONS/ CONTINGENT LIABILITIES AND ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised, but are disclosed in the notes on accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

### 2.19 GOVERNMENT GRANTS

- (i). Grants from government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

- (ii) Government grants relating to assets are recognised in the proportion in which the amortisation of such assets is charged and are netted off against the amortisation on such assets
- (iii) Grants related to depreciable assets are treated and disclosed as deferred income which is recognised in Statement of Profit and loss over the periods and in the proportion in which depreciation on related asset is charged

### 3) SHARE CAPITAL

PARTICULARS	AS AT 31st March, 2012 Rs.	AS AT 31st March, 2011 Rs.
<b>Authorised Share Capital:</b>		
35,00,00,000 (31 March 2011 : 12,89,77,480) Equity shares of Re.1/- each	<b>35,00,00,000</b>	12,89,77,480
2,00,00,000(31 March 2011 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each	<b>20,00,00,000</b>	20,00,00,000
22,10,22,520 Unclassified Shares of Re.1/- each	-	22,10,22,520
	<b>55,00,00,000</b>	55,00,00,000
<b>Issued Share Capital:</b>		
12,89,77,480 (31 March 2011 : 12,89,77,480) Equity shares of Re.1/- each	<b>12,89,77,480</b>	12,89,77,480
2,00,00,000 (31 March 2011 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each	<b>20,00,00,000</b>	20,00,00,000
	<b>32,89,77,480</b>	32,89,77,480
<b>Subscribed and fully paid-up :</b>		
12,89,21,160 (31 March 2011 :12,89,21,160) Equity shares of Re.1/- each	<b>12,89,21,160</b>	12,89,21,160
2,00,00,000 (31 March 2011 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each	<b>20,00,00,000</b>	20,00,00,000
<b>Total issued, subscribed and fully paid-up capital</b>	<b>32,89,21,160</b>	32,89,21,160

- 3.1)** Details of shareholders holding more than 5% share in the company: 1. M/s. V. Ramakrishna Sons Pvt Ltd - 3,87,70,000 (3,87,44,950) equity shares of Re. 1/- each fully paid - 30.07%(30.03%); 2. M/s. V.R.K. Grandsons Investments Pvt Ltd - 95,78,330(95,78,330) equity shares of Re. 1/- each fully paid- 7.43% (7.43%). 3. M/s. Tata Capital Ltd. - 2,00,00,000(2,00,00,000) Preference shares of Rs. 10/- each fully paid - 100%(100%).
- 3.2)** The Opening and closing balance of the Subscribed and Paid-up equity shares of the company are same, hence, the reconciliation between opening number and closing number of shares does not arise.
- 3.3)** Preference Shares are redeemable within a period of five years but after the expiry of two years of the completion date (i.e., share allotment date - 09/12/2009) in the following manner:
- (i) In the third year      Rs. 5,00,00,000
  - (ii) In the fourth year    Rs. 7,00,00,000
  - (iii) In the fifth year     Rs. 8,00,00,000

## 4) RESERVES AND SURPLUS

PARTICULARS	AS AT 31st March, 2012 Rs.	AS AT 31st March, 2011 Rs.
<b>Capital Reserve</b>		
Capital Redemption Reserve		
Balance as per Last Financial Statements	-	-
<b>Add:</b> Amount Transferred from Surplus Balance in Statement of Profit and Loss	<b>5,00,00,000</b>	-
	<b>5,00,00,000</b>	-
Capital Reserve On Reorganisation	<b>2,79,91,144</b>	2,79,91,144
Capital Subsidy	<b>50,00,000</b>	50,00,000
On Amalgamation Reserve	<b>1,03,83,025</b>	1,03,83,025
<b>Total Capital Reserve</b>	<b>9,33,74,169</b>	4,33,74,169
<b>General Reserve</b>		
Balance as per the last Financial Statements	<b>2,50,00,00,000</b>	2,40,00,00,000
Add : Amount transferred from Surplus Balance in the Statement of Profit and Loss	<b>20,00,00,000</b>	10,00,00,000
<b>Closing Balance</b>	<b>2,70,00,00,000</b>	2,50,00,00,000
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance as per the last Financial Statements	<b>41,07,80,478</b>	27,55,11,836
Profit for the year	<b>61,53,33,923</b>	41,34,95,395
	<b>1,02,61,14,401</b>	68,90,07,231
<b>Less : Appropriations</b>		
Proposed Final and Special Equity Dividend (Amount per share Re. 0.75) (Previous year Re. 0.25)	<b>9,66,90,870</b>	3,22,30,290
Interim Dividend Paid	<b>9,66,90,870</b>	9,66,90,870
Dividend on 12% Preference Shares	<b>2,40,00,000</b>	2,40,00,000
Tax on Distributed Profits	<b>3,52,64,755</b>	2,53,05,593
Transfer to Capital Redemption Reserve	<b>5,00,00,000</b>	-
Transfer to General Reserve	<b>20,00,00,000</b>	10,00,00,000
Total Appropriations	<b>50,26,46,495</b>	27,82,26,753
<b>Net Surplus in Statement of Profit and Loss</b>	<b>52,34,67,906</b>	41,07,80,478
Total Reserves and Surplus taken to Balance Sheet	<b>3,31,68,42,075</b>	2,95,41,54,647

## 5) LONG TERM BORROWINGS:

PARTICULARS	Non -current portion	Non -current portion	Current maturities	Current maturities
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Term Loans - Secured</b>				
Rupee loan from banks - Cement Plant Muktyala	118,16,04,000	1,50,24,84,000	34,58,00,000	25,99,20,000
Rupee loan from banks - Wind Mill Division	-	3,04,80,000	3,04,80,000	3,04,80,000
Rupee loan from bank - Biotech Division	-	-	-	79,62,000
Rupee loan from banks - Hotel Project	6,95,00,000	-	-	-
Foreign currency loan from banks -Cement plant	25,93,29,957	23,43,10,490	-	-
<b>Total</b>	<b>1,51,04,33,957</b>	<b>1,76,72,74,490</b>	<b>37,62,80,000</b>	<b>29,83,62,000</b>

PARTICULARS	Non -current portion	Non -current portion	Current maturities	Current maturities
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Other Loans and advances:</b>				
<b>Deposits (unsecured)</b>				
From Directors	39,03,000	39,03,000	-	-
From Others	24,83,21,000	44,36,63,000	43,01,94,000	31,48,95,000
	<b>25,22,24,000</b>	<b>44,75,66,000</b>	<b>43,01,94,000</b>	<b>31,48,95,000</b>
	<b>1,76,26,57,957</b>	<b>2,21,48,40,490</b>	<b>80,64,74,000</b>	<b>61,32,57,000</b>

### The above amount includes

5.1) Secured borrowings	1,51,04,33,957	1,76,72,74,490	37,62,80,000	29,83,62,000
5.2) Unsecured borrowings	25,22,24,000	44,75,66,000	43,01,94,000	31,48,95,000
5.3) Amount disclosed under the head "other current liabilities"(note 10)	-	-	80,64,74,000	61,32,57,000
	<b>1,76,26,57,957</b>	<b>2,21,48,40,490</b>	<b>-</b>	<b>-</b>

- 5.4) a) Term loans from banks for Cement plant at Muktyala are Secured by Paripassu First Charge on the Fixed Assets, paripassu Second charge on the current assets and charge on the leasehold rights of the leased Lands of the Muktyala Cement Division.
- b) Foreign Currency Loan-Buyers Credit from a bank is Secured by paripassu First charge along with other Lenders on the existing and Proposed Assets of the existing and proposed Assets of the Engineering division at Tiruvottiyur Chennai and Cement Division at Muktyala.
- c) The long Terms loans obtained for Cement Plant at Muktyala are repayable in 28 Quarterly Installments of Rs. 7,26,00,000/- each with effect from 30th June 2011.

- 5.5) a) Term loan obtained for Hotel project at Hyderabad is secured by First charge on the land, building and other assets of the company at Somajiguda, Hyderabad.
- b) The long term loan obtained for Hotel project is repayable in 28 quarterly instalments of Rs. 1,61,00,000/- with last instalment being Rs. 1,53,00,000/-, with holiday period of 39 months which includes construction period of 15 months and 24 months of gestation period. First instalment falls due in March 2015.
- 5.6) Details of deposits held by Directors of the company
- |                             |           |
|-----------------------------|-----------|
| a) Dr. V. L. Dutt           | 33,50,000 |
| b) Smt. Kavitha D. Chitturi | 1,53,000  |
| c) Sri. O. Swaminatha Reddy | 4,00,000  |

The rate of interest is within the limits specified under Section 58 A of the Companies Act and Rules made thereunder.

**6) OTHER LONG TERM LIABILITIES:**

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
6.1) Trade payables	33,28,788	98,82,033
<b>Total</b>	<b>33,28,788</b>	<b>98,82,033</b>
6.2) Others		
Outstanding Liabilities for- Trade Payables	-	39,420
- for Expenses	28,86,000	64,56,393
Retention Money Payable	1,31,26,492	4,77,40,609
Trade Deposits	15,53,25,000	10,45,70,000
Deposits Payable-Contractors	54,75,000	75,000
<b>Total</b>	<b>17,68,12,492</b>	<b>15,88,81,422</b>

**7) DEFERRED TAX LIABILITY (NET)**

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>Deferred Tax Liability:</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	49,90,43,753	32,88,33,124
<b>Gross Deferred Tax liability</b>	<b>49,90,43,753</b>	<b>32,88,33,124</b>
<b>Deferred Tax asset:</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	97,93,128	96,91,466
<b>Gross Deferred tax asset</b>	<b>97,93,128</b>	<b>96,91,466</b>
<b>Net Deferred Tax Liability</b>	<b>48,92,50,625</b>	<b>31,91,41,658</b>



## 8) PROVISIONS

PARTICULARS	8.1 - Long Term		8.2 - Short Term	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Provision for employee benefits:</b>				
Provision for gratuity	-	-	1,48,820	6,70,148
Provision for leave benefits	2,61,22,283	1,98,36,992	11,99,223	31,16,831
	<b>2,61,22,283</b>	1,98,36,992	<b>13,48,043</b>	37,86,979
<b>Other Provisions:</b>				
Provision for Fringe Benefit	-	54,351	54,351	-
Provision for Wealth tax	-	-	15,18,020	15,18,020
Provision for Income tax	-	-	17,56,97,587	11,97,58,635
Proposed equity dividend	-	-	9,66,90,870	3,22,30,290
Provision for tax on Distributed Profits	-	-	1,56,85,678	52,28,558
Proposed preference dividend	-	-	2,40,00,000	2,40,00,000
Provision for tax on proposed preference dividend	-	-	38,93,400	38,93,400
	-	54,351	31,75,39,906	18,66,28,903
<b>Total</b>	<b>2,61,22,283</b>	1,98,91,343	<b>31,88,87,949</b>	19,04,15,882

## 9) SHORT TERM BORROWINGS

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
Cash credit from Banks		
: Secured	57,49,20,099	28,54,18,375
: Unsecured	-	14,00,00,000
Loan Repayable on Demand (Unsecured)		
:from Directors	17,45,00,000	17,70,00,000
Inter-corporate deposit repayable on demand	7,50,00,000	7,00,00,000
	<b>82,44,20,099</b>	67,24,18,375
<b>The above amount includes</b>		
Secured borrowings	57,49,20,099	28,54,18,375
Unsecured borrowings	24,95,00,000	38,70,00,000

9.1) i)	Cash Credit from a Bank is secured by pari passu first charge on the Current Assets and pari passu second charge on the Fixed Assets of the Engineering division.	9,77,29,782
ii)	Cash Credit from a Bank is secured by pari passu first charge on the Current Assets and pari passu second charge on the Fixed Assets of the Macherla Cement division.	18,94,12,529
iii)	Cash Credit from a Bank is secured by pari passu first charge on the Current Assets and pari passu second charge on the Fixed Assets of the Muktyala Cement division	27,46,17,856
iv)	Cash Credit from a bank is secured by first charge on movable, immovable properties and current assets of the Bio-tech division.	1,31,59,932
		<u>57,49,20,099</u>
9.2)	Demand loans obtained from Directors	
a)	Dr. V.L. Dutt	9,00,00,000
b)	Smt. V. L. Indira Dutt	5,95,00,000
c)	Smt. Kavitha Dutt Chitturi	2,50,00,000
		<u>17,45,00,000</u>
	The above demand loans carry interest at the rate of 10%	
9.3)	Details of Inter-corporate loan	
	Inter Corporate loan obtained from V. Ramakrishna Sons Pvt Limited and carries interest at the rate of 10%	7,50,00,000
		<u>7,50,00,000</u>

#### 10) OTHER CURRENT LIABILITIES

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>10.1) Trade payables</b>		
(includes Rs. 858170/- due to Joint Managing Director)	<b>37,17,10,684</b>	14,88,22,658
	<u>37,17,10,684</u>	<u>14,88,22,658</u>
<b>10.2) Other Liabilities:</b>		
Current maturities of long term borrowings (Note No. 5.3)	<b>80,64,74,000</b>	61,32,57,000
Interest accrued but not due on borrowings	<b>4,19,07,529</b>	-
Interest accrued and due on borrowings	<b>1,71,82,674</b>	72,87,512
Advance from customers	<b>28,23,00,555</b>	38,83,91,659
Unpaid dividend	<b>1,57,26,406</b>	3,03,81,153
<b>Others</b>		
Accrued Salaries and Benefits	<b>2,18,26,843</b>	3,98,93,086
Directors Remuneration payable	<b>8,90,82,972</b>	3,18,05,586
Trade Deposits	<b>29,964</b>	3,29,964
Project Related payables	<b>29,01,149</b>	6,40,63,438
Statutory Dues	<b>12,23,29,587</b>	6,79,44,999
Others	<b>11,54,83,654</b>	3,59,91,173
	<u>1,51,52,45,333</u>	<u>1,27,93,45,570</u>
	<b>1,88,69,56,017</b>	1,42,81,68,228

**11) Fixed Assets and 12) Intangible Assets**

S. No	DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		Cost as on 01-04-2011	Additions during the year	Deductions during the year	Cost upto 31-03-2012	Total Depreciation upto 31-03-2011	Depreciation For the Year	Depreciation On Deletions	Total Depreciation upto 31-03-2012	As at 31-03-2012	As at 31-03-2011		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
1	LANDS	6,34,42,584	9,94,41,371	-	16,28,83,955	-	-	-	-	16,28,83,955	2,79,43,428		
2	(a) BUILDINGS	45,32,44,718	23,60,28,171	-	68,92,72,889	10,53,06,687	1,38,60,392	-	11,91,67,079	57,01,05,810	38,37,90,757		
	(b) LEASE HOLD BUILDINGS	15,47,500	-	-	15,47,500	4,88,014	25,224	-	5,13,238	10,34,262	10,59,486		
3	PLANT & MACHINERY	4,69,55,94,021	1,14,94,39,812	48,40,502	5,84,01,93,331	1,24,92,80,079	26,40,76,683	40,04,456	1,50,93,52,306	4,33,08,41,026	3,44,59,60,327		
4	TRAMWAYS & RAILWAY SIDINGS	67,94,361	-	-	67,94,361	64,54,643	-	-	64,54,643	3,39,718	3,39,718		
5	FURNITURE, FIXTURES	3,37,00,784	80,34,145	21,07,462	3,96,27,467	1,79,98,730	28,29,515	18,55,096	1,89,73,149	2,06,54,318	1,57,01,919		
6	OFFICE EQUIPMENT	2,98,96,991	50,39,832	14,01,449	3,35,35,374	1,50,88,730	27,71,888	12,99,470	1,65,61,148	1,69,74,226	1,48,08,262		
7	VEHICLES & EARTH MOVING	10,28,52,309	5,32,52,851	66,21,702	14,94,83,458	3,71,19,481	1,07,48,654	30,27,696	4,48,40,439	10,46,43,019	6,57,33,015		
8	RESEARCH & DEVELOPMENT	36,55,551	-	-	36,55,551	10,49,264	1,73,560	-	12,22,824	24,32,727	26,06,287		
9	PATENTS	13,90,000	-	-	13,90,000	13,90,000	-	-	13,90,000	-	-		
	GRAND TOTAL	5,39,21,18,819	1,55,12,36,182	1,49,71,115	6,92,83,83,886	1,43,41,75,628	29,44,85,916	1,01,86,718	1,71,84,74,826	5,20,99,09,060	3,95,79,43,199		
	PREVIOUS YEAR	2,62,57,66,517	2,79,09,35,130	2,45,82,820	5,39,21,18,827	1,32,70,98,099	12,77,03,775	2,06,26,246	1,43,41,75,628	3,95,79,43,199	1,29,86,68,418		

Depreciation for the year includes Rs. 10,16,340/- Capitalised during the year.

## 13) NON-CURRENT INVESTMENTS

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity instruments</b>		
<b>Investment in Subsidiary:</b>		
103,23,340 (31st March, 2011:102,00,000 ) Equity shares of US \$ 1/- each, fully paid up in K.C.P.Vietnam Industries Ltd., Vietnam.	23,71,43,667	23,71,43,667
<b>Investment in Joint Venture:</b>		
4,00,000 (31 March 2011: 4,00,000) equity shares of Rs.10/- each, fully paid up in Fivescail KCP Ltd.,	40,00,000	40,00,000
<b>Common Stock (unquoted):</b>		
1640 Non-Voting common stock of BGE Global Inc., par value \$0.01 per share	76,99,947	-
<b>Preferred Shares (unquoted):</b>		
750 Non-Voting preferred stock of BGE Global Inc., par value \$0.01 per share.	3,84,99,738	-
	<b>28,73,43,352</b>	24,11,43,667
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in equity instruments(quoted):</b>		
100 (31 March 2011: 100 ) equity shares of Rs.10/- each, fully paid up in Industrial Finance Corporation of India.	3,500	3,500
14240 (31 March 2011: 14240 ) equity shares of Rs.10/- each, fully paid up in Industrial Development Bank of India.	11,57,000	11,57,000
<b>Equity shares (unquoted):</b>		
30 (31 March 2011: 30 ) equity shares of Rs. 10/- each fully paid up in Andhra Pradesh Heavy Machinery and Engg. Co.Ltd., (Written off to the extent of Rs. 299/-)	1	1
100000 (31 March 2011: 100000 ) equity shares of Rs. 10/- each fully paid up in Prudential Mouli Sugars Ltd., (Written off to the extent of Rs. 9,99,999/-)	1	1
<b>Other Investments - Unit Trust of India - Quoted:</b>		
(Earmarked towards Deposits under Companies Acceptance of Deposits Rules 1975,) 21571.776 (31st March 2011 : 20533.174) UTI Balanced Fund Units of Rs.10/- each	4,55,815	4,35,282
	<b>16,16,317</b>	15,95,784
	<b>28,89,59,669</b>	24,27,39,451
<b>13.1) Aggregate amount of quoted Investments(market value:Rs. 19,46,615/-) (31 March 2011:Rs. 26,82,562/-)</b>	<b>16,16,315</b>	15,95,782
<b>13.2) Aggregate amount of unquoted Investments</b>	<b>28,73,43,354</b>	24,11,43,669
<b>13.3) Aggregate provision for diminution in value of Investments</b>	<b>NIL</b>	NIL

#### 14) LOANS AND ADVANCES

PARTICULARS	14.1 - Non-current		14.2 - Current	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Capital Advances</b>				
Secured, considered good	3,12,20,281	3,45,00,717	-	-
Unsecured, considered good	2,05,88,944	2,09,39,585	30,52,306	8,21,26,339
<b>(A)</b>	<b>5,18,09,225</b>	<b>5,54,40,302</b>	<b>30,52,306</b>	<b>8,21,26,339</b>
<b>Security Deposit</b>				
Secured, considered good	-	5,81,3491	-	-
Unsecured, considered good	4,51,85,668	4,37,29,137	20,86,249	19,95,754
Doubtful	-	-	-	-
	4,51,85,668	4,95,42,628	20,86,249	19,95,754
Provision for doubtful security deposit	-	-	-	-
<b>(B)</b>	<b>4,51,85,668</b>	<b>4,95,42,628</b>	<b>20,86,249</b>	<b>19,95,754</b>
<b>Loans and advances to related parties</b>				
Unsecured, considered good	-	-	-	-
<b>(C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Advances recoverable in cash or kind</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	2,87,81,149	4,00,36,309
Doubtful	-	-	-	-
	-	-	2,87,81,149	4,00,36,309
Provision for doubtful advances	-	-	-	-
<b>(D)</b>	<b>-</b>	<b>-</b>	<b>2,87,81,149</b>	<b>4,00,36,309</b>
<b>Other Loans and Advances</b>				
Foreign Currency	3,54,34,332	-	-	1,04,14,865
MAT Credit	-	-	18,21,20,555	7,51,06,187
Advances to Trade Payables	-	-	8,20,45,502	1,56,68,590
Advance Income-tax/TDS (net of provision for taxation)	-	-	24,74,33,056	2,02,56,023
Prepaid expenses	55,29,699	6,26,369	1,21,28,514	1,80,56,436
Loans and Advance to employees	-	-	16,72,201	25,49,392
Gratuity - Net planned assets	-	-	52,45,790	-
Balances with Statutory/ Government Authorities	38,34,392	18,17,66,077	7,87,12,148	24,76,23,946
<b>(E)</b>	<b>4,47,98,423</b>	<b>18,23,92,446</b>	<b>60,93,57,765</b>	<b>38,96,75,439</b>
<b>Total [A+B+C+D+E]</b>	<b>14,17,93,316</b>	<b>28,73,75,376</b>	<b>64,32,77,469</b>	<b>51,38,33,841</b>



## 15) TRADE RECEIVABLE AND OTHER ASSETS

15.1) TRADE RECEIVABLES	Non-current		Current	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	-	35,78,601
Unsecured, considered good	1,12,46,914	10,00,653	6,66,70,120	6,82,93,360
Doubtful	-	-	-	-
	1,12,46,914	10,00,653	6,66,70,120	7,18,71,961
Provision for doubtful receivables	-	-	-	-
(A)	1,12,46,914	10,00,653	6,66,70,120	7,18,71,961
<b>Other receivables</b>				
Secured, considered good	-	-	4,38,80,607	-
Unsecured, considered good	-	-	63,32,05,548	28,49,09,896
Doubtful	-	-	-	-
	-	-	67,70,86,155	28,49,09,896
Provision for doubtful receivables	-	-	-	-
(B)	-	-	67,70,86,155	28,49,09,896
<b>Total [A+B]</b>	<b>1,12,46,914</b>	<b>10,00,653</b>	<b>74,37,56,275</b>	<b>35,67,81,857</b>

15.2) OTHER ASSETS	Non-current		Current	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances	-	-	-	-
[A]	-	-	-	-
<b>Unamortized expenditure</b>	-	-	-	-
[B]	-	-	-	-
<b>Others</b>				
Interest accrued on fixed deposits	-	-	1,54,55,909	49,25,261
Interest accrued on investments	-	-	-	91,99,422

**OTHER ASSETS (CONTINUED)**

PARTICULARS	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rs.	Rs.	Rs.	Rs.
Dividend receivable on investment	-	-	<b>64,080</b>	-
in subsidiaries - long term	-	-	-	-
Others	-	-	<b>1,78,51,497</b>	2,15,92,976
<b>[C]</b>	-	-	<b>3,33,71,486</b>	3,57,17,659
<b>Total [A+B+C]</b>	-	-	<b>3,33,71,486</b>	3,57,17,659

**16) CURRENT INVESTMENTS**

PARTICULARS	AS AT	AS AT
	31-03-2012	31-03-2011
	Rs.	Rs.
NIL	-	-
	-	-

**17) INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)**

PARTICULARS	AS AT	AS AT
	31-03-2012	31-03-2011
	Rs.	Rs.
Raw materials and Components at Cost (includes in transit Rs. 3,396/-)		
(31 March 2011:Rs. Nil)	<b>11,35,69,213</b>	6,12,74,380
Work-in-progresses		
: At Cost	<b>55,84,60,127</b>	55,59,82,644
: At Estimated Realisable Value	-	17,58,330
Finished goods		
: At Cost	<b>11,23,14,803</b>	2,25,19,990
: At Estimated Realisable Value	<b>2,87,14,191</b>	80,62,673
Traded goods (including stock-in-transit Rs. Nil) (31 March 2011:Rs Nil)	-	-
Stores and spares at Cost (includes in transit Rs. 12,50,39,148/-)	<b>67,08,96,738</b>	42,82,96,463
(includes in transit for 31st March 2011 : Rs 44,80,145/-)		
<b>Total</b>	<b>1,48,39,55,072</b>	1,07,78,94,480

## 18) CASH AND BANK BALANCES

PARTICULARS	Non-current		Current	
	31st March 2012 Rs.	31st March 2011 Rs.	31st March 2012 Rs.	31st March 2011 Rs.
<b>Cash and Cash Equivalents :</b>				
Balances with Banks:				
On current accounts	-	-	<b>1,81,18,663</b>	13,27,52,446
Deposits with original maturity of less than 3 months	-	-	<b>8,40,00,000</b>	-
Earmarked balances with banks - Unclaimed dividends	-	-	<b>1,57,29,135</b>	1,33,43,083
Cheques/drafts on hand	-	-	<b>3,26,81,181</b>	1,36,96,644
Cash on hand	-	-	<b>6,70,328</b>	6,14,272
	-	-	<b>15,11,99,307</b>	16,04,06,445
<b>Other Bank Balances :</b>				
Deposits with original maturity for more than 12 months	-	-	-	7,13,99,582
Deposits with original maturity for more than 3 months but less than 12 months	-	-	<b>15,59,00,000</b>	42,41,97,887
Margin money deposit	-	-	<b>2,91,05,551</b>	5,85,85,860
Deposits held as security for borrowings made by third parties.	-	-	<b>1,42,00,000</b>	-
	-	-	<b>19,92,05,551</b>	55,41,83,329
<b>Amount disclosed under non-current assets-(note15.2)</b>	-	-	-	-
<b>Total</b>	-	-	<b>35,04,04,858</b>	71,45,89,774

## 19) REVENUE FROM OPERATIONS

PARTICULARS	This year Rs.	Previous year Rs.
<b>Revenue from operations</b>		
<b>Sale of products:</b>		
Finished goods	<b>6,72,54,21,198</b>	3,49,80,06,690
Sale of services	<b>13,38,56,312</b>	11,92,47,559
<b>Other operating revenue</b>		
Scrap sales	<b>75,10,645</b>	-
Others	<b>57,57,380</b>	9,81,356

**REVENUE FROM OPERATIONS (CONTINUED)**

PARTICULARS	This year Rs.	Previous year Rs.
<b>Revenue from operations (gross)</b>	<b>6,87,25,45,535</b>	3,61,82,35,605
Less: Excise Duty	86,77,76,739	45,57,53,968
<b>Revenue from operations (net)</b>	<b>6,00,47,68,796</b>	3,16,24,81,637

**20) OTHER INCOME**

PARTICULARS	This year Rs.	Previous year Rs.
<b>Interest income on</b>		
Bank deposits	3,76,68,155	3,48,19,390
Long-term investments	-	3,93,346
Current investments	-	-
Others	2,54,46,956	2,74,93,215
<b>Dividend income on</b>		
Investment in subsidiary - KCP Vietnam Industries Ltd., Vietnam	28,41,41,880	4,87,32,613
Investment in joint venture - Fives Cail KCP Ltd.,	-	34,00,000
Long-term investments	98,953	83,183
Net gain on sale of current investments	-	12,64,100
Net gain on sale of Assets	8,58,786	8,23,564
<b>Other non-operating income</b>	<b>4,46,85,320</b>	2,72,77,867
	<b>39,29,00,050</b>	14,42,87,278

Other Non Operating Income	This year Rs.	Previous year Rs.
Unclaimed balance Credited Back	11,11,423	7,64,323
Bad Debts Written Off Recovered	-	3,62,338
Excess Provision In Earlier Years Credited Back	2,61,46,761	1,91,13,504
Claims Received	2,29,130	3,15,506
Difference In Exchange-(Net)	61,69,529	2,05,471
LD Recovered From Suppliers	6,47,358	12,38,366
Wages Recovered (Notice Pay)	5,28,234	2,61,852
Miscellaneous Receipts	53,28,591	5,58,776
Rent Recovery	39,06,337	40,20,353
Rounding Off-Credit	11,209	8,111
Misc.Scrap Sales	6,06,748	4,29,267
	<b>4,46,85,320</b>	2,72,77,867

## 21) COST OF RAW MATERIAL AND COMPONENTS CONSUMED

PARTICULARS	This year Rs.	Previous year Rs.
Inventory at the beginning of the year	6,12,74,379	2,12,79,436
Add : Trial run Raw materials consumption	5,22,203	-
: Trial run production stocks	-	6,45,16,805
Add: Purchases	54,96,84,320	41,21,02,013
Add: Cost of raw materials produced	81,56,98,796	33,80,34,794
	<b>1,42,71,79,698</b>	<b>83,59,33,048</b>
Less: Inventory at the end of the year	11,35,69,213	6,12,74,379
Cost of raw material and components consumed	<b>1,31,36,10,485</b>	<b>77,46,58,669</b>

Details of raw material and components consumed	This year Rs.	Previous year Rs.
<b>i) Cement Unit</b>		
Limestone	79,37,28,335	32,27,35,828
Laterite	6,75,01,255	2,84,66,763
Fly Ash	1,85,04,335	60,15,106
Gypsum	9,94,56,491	5,91,57,108
Dolomite	1,11,03,110	21,09,949
Iron Ore	1,72,36,753	93,10,281
Clinker*	4,80,83,148	9,52,68,490
<b>ii) Engineering Unit</b>		
Iron and Steel, Nickel, Scrap and Equipments	22,33,59,629	18,01,71,284
<b>iii) Bio Products</b>	<b>3,46,37,429</b>	<b>3,39,80,452</b>
<b>Total</b>	<b>1,31,36,10,485</b>	<b>73,72,15,262</b>

\* Includes freight of Rs. 4,80,83,148/- (Rs. 89,20,962/-) on transfer of clinker

Details of raw material consumed during trial run production	This year Rs.	Previous year Rs.
<b>Cement Unit</b>		
Limestone	-	95,45,633
Iron Ore	-	5,14,594
Gypsum	5,22,203	-
Laterite	-	9,49,911
<b>Total</b>	<b>5,22,203</b>	<b>1,10,10,138</b>



DETAILS OF INVENTORY	This year Rs.	Previous year Rs.
<b>Raw materials and components</b>		
<b>i) Cement Unit</b>		
Limestone	4,94,97,805	2,75,27,344
Laterite	3,92,55,375	2,18,01,074
Fly Ash	9,54,278	4,99,637
Gypsum	1,60,96,584	90,83,431
Dolomite	33,89,599	16,19,331
Iron Ore	43,75,572	7,43,562
<b>Total</b>	<b>11,35,69,213</b>	<b>6,12,74,379</b>

## 22) (INCREASE) / DECREASE IN INVENTORIES

PARTICULARS	This year Rs.	Previous year Rs.	(Increase)/ Decrease Rs.
<b>Inventories at the end of the year</b>			
Work in progress	55,84,60,127	55,77,40,974	-7,19,153
Finished goods	14,10,28,994	3,05,82,663	-11,04,46,331
	<b>69,94,89,121</b>	<b>58,83,23,637</b>	<b>-11,11,65,484</b>
<b>Inventories at the beginning of the year</b>			
Work in progress	55,77,40,974	41,05,61,926	-14,71,79,048
Finished goods	3,05,82,663	3,30,70,737	24,88,074
<b>Total</b>	<b>58,83,23,637</b>	<b>44,36,32,663</b>	<b>-14,46,90,974</b>

DETAILS OF INVENTORY	This year Rs.	Previous year Rs.	2009-10 Rs.
<b>Work-in-progress</b>			
Raw meal	1,03,38,157	62,33,285	-
Clinker	18,72,81,232	10,80,62,062	1,28,08,844
Engineering goods	35,99,86,266	44,16,87,299	39,73,98,728
Biotech	8,54,472	17,58,328	3,54,354
<b>Total</b>	<b>55,84,60,127</b>	<b>55,77,40,974</b>	<b>41,05,61,926</b>
<b>Finished goods</b>			
Cement	9,83,76,609	7,10,933	14,37,053
Engineering	-	4,76,465	8,97,525
Power	1,39,38,194	2,13,32,592	1,23,10,116
Biotech	2,87,14,191	80,62,673	1,84,26,043
<b>Total</b>	<b>14,10,28,994</b>	<b>3,05,82,663</b>	<b>3,30,70,737</b>

**23) EMPLOYEE BENEFIT EXPENSES**

PARTICULARS	This year Rs.	Previous year Rs.
Salaries, Wages and Bonus	43,58,55,138	33,34,81,849
Contribution to Provident and other funds	3,01,50,552	2,28,98,400
Gratuity expenses	5,49,882	69,91,696
Staff welfare expenses	5,93,81,272	3,69,65,335
<b>Total</b>	<b>52,59,36,844</b>	<b>40,03,37,280</b>

**24) FINANCE COSTS**

PARTICULARS	This year Rs.	Previous year Rs.
Interest	37,79,81,243	13,94,07,398
Bank charges	15,17,132	-
<b>Total</b>	<b>37,94,98,375</b>	<b>13,94,07,398</b>

**25) DEPRECIATION AND AMORTIZATION EXPENSES**

PARTICULARS	This year Rs.	Previous year Rs.
Depreciation of Tangible Assets	29,34,69,755	12,33,25,957
<b>Total</b>	<b>29,34,69,755</b>	<b>12,33,25,957</b>

## 26) OTHER EXPENSES

PARTICULARS	This year Rs.	Previous year Rs.
Consumption of stores and spares	36,54,31,991	24,42,75,293
Consumption of loose tools	1,82,99,764	1,26,95,989
Sub-contracting expenses	10,59,93,274	9,06,70,205
(Increase)/decrease of excise duty on inventory	1,09,93,255	-1,65,127
Power and fuel	1,80,07,45,707	
Less : Self Consumption Power Generated Internally	<u>-18,49,27,337</u>	73,11,99,906
Wheeling/Banking Charges	50,51,966	52,14,369
Freight and forwarding charges	48,56,14,453	8,73,67,959
Rent	93,21,140	64,03,361
Rates and taxes	2,01,72,165	1,05,71,519
Insurance	70,05,963	44,94,046
Repairs and maintenance		
To Plant&Machinery	11,36,38,484	6,79,23,086
Buildings	2,66,99,433	2,66,98,215
Other Assets	3,48,93,455	2,35,20,296
Advertising and sales promotion	9,81,38,614	2,59,43,828
Sales commission	2,72,13,938	24,45,093
Travelling and conveyance	2,11,39,600	98,79,640
Communication costs	69,87,092	67,70,444
Printing & Stationery	70,79,168	51,42,709
Legal and professional fees	2,38,94,564	1,82,90,442
Directors' sitting fees	8,30,000	7,90,000
Research and Development	9,57,091	5,44,905
Payment to Auditors (Refer details below)	29,17,055	20,94,267
Bad debts/advances written off	7,94,371	1,23,393
Assets Written Off	6,66,148	12,20,533
Loss on sale of Fixed Assets (net)	16,85,101	14,69,091
Loss on sale of Investment	-	15,00,000
Performance and Delivery Guarantee Claims	6,30,14,623	1,44,89,847
Miscellaneous expenses	7,42,65,283	5,24,85,522
	<b>3,14,85,16,361</b>	<b>1,45,40,58,831</b>

**PAYMENT TO AUDITORS**

PARTICULARS	This year Rs.	Previous year Rs.
<b>As Auditor:</b>		
Audit Fee	12,00,000	8,00,000
Tax Audit Fee	2,00,000	1,25,000
Certification & Other fees	8,42,925	3,50,000
<b>In other capacity:</b>		
Tax matters	-	5,52,500
Company Law matters	15,000	10,000
Trust audit fee	25,000	25,000
Service tax	1,88,027	32,960
Fees for Cost Auditor	3,50,000	1,25,000
Reimbursement of expenses	96,103	73,807
<b>Total</b>	<b>29,17,055</b>	<b>20,94,267</b>

**27) CONTINGENT LIABILITIES**

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
<b>A. Claims against the Company / disputed liabilities not acknowledged</b>		
a) In respect of Statutory levies	5,90,50,710	3,56,39,801
b) In respect of Contractual levies	Nil	Nil
c) In respect of others	15,16,73,133	11,94,56,352
<b>B. Guarantees</b>		
a) Guarantees to Banks and Financial Institutions against credit facilities extended to third parties	11,02,91,815	14,92,02,033
b) Performance Bank Guarantees	4,35,23,666	9,97,57,639

**28) COMMITMENTS**

A. Estimated amount of contracts remaining to be executed on capital account and not provided for	55,62,99,881	30,71,25,034
B. Uncalled liability on Shares and Other Investments Partly paid	-	-
C. Other commitments		
- Derivative Commitments	25,93,29,957	23,43,10,490

**29)** The Income Tax assessments of the Company have been completed upto Assessment Year 2009-10. The disputed demand outstanding upto the said Assessment year is Rs.1,11,72,135/-. Based on the decision of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

30) No provision has been made in accounts towards probable liability upto Jute year ended 30th June 1998, if any, that may arise as a result of non-compliance with the requirements of Jute Packaging materials (Compulsory Use of Packaging Commodities) Act, 1987, consequent to differing decisions of different courts and also the representations of Industry before the Government, since the same is not ascertainable at this stage.

31) **Fixed Assets:** Lands include Rs. 4,62,475/- being the value of land measuring 14.23 acres of Magazine land at Macherla assigned and notified in Revenue records vide Dist. Collector, Guntur Order No. RC No. 3567/2000-E 1, dated 23-10-2002 in favour of the Company.

### 32) VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
a) Raw Materials and Stock-in-Trade	1,22,69,998	64,71,112
b) Components and Spares parts	68,91,30,408	47,32,678
c) Tools	2,35,469	26,444
d) Capital goods	83,04,158	22,75,13,556

33) **Comparison between Consumption of imported and indigenous raw materials, spare parts and components during the financial year:**

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Rs	%	Rs	%
<b>a) Raw materials</b>				
(i) Imported	1,13,47,451	0.86	98,42,019	1.34
(ii) Indigenous	1,30,13,79,655	99.14	72,73,73,243	98.66
<b>b) Spare parts and components (debited to respective heads)</b>				
(i) Imported	53,08,72,216	46.93	28,89,745	0.77
(ii) Indigenous	60,01,82,127	53.06	37,01,72,082	99.23



<b>34) A. MATERIAL CONSUMED - COST OF RAW MATERIALS PRODUCED (LIMESTONE FOR CEMENT) INCLUDES :</b>	<b>As at 31st March, 2012 Rs</b>	<b>As at 31st March, 2011 Rs</b>
a) Salaries, Wages & Bonus	1,92,03,926	1,33,70,784
b) Contribution to P.F. & Other Funds	19,12,359	13,28,120
c) Workmen & Staff welfare expenses	18,96,444	25,44,417
d) Power & Fuel consumed	1,15,02,490	84,97,497
e) Stores & Spares consumed	2,49,53,722	98,81,416
f) Royalty	11,84,94,636	6,64,78,938
g) Taxes & Licences	26,03,316	1,45,10,046
h) Repairs to Building & Roads	6,41,713	14,08,314
i) Repairs to Machinery	92,10,086	61,91,922
j) Repairs to Other Assets	5,28,799	19,11,603
k) Insurance	3,62,741	1,38,576
l) Lime Stone Freight	27,36,81,521	8,54,21,479
m) Lime Stone Loading	23,21,59,986	8,28,59,493

<b>34) B. 'POWER AND FUEL" - includes the following expenses among others incurred in Generation of Power</b>	<b>As at 31st March, 2012 Rs</b>	<b>As at 31st March, 2011 Rs</b>
a) Salaries, Wages and Bonus	14,36,246	13,42,235
b) Contribution to Provident Fund and Gratuity	1,50,450	1,07,031
c) Contribution to Gratuity Funds	-	20,784
d) Workmen and Staff Welfare expenses	76,674	72,582
e) Power and Fuel	2,92,865	3,23,833
f) Stores and Spares Consumed	23,24,025	16,32,736
g) Repairs to Building and Roads	12,400	10,873
h) Repairs to Machinery	6,044	90,35,645
i) Taxes and Licences	1,23,691	12,400
j) Insurance	1,493	1,74,033
k) Repairs to Other Assets	1,53,994	1,893

### 35) EXPENDITURE IN FOREIGN CURRENCY

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
a) Travelling expenses (Excluding Tickets)	10,75,785	11,23,650
b) Membership	2,09,728	2,81,201
c) Other matters- Seminars	1,47,117	-

### 36) EARNINGS IN FOREIGN EXCHANGE

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
a) F.O.B value of goods exported during the year	4,92,20,416	6,75,69,773
b) Interest and Consultancy	-	6,14,009
c) Income from Service charge	-	2,68,287
d) Income from Investments held in Foreign Companies	28,41,41,880	4,87,32,613

### 37) REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
a) Number of Non Resident Shareholders	211	211
b) Number of Equity Shares held by them	23,63,970	20,46,282
c) (1) Amount of Dividend Paid (Gross) (in Foreign Currency)	Nil	Nil
(2) Tax Deducted at Source	Nil	Nil
(3) Year to which dividend relates - 2010-11 Final Dividend & 2011-12 Interim Dividend	Nil	Nil

**Note:** Dividend remitted to Non-resident shareholders in Indian currency.

## 38) REVENUE EXPENDITURE CAPITALISED DURING THE YEAR

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
<b>a) Opening unallocated capital expenditure</b>	<b>16,45,12,121</b>	11,06,96,918
<b>Add:</b>		
Salaries,wages & Bonus	<b>37,31,911</b>	2,73,02,166
Contribution to Provident Fund and Family Pension Scheme	<b>3,80,098</b>	25,72,761
Staff welfare Expenses	<b>79,260</b>	51,26,555
Stores and Spares Consumed	<b>96,25,937</b>	4,30,38,570
Power	<b>31,92,128</b>	4,62,31,301
Insurance	<b>6,98,379</b>	6,60,421
Repairs to Building	<b>14,263</b>	1,66,098
Repairs to Machinery	<b>1,23,317</b>	-
Repairs to Other Assets	<b>2,278</b>	11,90,626
Payment to auditors	-	9,000
Rent	<b>5,000</b>	1,19,500
Professional Fees	<b>1,30,35,242</b>	68,41,809
Travelling Expenses	<b>8,78,067</b>	15,31,301
Security Charges	-	82,36,831
Rates & taxes	<b>10,64,220</b>	3,29,587
Interest on Fixed Loan	<b>2,38,29,269</b>	16,63,19,462
Depreciation	<b>10,16,340</b>	20,27,642
Miscellaneous expenses	<b>29,57,636</b>	16,74,19,286
Net expenditure during trial run period	-	25,92,330
	<b>22,51,45,466</b>	59,24,12,164
<b>Less:</b>		
Interest Received	<b>1,13,795</b>	12,99,209
Miscellaneous Income	-	27,961
	<b>22,50,31,671</b>	59,10,84,994
<b>Less:</b>		
Capitalised/Allocated to Fixed Assets	<b>17,98,30,264</b>	42,65,72,873
Closing Unallocated Capital Expenditure	<b>4,52,01,407</b>	16,45,12,121

**REVENUE EXPENDITURE CAPITALISED DURING THE YEAR (CONTINUED)**

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
<b>b) Net expenditure during trial run production - Cement Mill - I</b>		
Raw material consumed	90,48,988	1,09,97,138
Stores&spares consumed	1,56,849	88,545
Salaries&wages	33,019	6,07,579
Contribution to Provident and other funds	-	17,223
Staff welfare expenses	-	23,919
Rent	-	1,221
Power and Fuel	20,22,821	2,93,62,882
Repairs to other Assets	79,968	157
Interest paid to Bankers&Others	-	17,26,014
Excise Duty(Net of Modvat)	-	11,85,178
Taxes and Licences	-	62,949
Insurance	8,177	6,701
Miscellaneous expenses	-	3,39,434
Depreciation	6,73,395	20,96,145
	<b>1,20,23,217</b>	<b>4,65,15,085</b>
<b>Less:</b>		
Sales (PY inclusive of Excise Duty)(CY Exclusive of Excise Duty)	1,43,61,498	65,86,319
Interest received-Gross	-	23,368
Rent recovery	-	1,433
Misc.Income	-	5,085
	<b>23,38,281</b>	<b>3,98,98,880</b>
<b>Add : Opening Stock of Limestone</b>	-	2,44,43,103
	<b>23,38,281</b>	<b>6,43,41,983</b>
<b>Less:</b>		
Value of stocks at the end of trial run production		
Work in Process	-	3,74,43,407
Closing Stock of Limestone	-	2,43,06,246
<b>Net Income/Expenditure during trial period :</b>	<b>23,38,281</b>	<b>25,92,330</b>

## REVENUE EXPENDITURE CAPITALISED DURING THE YEAR (CONTINUED)

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
Stocks at the end of trial run production		
Work-in-process	-	3,74,43,407
Raw Material - Lime stone	-	2,43,06,246
<b>c) Net expenditure during trial run production - Cement Mill - II</b>		-
Cost Of Raw Material	5,35,911	-
Packing Material Consumed	35,831	-
Salaries and employee benefits	25,052	-
Power & Fuel consumed	11,62,393	-
Stores & Spares consumed	98,626	-
Repairs to Buildings	6,252	-
Repairs to Machinery	45,203	-
Repairs to Other Assets	1,228	-
Insurance	5,853	-
Depreciation	2,16,978	-
	21,33,327	-
<b>Less:</b>		
Sales	9,75,203	-
<b>Net expenditure transferred to Unallocated Capital Expenditure</b>	<b>-11,58,124</b>	<b>-</b>

## 39) SALES

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
<b>Finished goods sold (inclusive of Excise duty/Service tax)</b>	<b>Rs</b>	<b>Rs</b>
Cement (MT)	5,42,31,91,218	2,23,75,20,884
Heavy Engineering products	1,27,52,98,114	1,18,75,16,390
Electrical energy(KWH)	55,71,746	52,14,369
Service Receipts	13,38,56,312	11,92,47,559
Others	3,46,28,145	6,87,36,403
	6,87,25,45,535	3,61,82,35,605

#### 40) EARNINGS PER SHARE (EPS)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
i) Net Profit after tax (after adjusting minority interest) as per Profit and Loss Statement	61,53,33,923	41,34,95,394
ii) (Short ) Provision for tax for earlier years	-	-
iii) Net Profit attributable to Equity Shareholders	61,53,33,923	41,34,95,394
iv) Net profit before Exceptional items	58,74,40,523	38,56,01,994
v) Weighted Average number of equity shares used as denominator for calculating EPS	12,89,21,160	12,89,21,160
vi) Basic and Diluted Earnings per share	4.56	2.99
vii) Basic and Diluted Earnings per share (before exceptional items)	4.56	2.99
viii) Nominal value per each Equity share	1	1

#### 41) DISCLOSURES REQUIRED BY ACCOUNTING STANDARD - 15 (REVISED)- EMPLOYEE BENEFITS

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
<b>a) Reconciliation for present value of obligations</b>		
Present value of obligations as at beginning of the year	8,55,08,605	7,56,18,256
Interest cost	68,40,690	60,49,461
Current service cost	48,73,947	41,17,628
Benefits paid	56,72,264	52,20,058
Actuarial loss/gain on obligation	-23,95,918	49,43,318
Present value of obligations as at end of the year	8,91,55,060	8,55,08,605
<b>b) Reconciliation for fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	8,48,38,412	6,63,30,902
Add : Increase in value By LIC	1,20,582	0
Expected return on plan assets	83,45,563	72,58,963
Contributions	66,19,737	1,64,68,605
Benefits paid	56,72,264	52,20,058
Actuarial gain on plan assets	0	0
Fair value of plan assets at the end of the year	9,42,52,030	8,48,38,412



## DISCLOSURES REQUIRED BY ACCOUNTING STANDARD - 15 (REVISED)- EMPLOYEE BENEFITS (CONT.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
<b>c) Expenses recognised in statement of Profit &amp; Loss A/c</b>		
Current service cost	48,73,947	41,17,628
Interest cost	68,40,690	60,49,461
Expected return on plan assets	83,45,563	72,58,963
Net actuarial gain/loss recognised in the year	-23,95,918	49,43,318
Expense to be recognised in the Profit & Loss a/c	9,73,156	78,51,444
<b>d) Net Liability recognised in the Balance Sheet</b>		
Present value of obligations as at the end of the year	8,91,55,060	8,55,08,605
Fair value of plan Assets as at the end of the year	9,42,52,030	8,48,38,412
Funded status	-50,96,970	6,70,193
Net Asset/liability recognised in the Balance Sheet	-50,96,970	6,70,193
<b>e) Actuarial Assumptions</b>		
Assumptions as at 31 March,		
Discount rate	8%	8%
Salary escalation	6%	5%
Attrition rate	1-3%	1-3%
Expected return on plan assets	0.00%	0.00%
Mortality	LIC 94-96	LIC 94-96

**42) JOINT VENTURE DISCLOSURE**

The company has a 40% interest in its joint venture entity Fives Cail KCP Limited a company incorporated in India.

The Company's share (at 40%) of the contingent liabilities of Fives Cail KCP Limited at the Balance Sheet date works out to Rs.29,32,993/-(Rs.29,32,993)

The Company's share (at 40%) of the capital commitments of Fives Cail KCP limited at the Balance sheet date works out to Rs. Nil (Rs.Nil).

The interest of the company (at 40%) in the aggregate amount of the assets, income and expenses of Fives KCP Limited was as follows:

**JOINT VENTURE DISCLOSURE (CONTINUED)**

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
<b>Equity and Liabilities</b>		
a) Shareholders's Funds	4,00,000	4,00,000
b) Reserves and Surplus	8,83,32,732	7,24,21,490
c) Non-Current Liabilities	3,69,77,079	6,89,03,064
d) Current Liabilities	40,52,80,732	46,29,02,898
	<b>53,09,90,543</b>	<b>60,46,27,452</b>
<b>Assets:</b>		
Non-Current Assets	4,90,17,281	21,79,28,916
Current Assets	48,55,73,262	39,02,98,536
	<b>53,45,90,543</b>	<b>60,82,27,452</b>
<b>Performance of the Company</b>		
Revenue	81,83,93,167	87,68,31,146
Expenses:		
Cost of material consumed	52,09,72,764	63,39,08,837
Increase/Decrease in Inventories	6,94,01,721	-2,34,81,832
Depreciation of Plant and Machinery	67,92,054	43,07,320
Employee Benefit Expense	3,67,74,161	3,08,49,759
Other expenses	14,90,65,480	16,65,81,346
Finance Costs	1,01,42,573	1,29,49,858
<b>Total Expenses:</b>	<b>79,31,48,754</b>	<b>82,51,15,288</b>
Profit before tax	2,52,44,414	5,17,15,857
Income-tax expense	93,17,551	1,91,03,341
Profit after tax	1,59,26,863	3,26,12,516

## 43) PARTICULARS DISCLOSED PURSUANT TO “AS-18 RELATED PARTY DISCLOSURES”

## A). List of Related parties

<b>Subsidiary Company</b>	KCP Vietnam Industries Limited
<b>Joint Venture Company</b>	Fives Cail KCP Limited
<b>Key Management Personnel (KMP)</b>	Dr. V.L. Dutt - Chairman and Managing Director Smt. V.L. Indira Dutt - Joint Managing Director Smt. Kavitha D Chitturi - Executive Director Sri. V. Gandhi - Technical Director
<b>Relatives of Key Management Personnel</b>	<b>Dr. V.L. Dutt -</b> Smt. Rajeswary Ramakrishanan - Sister <b>Smt. V.L. Indira Dutt -</b> Smt. S.R.V. Rajyalakshamma - Mother Sri. V. Chandra Kumar - Brother Smt. Uma S Vallabhaneni - Sister Smt.V. Rama Kumari - Sister <b>Smt. Kavitha D Chitturi -</b> Kum.Shivani Dutt Chitturi - Daughter Sri. Ravi Chitturi - Husband <b>Sri. V.Gandhi -</b> Smt. V. Kamala Devi - Wife Sri. V. Praveen Kumar - Son Smt. V. Swapna - Son's wife Master Nishant Sai - Son's son Smt. V. Anupama - Daughter Sri. N. Seshubabu - Daughter's Husband
<b>Companies/Trusts controlled by Key Management Personnel/Relatives</b>	KCP Technologies Limited V. Ramakrishna Sons Private Limited The Jeypore Sugar Company Ltd. VRK Grandsons Investment (P) Limited V. Ramakrishna Charitable Trust Bala Tripurasundari Ammavaru Temple

**B. Transactions with the related parties:**

Transactions during the year	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies/ Trusts Controlled by KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Sale of Goods</b>					
KCP Vietnam Industries Limited	2,72,89,593				
	(2,78,64,426)				
Fives Cail KCP Limited		12,61,05,940			
		(24,92,06,978)			
The Jeypore Sugar company Ltd					12,35,520
					(15,90,655)
<b>Services Received</b>					
KCP Vietnam Industries Limited	NIL				
	(5,03,702)				
Fives Cail KCP Limited		64,33,051			
		(1,14,87,757)			
V. Ramakrishna Sons Private Limited					3,000
					(3,000)
KCP Technologies Limited					60,000
					(Nil)
<b>Interest Received</b>					
KCP Vietnam Industries Limited	Nil				
	(3,93,346)				
Fives Cail KCP Limited		1,33,34,837			
		(2,40,00,000)			
<b>Dividend Received</b>					
KCP Vietnam Industries Limited	28,41,41,880				
	(4,87,32,613)				
Fives Cail KCP Limited		Nil			
		(34,00,000)			
<b>Loans received back</b>					
KCP Vietnam Industries Limited	Nil				
	(2,77,46,022)				
<b>Loans/Deposits received</b>					
Dr. V.L. Dutt			1,00,00,000		
			(3,30,00,000)		
Smt. V.L. Indira Dutt			1,30,00,000		
			(1,40,00,000)		
Smt. Kavitha D. Chitturi			NIL		
			(1,70,00,000)		

Transactions during the year	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies/ Trusts Controlled by KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
V. Ramakrishna Sons Private Limited					50,00,000
					(1,09,50,000)
V.L. Dutt (HUF)				Nil	
				(3,80,00,000)	
Kum. Shivani Dutt Chitturi				Nil	
				(18,21,000)	
<b>Purchase of Goods</b>					
Fives Cail KCP Limited		88,15,250			
		(10,72,857)			
<b>Remuneration paid</b>					
Dr. V.L. Dutt			3,39,92,186		
			(1,51,01,881)		
Smt. V.L. Indira Dutt			2,69,59,321		
			(1,51,01,881)		
Smt. Kavitha D. Chitturi			1,40,65,733		
			(65,86,903)		
Sri. V. Gandhi			1,40,65,732		
			(65,86,903)		
<b>Interest paid</b>					
Dr. V.L. Dutt			92,78,901		
			(87,84,911)		
Smt. V.L. Indira Dutt			54,06,968		
			(48,12,191)		
Smt. Kavitha D. Chitturi			25,16,098		
			(17,13,608)		
<b>Other Relations</b>					
Kum. Shivani Dutt Chitturi				12,13,453	
				(Nil)	
V.L. Dutt (HUF)				41,76,212	
				(33,39,368)	
V. Ramakrishna Sons Private Limited					71,68,033
					(63,99,384)
<b>Dividend paid</b>					
Dr. V.L. Dutt			55,32,602		
			(54,93,500)		

Transactions during the year	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies/ Trusts Controlled by KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
Smt. V.L. Indira Dutt			28,34,996		
			(28,03,740)		
Smt. Kavitha D. Chitturi			6,04,813		
			(5,99,750)		
Sri. V. Gandhi			2,040		
			(2,040)		
<b>Other Relations</b>					
Sri. Ravi Chitturi				50,000	
				(50,000)	
Kum. Shivani Dutt Chitturi				13,00,000	
				(13,00,000)	
Smt. S.R.V. Rajyalakshamma				630	
				(630)	
Smt. Uma S. Vallabhaneni				1,63,120	
				(1,63,120)	
Smt. Rajeswari Ramakrishnan				2,34,020	
				(2,34,020)	
Smt. Kamala Devi Valluri				4,990	
				(4,990)	
Sri.V. Praveen Kumar				2,320	
				(2,320)	
Smt. Anupama Valluri				2,370	
				(2,370)	
Sri. Nagalla Seshu Babu				2,045	
				(268)	
V. Ramakrishna Sons Private Limited					3,87,51,213
					(3,87,44,950)
The Jeypore Sugar Company Limited					2,78,370
					(2,78,370)
VRK Grandsons Investment (P) Limited					95,78,330
					(95,78,330)
<b>Loans Repaid</b>					
Dr. V.L. Dutt			2,00,00,000		
			(3,00,00,000)		
Smt. V.L. Indira Dutt			55,00,000		
			(75,00,000)		
Smt Kavitha D. Chitturi			Nil		
			(85,00,000)		



Transactions during the year	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies/ Trusts Controlled by KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
V. Ramakrishna Sons Private Limited					Nil
					(19,50,000)
<b>Rent Paid</b>					
Smt. V.L. Indira Dutt			31,16,798		
			(9,39,286)		
<b>Other Relations</b>					
Smt. Uma. S. Vallabhaneni				40,56,853	
				(12,01,043)	
Smt. S.R.V. Rajyalakshamma				6,01,187	
				(2,38,825)	
Smt. V. Rama Kumari				29,59,227	
				(8,95,410)	
Bala Tripurasundari Ammavaru Temple					40,19,763
					(11,19,296)
Sri. V. Chandra kumar				13,44,437	
				(88,675)	
<b>Balances as at 31.03.2012</b>					
<b>Share Capital held by KCP in</b>					
KCP Vietnam Industries Limited	23,71,43,667				
	(23,71,43,667)				
Fives Cail KCP Limited		40,00,000			
		(40,00,000)			
<b>Loans/Advances given</b>					
Fives Cail KCP Limited		2,81,144			
		(Nil )			
<b>Receivable - Trade dues</b>					
KCP Vietnam Industries Limited	Nil				
	(1,89,875)				
Fives Cail KCP Limited		13,06,59,213			
		(15,59,97,016)			
KCP Technologies Limited					60,000
					(93,438)
<b>Receivable - Interest</b>					
Fives Cail KCP Limited		1,20,01,353			
		(2,40,00,000)			

Transactions during the year	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies/ Trusts Controlled by KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Share capital in KCP held by</b>					
Dr. V.L. Dutt			55,79,500		
			(54,94,250)		
Smt. V.L. Indira Dutt			28,89,365		
			(28,03,740)		
Smt. Kavitha D. Chitturi			6,20,000		
			(5,99,750)		
Sri. V. Gandhi			2,040		
			(2,040)		
<b>Other Relations</b>					
Kum. Shivani Dutt Chitturi				13,00,000	
				(13,00,000)	
Smt. Rajeswari Ramakrishnan				2,34,020	
				(2,34,020)	
Smt. S.R.V. Rajyalakshamma				630	
				(630)	
Smt. Uma S. Vallabhaneni				1,63,120	
				(1,63,120)	
Sri. Ravi Chitturi				50,000	
				(50,000)	
Smt. Anupama Valluri				2,370	
				(2,370)	
Smt. Kamala Devi Valluri				4,990	
				(4,990)	
Smt. Nagalla Seshu Babu				2,120	
				(1,488)	
Sri. V. Praveen Kumar				2,320	
				(2,320)	
V. Ramakrishna Sons Private Limited					3,87,70,000
					(3,87,44,950)
The Jeypore Sugar Company Limited					2,78,370
					(2,78,370)
VRK Grandsons Investment (P) Limited					95,78,330
					(95,78,330)

Transactions during the year	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies/ Trusts Controlled by KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Loans/Advances received</b>					
KCP Vietnam Industries Limited	4,28,946				
	(4,28,946)				
Fives Cail KCP Limited		95,28,047			
		(88,71,220)			
Dr. V.L. Dutt			9,00,00,000		
			(10,00,00,000)		
Smt. V.L. Indira Dutt			5,95,00,000		
			(5,20,00,000)		
Smt. Kavitha D. Chitturi			2,50,00,000		
			(2,50,00,000)		
V. Ramakrishna Sons Private Limited					7,50,00,000
					(7,00,00,000)
<b>Deposits Received</b>					
Dr. V.L. Dutt			33,50,000		
			(33,50,000)		
Smt. Kavitha D. Chitturi			1,53,000		
			(1,53,000)		
<b>Other Relations</b>					
VL. Dutt [HUF]				4,30,00,000	
				(3,80,00,000)	
Kum. Shivani Dutt Chitturi				1,29,00,000	
				(1,09,00,000)	
<b>Payable-Trade Dues</b>					
The Jeypore Sugar company Ltd					34,404
					(2,52,564)
Dr. V.L. Dutt			2,77,98,697		
			(1,20,65,609)		
Smt. V.L. Indira Dutt			2,08,23,787		
			(1,22,84,016)		
Smt. Kavitha D. Chitturi			85,79,415		
			(40,49,037)		
Sri. V. Gandhi			95,21,364		
			(34,06,907)		
<b>Other Relations</b>					
Smt. S.R.V. Rajyalakshamma				1,51,477	
				(1,10,455)	

Transactions during the year	Subsidiary Company	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Companies/ Trusts Controlled by KMP
	Rs.	Rs.	Rs.	Rs.	Rs.
Smt. V. Rama Kumari				8,13,903	
				(4,14,122)	
Sri. V. Chandra kumar				4,47,315	
				(78,875)	
Smt. Uma. S. Vallabhaneni				11,22,252	
				(5,55,475)	
Bala Tripurasundari Ammavaru Temple					10,03,768
					(4,47,077)

#### 44) DERIVATIVE INSTRUMENT FOR HEDGING PURPOSE

The company has entered into the following Derivative instruments for Hedging purpose associated with foreign currency fluctuations related to certain firm commitments and is not intended for trading or speculation. The period end foreign exchange exposures that have been hedged by a derivative instrument are stated below.

Currency	Amount	Indian Rupees Equivalent
US Dollars	5,64,320	2,89,60,902
Euro	33,46,928	23,03,69,055

#### 45) DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES (MSMED ACT,2006)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
1. Amount remaining unpaid, beyond the appointed/agreed date at the end of the year		
(a) Principal amount of bills to be paid	-	-
(b) Interest due thereon	-	-
2. (a) Payments made to suppliers, during the year, but beyond appointed/agreed day	-	40,40,067
(b) Interest paid alongwith such payments during the year	-	51,258
(c) Interest due and payable at the end of the year, on such payments made during the year	-	35,304

## DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES (MSMED ACT,2006) (CONTINUED)

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
3. Amount of interest, for the year, U/s. 16 of the Act, including that accrued and remaining unpaid, at the end of the year.	-	35,304
4. Total amount of interest, U/s.16 of the Act, including that arising in earlier years, accrued and remaining unpaid at the end of the year.	-	35,304
Note: For the purpose of the above details, of the status of the supplier's under the Act has to be determined, to the extent of and based on information furnished by the respective parties, and has accordingly, been relied upon by the company and its auditors.		

## 46) CASH AND BANK BALANCES (includes)

PARTICULARS	As at 31st March, 2012 Rs	As at 31st March, 2011 Rs
Staff Security Deposit	-	150,000
Fixed Deposit Receipts lodged with Bankers for BG & LC's issued by them	2,91,05,551	6,09,88,031
Deposits as per the provisions of Section 58A of the Companies Act 1956 and the Rules made there under.	4,30,00,000	5,46,00,000
Balances held at banks towards Unclaimed Dividends	1,57,29,135	1,33,43,083

47) In compliance with AS-22 "Accounting for Taxes on Income"  
Major components of deferred tax assets and liabilities arising on account of timing differences are:

1) Depreciation	49,90,43,753	32,88,33,124
2) Items u/s 43B of the Income Tax Act,1961	97,93,128	96,91,466
<b>Net Deferred Tax liability</b>	<b>48,92,50,625</b>	<b>31,91,41,658</b>

48) The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 & 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

**General:**

- ❖ Paise have been rounded off.
- ❖ Figures in brackets indicate those for the previous year.
- ❖ Figures for the previous year have been regrouped, wherever necessary.

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**V.L. DUTT**  
Chairman and Managing  
Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

**T.V. RAMANA**  
Partner  
(ICAI Memb No.200523)

**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai  
Date: 28th May, 2012



## Statement under section 212 of the Companies Act, 1956 in respect of subsidiary company

### KCP Vietnam Industries Limited, Vietnam.

1. The company earned a net profit of VND 2,50,03,55,26,000 (Rs.6438.39 lakhs) for the year ended 31st March 2012 and posted a net profit of VND 83,50,27,86,7000 (Rs 17,421.36 Lakhs) from the date of inception.
2. During the year, there is no change in the ShareCapital of the company.
3. Holding Company's interest continued to be the same as at 31st March, 2012.
4. No part of the above profit has been dealt with in the Holding Company's accounts.

(FOR AND ON BEHALF OF THE BOARD)

**V.L. DUTT**  
Chairman and Managing Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai

Date: 28th May, 2012

## Disclosure of Information relating to Subsidiary Company

(Statement pursuant to General exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 for the year ended 31st March 2012)

Sl. No.	Name of the Subsidiary company	Country	Reporting Currency	Exchange Rate US \$/ Rupee	Capital	Reserves	Total Assets	Total Liabilities	Investments other than Investments in Subsidiaries	Turnover	Profit/ (Loss) before taxation	Profit/ (Loss) after taxation	Proposed Dividend	Rs. in Lakhs	
														Provision for taxation	6,438.39
1.	KCP Vietnam Industries Ltd.	Vietnam	Vietnam Dongs	50.71	2371.44	12,837.29	23874.24	23874.24	Nil	34060.93	6636.12	197.73	6,438.39	Nil	

Note : Indian rupee equivalents of figures given in foreign currencies in the accounts of the overseas subsidiary company have been given based on exchange rate at the year end March 31, 2012 for the balance sheet items and average rate during the year 2011-12 for the profit and loss items.

**THE K.C.P. LIMITED GROUP**  
CONSOLIDATED FINANCIAL STATEMENTS

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## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Board of Directors  
The KCP Limited  
Chennai

1. We have examined the attached consolidated Balance Sheet of The KCP Limited, its subsidiary, and its Joint venture (unaudited) as at March 31, 2012, the consolidated Profit and Loss Account and the consolidated Cash flow statement for the year then ended. These consolidated financial statements are the responsibility of The KCP Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of KCP Vietnam Industries Ltd, the subsidiary company whose accounts were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the consolidate statements referred to above, in respect of KCP Vietnam Industries Limited, is based solely on the reports of the other auditors, and on the information and explanations for the purpose of the consolidation referred to herein, furnished to us by the KCP Limited.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited/unaudited financial statements of The KCP Limited, its joint venture and its subsidiary, as explained in paragraph 3 above, included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of separate audit reports, wherever furnished to us, on the individual audited financial statements of The KCP Limited, its joint venture and its aforesaid subsidiary as explained in paragraph 3 above, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet of the consolidated state of affairs of The KCP Limited, its joint venture and its subsidiary as at March 31, 2012;
  - b) in the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of The KCP Limited, its joint venture and its subsidiary for the year then ended, and
  - c) in the case of the consolidated Cash flow statement of the consolidated cash flows of The KCP Limited, its joint venture and its subsidiary for the year ended on that date.

for BRAHMAYYA & CO  
Chartered Accountants  
Firm Registration No. 000513S

Sd/-

**(T. V. Ramana )**  
Partner  
(ICAI Memb.No.200523)

Place: Chennai  
Date: 28<sup>th</sup> May, 2012

## BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	Notes	AS AT	AS AT
		31-03-2012	31-03-2011
		Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>	<b>3</b>	<b>32,89,21,160</b>	32,89,21,160
Reserves and Surplus	4	4,68,89,03,349	4,16,84,62,520
Minority Interest	4.1	40,40,27,631	17,77,45,522
		<b>5,42,18,52,140</b>	4,67,51,29,202
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	1,81,01,34,671	2,29,00,80,520
Trade Payables	6.1	33,28,788	98,82,033
Deferred Tax Liability (Net)	7	48,56,24,174	31,71,97,656
Other Long-Term Liabilities	6.2	35,85,49,643	25,55,16,996
Long-Term Provisions	8.1	2,74,44,407	2,14,38,489
		<b>2,68,50,81,683</b>	2,89,41,15,694
<b>Current Liabilities</b>			
Short-Term Borrowings	9	84,40,42,691	77,58,97,704
Trade Payables	10.1	66,06,94,641	44,56,47,907
Other Current Liabilities	10.2	1,78,67,40,299	1,57,28,05,695
Short Term Provisions	8.2	35,14,93,535	21,55,95,505
		<b>3,64,29,71,166</b>	3,00,99,46,810
<b>Total</b>		<b>11,74,99,04,989</b>	10,57,91,91,707
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	5,90,88,93,586	4,66,05,99,075
Intangible Assets	12	9,86,634	6,06,570
Capital Work in Progress		24,62,07,846	1,12,08,76,917
Non-current Investments	13	4,78,16,002	16,17,163
Long Term Loans and Advances	14.1	15,76,29,493	29,21,92,937
Trade Receivables	15.1	4,14,21,322	10,00,653
Other Non-Current Assets	15.2	-	7,56,93,504
		<b>6,40,29,54,883</b>	6,15,25,86,819
<b>Current Assets</b>			
Current Investments	16	-	-
Inventories	17	2,32,37,39,916	1,76,01,63,763
Trade Receivables	15.1	1,36,97,87,737	70,13,71,623
Cash and Bank Balances	18	49,75,39,059	83,76,64,838
Short term Loans and Advances	14.2	1,12,01,75,860	1,09,10,09,042
Other Current Assets	15.2	3,57,07,534	3,63,95,622
		<b>5,34,69,50,106</b>	4,42,66,04,888
<b>Total</b>		<b>11,74,99,04,989</b>	10,57,91,91,707
<b>III. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b>			
	2.1		

The accompanying notes are an integral part of the Financial Statements.

(FOR AND ON BEHALF OF THE BOARD)

**V.L. DUTT**  
Chairman and Managing Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**T.V. RAMANA**  
Partner

(ICAI Memb. No.200523)

**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai  
Date: 28th May, 2012

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS		Notes	This Year	Previous Year
	Rs.		Rs.	Rs.
<b>INCOME</b>		19		
Revenue from operations				
<b>Group Companies</b>	10,22,81,95,760			
Less:Excise Duty	86,77,76,739			
			<b>9,36,04,19,021</b>	5,82,94,95,573
<b>Joint Venture</b>	82,75,29,598			
Less:Excise Duty	2,48,11,911			
Revenue from operations (Net)			<b>80,27,17,687</b>	75,78,09,799
<b>Other Income</b>		20		
- Group Companies			<b>42,29,40,148</b>	14,23,03,570
- Joint Venture			<b>2,16,95,629</b>	2,11,04,416
			<b>10,60,77,72,485</b>	6,75,07,13,358
<b>EXPENSES</b>				
Cost of raw materials& Components Consumed		21	<b>4,27,09,85,616</b>	2,96,78,63,776
[Increase]/Decrease in Inventories of finished goods,Work-in-progress and traded goods		22	<b>-25,33,85,176</b>	-7,88,33,871
Employee benefits expense		23	<b>65,30,68,605</b>	49,74,36,073
Finance Costs		24		
Group companies			<b>41,00,41,568</b>	15,31,69,301
Joint Venture			<b>53,42,032</b>	33,49,858
Depreciation and amortization expense		25		
Group companies			<b>40,36,16,980</b>	21,90,26,405
Joint Venture			<b>67,92,054</b>	43,07,320
Other expenses		26	<b>3,57,46,52,262</b>	1,83,53,49,288
<b>Total Expenses (II)</b>			<b>9,07,11,13,941</b>	5,60,16,68,150
<b>Profit/(Loss) before tax</b>			<b>1,53,66,58,544</b>	1,14,90,45,208
Add: Refund of Income Tax			<b>9,74,378</b>	18,27,175
Less: Provision for Taxation-Current				
- Group Companies			<b>18,72,73,021</b>	13,18,65,730
- Joint Venture			<b>1,10,00,000</b>	2,10,00,000
Less: Provision for Taxation-deferred				
- Group Companies			<b>17,01,08,967</b>	13,61,33,614
- Joint Venture			<b>-16,66,829</b>	18,22,627
Short / Excess Provision of income tax of earlier yearscredited back			<b>28,48,366</b>	2,48,23,892
MAT Credit Entitlement			<b>10,70,14,368</b>	7,51,06,187
			<b>1,27,50,83,765</b>	95,99,80,491
Less: Minority Interest			<b>21,46,12,867</b>	17,25,39,894
<b>Profit/[loss] for the year (A+B)</b>			<b>1,06,04,70,899</b>	78,74,40,597
<b>Earnings per equity share [nominal value of share Rs.1 /- [31 March 2011 : Rs. 1/-]each</b>				
<b>Basic and diluted:</b>			<b>8.01</b>	5.89
Computed on thebasis of total profit for the year				
<b>III. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b>		2.1		
The accompanying notes are an integral part of the Financial Statements.				

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**V.L. DUTT**  
Chairman and Managing Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

**T.V. RAMANA**  
Partner  
(ICAI Memb. No.200523)

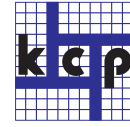
**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai  
Date: 28th May, 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	31st March, 2012	31st March, 2011
	Rs.	Rs.
Cash flow from operating activities		
Profit before tax from continuing operations	1,53,66,58,544	1,14,90,45,208
Profit before tax	1,53,66,58,544	1,14,90,45,208
Depreciation/amortization on continuing operation	41,04,09,034	22,33,33,725
Impairment/other write off on tangible/intangible assets pertaining to continuing operation	6,66,148	12,20,533
Loss/[profit] on sale of fixed assets	-7,24,677	-6,40,850
Provision for diminution in value of investments (current plus other long term)	-	2,35,900
Unrealised foreign exchange loss	61,69,529	2,05,471
Interest expense	42,03,87,418	16,61,19,159
Interest income	6,89,11,781	6,69,10,610
Dividend income	28,41,41,880	5,22,15,796
Operating profit before working capital changes	2,00,96,22,631	1,42,12,63,498
Movements in working capital:		
Increase/[decrease] in trade payables	26,93,43,708	26,39,88,111
Increase/[decrease] in provisions	13,09,03,950	-19,01,192
Increase/[decrease] in current liabilities	16,38,32,773	-15,53,72,217
Decrease/[increase] in trade receivables	-61,32,18,285	-10,79,55,618
Decrease/[increase] in inventories	-56,35,76,154	-21,48,99,692
Decrease/[increase] in loans and advances	4,43,16,576	3,26,24,232
Decrease/[increase] in other current assets	5,11,14,237	-66,61,159
Cash generated from/[used in] operations	1,49,23,39,435	1,23,10,85,965
Direct taxes paid [net of refunds]	13,84,39,449	11,86,42,941
Foreign exchange difference	19,25,94,188	-30,34,68,215
Net cash flow from/[used in] operating activities (A)	1,54,64,94,174	80,89,74,809
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and	87,50,34,230	1,85,67,99,058
Proceeds from sale of fixed assets	30,16,690	21,49,023
Purchase of non-current investments	4,61,99,685	-
Purchase of current investments	20,533	28,962
Sale of investments	-	51,43,405
Repayment of Loan by subsidiary	-	2,77,46,022
Interest received	6,89,11,781	6,69,38,424
Dividends received from subsidiary company	28,41,41,880	5,22,15,796
Net cash flow from/[used in] investing activities (B)	-56,51,84,097	-1,70,26,35,350
Cash flows from financing activities		
Proceeds from long term borrowings	6,95,00,000	1,06,38,09,880
Repayment of long term borrowings	41,04,45,849	-2,12,32,372
Proceeds from short term borrowings	15,20,01,724	81,27,614
Repayment of short term borrowings	22,38,56,738	-
Interest paid	42,01,84,141	16,61,19,159
Dividends paid	46,36,43,220	18,26,25,967
Tax on equity dividend paid	2,48,07,636	2,33,35,533
Net cash flow from/[used in] financing activities (C)	-1,32,14,35,860	87,90,80,813
Net increase/[decrease] in cash and Bank Balances (A+B+C)	-34,01,25,782	-1,45,79,728
Cash and Bank Balances at the beginning of the year	83,76,64,838	85,22,44,566
Cash and Bank Balances at the end of the year	49,75,39,059	83,76,64,838
Components of cash and Bank Balances		
Cash on hand	2,02,33,307	63,34,674
Cheques/drafts on hand	3,26,81,181	1,36,96,644
With banks on current account	8,82,96,141	19,69,42,977
On deposit account	34,05,99,295	60,73,47,460
unpaid dividend accounts*	1,57,29,135	1,33,43,083
Total Cash and Bank Balances (note 18)	49,75,39,059	83,76,64,838

(FOR AND ON BEHALF OF THE BOARD)

**V.L. DUTT**  
Chairman and Managing Director

**O. SWAMINATHA REDDY**  
Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**V. GANDHI**  
Technical Director

**KAVITHA D CHITTURI**  
Executive Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**T.V. RAMANA**  
Partner  
(ICAI Memb. No.200523)  
**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai

Date: 28th May, 2012



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation

The KCP Limited (Parent) has prepared the group consolidated financial statements by:

Consolidating its accounts and those of its subsidiary KCP Vietnam Industries Ltd, a company incorporated in Socialist Republic of Vietnam, in which it holds 2/3rds of the share capital in accordance with "Accounting Standard 21 Consolidated Financial Statements" and also reporting therein its 40% interest in its Joint Venture entity Fives Cail KCP Ltd, a Company incorporated in India, in accordance with AS 27 "Financial Reporting of interest in Joint Ventures" prescribed by The Companies (Accounting Standards) Rules,2006.

The accounts of all the companies taken into these consolidated accounts have been prepared for the year ended 31st March 2012.

### 2.1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.2 Principles of consolidation

The consolidated financial statements of the KCP Ltd, its subsidiary and its Joint Venture are prepared according to the accounting policies and standards applicable to them in the countries in which they are incorporated as stated in the "Statements on Accounting Policies" in the respective companies and published separately. It is not practicable to use uniform accounting policies in preparing the consolidated financial statements.

#### 2.3. FOREIGN EXCHANGE TRANSACTIONS

- A) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately with the difference in the rate of exchanges arising on actual receipt/payment during the year.
- B) At each Balance Sheet date
  - foreign currency monetary items are reported using the rate of exchanges on that date
  - foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized
- C) In respect of forward exchange contracts in the nature of hedges if any,
  - a). Premium or discount on the contract is amortised over the term of the contract,
  - b). Exchange differences on the contract are recognized as profit or loss in the period in which they arise
- D) In consolidating the transactions of the non-integral foreign operations of the group, in the group financial statements, all the assets and liabilities of such operations are translated at the exchange rate on the date of the Balance Sheet Income and expenses of such operations are translated at the yearly average rates. The resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the investment in such operations.

#### 2.4. Major components of deferred tax assets and liabilities arising on account of timing differences are

PARTICULARS	ASSET Rs.	LIABILITY Rs.
1. Depreciation	-	49,90,43,753
Joint Venture	-	-
2. Items U/s 43 B of IT Act	97,93,128	-
Joint Venture	36,26,451	-
	1,34,19,579	49,90,43,753
<b>Net deferred tax liability as on 31.03.2012</b>		<b>48,56,24,174</b>

#### 2.5. Movement in Translation Reserve

PARTICULARS	Majority Rs.	Minority Rs.	Total Rs.
Opening Balance (Dr)	-1,20,66,412	-60,33,206	-1,80,99,618
Movement due to Non Monetary items-			
Capital, Reserves, opening Stock etc. (cr)	2,33,38,484	1,16,69,241	3,50,07,726
<b>Closing balance(Dr)</b>	<b>1,12,72,072</b>	<b>56,36,035</b>	<b>1,69,08,108</b>

#### 2.6. Particulars disclosed pursuant to “AS-18 related party disclosures” :-

##### A). List of Related parties:

Key Management Personnel (KMP)		
	Dr. V.L. Dutt -	Chairman and Managing Director, The K.C.P. Ltd
	Smt. V.L. Indira Dutt -	Joint Managing Director, The K.C.P. Ltd
	Smt. Kavitha D Chitturi -	Executive Director, The K.C.P. Ltd
	Sri.V. Gandhi -	Technical Director, The K.C.P. Ltd
	Sri.K.B. Pranesh -	Managing Director, Fives Cail KCP Ltd

<p><b>Relatives of Key Management Personnel</b></p>	<p><b>Dr. V.L. Dutt -</b> Smt. Rajeswary Ramakrishanan - Sister <b>Smt. V.L. Indira Dutt -</b> Smt. S.R.V. Rajyalakshamma - Mother Sri. V. Chandra Kumar - Brother Smt. Uma S Vallabhaneni - Sister Smt.V. Rama Kumari - Sister <b>Smt. Kavitha D Chitturi -</b> Kum.Shivani Dutt Chitturi - Daughter Sri. Ravi Chitturi - Husband <b>Sri. V.Gandhi -</b> Smt. V. Kamala Devi - Wife Sri. V. Praveen Kumar - Son Smt. V. Swapna - Son's wife Master Nishant Sai - Son's son Smt. V. Anupama - Daughter Sri. N. Seshubabu - Daughter's Husband</p>
<p><b>Companies/Trusts controlled by Key Management Personnel/Relatives</b></p>	<p>KCP Technologies Limited V. Ramakrishna Sons Pvt Limited The Jeypore Sugar Company Ltd. VRK Grandsons Investment (Pvt) Limited V Ramakrishna Charitable Trust Bala Tripurasundari Ammavaru Temple</p>

**B. Transactions with the related parties:**

PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies/ Trusts Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.
<b>Sale of Goods</b>			
The Jeypore Sugar Company Ltd.			12,35,520
			(15,90,655)
<b>Services Received</b>			
V. Ramakrishna Sons Private Limited			3,000
			(3,000)
KCP Technologies Limited			60,000
			Nil

PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies/ Trusts Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.
<b>Loans/Deposits received</b>			
Dr. V.L. Dutt	1,00,00,000		
	(3,30,00,000)		
Smt. V.L. Indira Dutt	1,30,00,000		
	(1,40,00,000)		
Smt. Kavitha D. Chitturi	NIL		
	(1,70,00,000)		
V. Ramakrishna Sons Private Limited			50,00,000
			(1,09,50,000)
V.L. Dutt (HUF)		NIL	
		(3,80,00,000)	
Kum. Shivani Dutt Chitturi		NIL	
		(18,21,000)	
<b>Remuneration paid</b>			
Dr. V.L. Dutt	3,39,92,186		
	(1,51,01,881)		
Smt. V.L. Indira Dutt	2,69,59,321		
	(1,51,01,881)		
Smt. Kavitha D. Chitturi	1,40,65,733		
	(65,86,903)		
Sri. V. Gandhi	1,40,65,732		
	(65,86,903)		
Shri. K.B. Pranesh	41,15,709		
	(51,58,569)		
<b>Interest paid</b>			
Dr. V.L. Dutt	92,78,901		
	(87,84,911)		
Smt. V.L. Indira Dutt	54,06,968		
	(48,12,191)		
Smt. Kavitha D. Chitturi	25,16,098		
	(17,13,608)		

PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies/ Trusts Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.
<b>Other Relations</b>			
Shivani D. Chitturi		12,13,453	
		(NIL)	
VL. Dutt (HUF)		41,76,212	
		(33,39,368)	
V. Ramakrishna Sons Private Limited			71,68,033
			(63,99,384)
<b>Dividend paid</b>			
Dr. V.L. Dutt	55,32,602		
	(54,93,500)		
Smt. V.L. Indira Dutt	28,34,996		
	(28,03,740 )		
Smt. Kavitha D. Chitturi	6,04,813		
	(5,99,750)		
Sri. V. Gandhi	2,040		
	(2,040)		
<b>Other Relations</b>			
Sri. Ravi Chitturi		50,000	
		(50,000)	
Kum. Shivani Dutt Chitturi		13,00,000	
		(13,00,000)	
Smt. S.R.V. Rajyalakshamma		630	
		(630)	
Smt. Uma S. Vallabhaneni		1,63,120	
		(1,63,120)	
Smt. Rajeswari Ramakrishnan		2,34,020	
		(2,34,020)	
Smt. Kamala Devi Valluri		4,990	
		(4,990)	
Sri. V. Praveen Kumar		2,320	
		(2,320)	
Smt. Anupama Valluri		2,370	
		(2,370)	

PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies/ Trusts Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.
Sri.N Seshu Babu		2,045	
		(268)	
V. Ramakrishna Sons Private Limited			3,87,51,213
			(3,87,44,950)
The Jeypore Sugar Company Limited			2,78,370
			(2,78,370)
VRK Grandsons Investment (P) Limited			95,78,330
			(95,78,330)
<b>Loans Repaid</b>			
Dr. V.L. Dutt	2,00,00,000		
	(3,00,00,000)		
Smt. V.L. Indira Dutt	5,500,000		
	(75,00,000)		
Smt Kavitha D. Chitturi	Nil		
	(85,00,000)		
V. Ramakrishna Sons Private Limited			Nil
			(19,50,000)
<b>Rent Paid</b>			
Smt. V.L. Indira Dutt	31,16,798		
	(9,39,286)		
<b>Other Relations</b>			
Smt. Uma. S.Vallabhaneni		40,56,853	
		(12,01,043)	
Smt. S.R.V. Rajyalakshamma		6,01,187	
		(2,38,825)	
Smt. V. Rama Kumari		29,59,227	
		(8,95,410)	
Bala Tripurasundari Ammavaru Temple			40,19,763
			(11,19,296)
Sri. V. Chandra kumar		13,44,437	
		(88,675)	



PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies/ Trusts Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.
<b>Balances as at 31.03.2012</b>			
<b>Receivable - Trade dues</b>			
KCP Technologies Limited			60,000
			(93,438)
<b>Share capital in KCP held by</b>			
Dr. V.L. Dutt	55,79,500		
	(54,94,250)		
Smt. V.L. Indira Dutt	28,89,365		
	(28,03,740)		
Smt. Kavitha Dutt Chitturi	6,20,000		
	(5,99,750)		
Sri. V. Gandhi	2,040		
	(2,040)		
<b>Other Relations</b>			
Kum. Shivani Dutt Chitturi		13,00,000	
		(13,00,000)	
Smt. Rajeswari Ramakrishnan		2,34,020	
		(2,34,020)	
Smt. S.R.V. Rajyalakshamma		630	
		(630)	
Smt. Uma S. Vallabhaneni		1,63,120	
		(1,63,120)	
Sri. Ravi Chitturi		50,000	
		(50,000)	
Smt. Anupama Valluri		2,370	
		(2,370)	
Smt. Kamala Devi Valluri		4,990	
		(4,990)	
Smt. Nagalla Seshu Babu		2,120	
		(1,488)	
Sri. V. Praveen Kumar		2,320	
		(2,320)	
V. Ramakrishna Sons Private Limited			3,87,70000
			(3,87,44,950)

PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies/ Trusts Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.
The Jeypore Sugar Company Limited			2,78,370
			(2,78,370)
VRK Grandsons Investment (P) Limited			95,78,330
			(95,78,330)
<b>Loans/Advances received</b>			
Dr. V.L. Dutt	9,00,00,000		
	(10,00,00,000)		
Smt. V.L. Indira Dutt	5,95,00,000		
	(5,20,00,000)		
Smt. Kavitha D Chitturi	2,50,00,000		
	(2,50,00,000)		
V. Ramakrishna Sons Private Limited			7,50,00,000
			(7,00,00,000)
<b>Deposits Received</b>			
Dr. V.L. Dutt	33,50,000		
	(33,50,000)		
Smt. Kavitha D. Chitturi	1,53,000		
	(1,53,000)		
<b>Other Relations</b>			
V.L. Dutt [HUF]		4,30,00,000	
		(3,80,00,000)	
Kum. Shivani Dutt Chitturi		1,29,00,000	
		(1,09,00,000)	
<b>Payable-Trade Dues</b>			
The Jeypore Sugar Company Limited			34,404
			(2,52,564)
Dr. V.L. Dutt	2,77,98,697		
	(1,20,65,609)		
Smt. V.L. Indira Dutt	2,08,23,787		
	(1,22,84,016)		
Smt. Kavitha D Chitturi	85,79,415		
	(40,49,037)		

PARTICULARS	Key Management Personnel	Relatives of Key management Personnel	Companies/ Trusts Controlled by KMP/ relatives of KMP
	Rs.	Rs.	Rs.
Sri. V. Gandhi	95,21,364		
	(34,06,907)		
<b>Other Relation</b>			
Smt. S.R.V. Rajyalakshamma		1,51,477	
		(1,10,455)	
Smt. V. Rama Kumari		8,13,903	
		(4,14,122)	
Sri. V. Chandra kumar		4,47,315	
		(78,875)	
Smt. Uma. S. Vallabhaneni		11,22,252	
		(5,55,475)	
Bala Tripurasundari Ammavaru Temple			10,03,768
			(4,47,077)

**2.7. a). Claims against the Company not admitted**

PARTICULARS	31st March, 2012 Rs.	31st March, 2011 Rs.
Statutory Levies - Group Companies	5,90,50,710	3,56,39,801
Contractual Levies	-	-
Others - Group companies	15,16,73,133	11,94,56,352
Joint venture	29,32,993	29,32,993

**b. Share of Contingent Liability in Joint Venture**

- 1). Corporate Guarantees issued by the Company to customers Rs. 1,30,00,000/- (Rs.Nil/-)
- 2). Guarantees issued by bankers on behalf of the Company Rs.16,82,13,944/- (Rs.2,73,60,397/-)
- 3). Estimate amount of contracts remaining to be executed on Capital account and not provided for Rs.Nil/- (Rs Nil/-)

**2.8) Particulars to be disclosed pursuant to Accounting Standard 17 “ Segment Reporting” are given in Annexure 1.**

### 3) SHARE CAPITAL

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
<b>Authorised Share Capital:</b>		
35,00,00,000 (31 March 2011 : 12,89,77,480) Equity shares of Re.1/- each	<b>35,00,00,000</b>	12,89,77,480
2,00,00,000(31 March 2011 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each	<b>20,00,00,000</b>	20,00,00,000
22,10,22,520 Unclassified Shares of Re.1/- each	-	22,10,22,520
	<b>55,00,00,000</b>	55,00,00,000
<b>Issued Share Capital:</b>		
12,89,77,480 (31 March 2011 : 12,89,77,480) Equity shares of Re.1/- each	<b>12,89,77,480</b>	12,89,77,480
2,00,00,000 (31 March 2011 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each	<b>20,00,00,000</b>	20,00,00,000
	<b>32,89,77,480</b>	32,89,77,480
<b>Subscribed and fully paid-up :</b>		
12,89,21,160 (31 March 2011 :12,89,21,160) Equity shares of Re.1/- each	<b>12,89,21,160</b>	12,89,21,160
2,00,00,000 (31 March 2011 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each	<b>20,00,00,000</b>	20,00,00,000
<b>Total issued, subscribed and fully paid-up Capital</b>	<b>32,89,21,160</b>	32,89,21,160

**3.1)** Details of shareholders holding more than 5% share in the company: 1. M/s. V. Ramakrishna Sons Pvt Ltd - 3,87,70,000 (3,87,44,950) equity shares of Re. 1/- each fully paid - 30.07%(30.03%); 2. M/s. V.R.K. Grandsons Investments Pvt Ltd - 95,78,330(95,78,330) equity shares of Re. 1/- each fully paid- 7.43% (7.43%). 3. M/s. Tata Capital Ltd. - 2,00,00,000(2,00,00,000) Preference shares of Rs. 10/- each fully paid - 100%(100%).

**3.2)** The Opening and closing balance of the Subscribed and Paid-up equity shares of the company are same, hence, the reconciliation between opening number and closing number of shares does not arise.

**3.3)** Preference Shares are redeemable within a period of five years but after the expiry of two years of the completion date (i.e., share allotment date - 09/12/2009) in the following manner:

- (i) In the third year      Rs. 5,00,00,000
- (ii) In the fourth year    Rs. 7,00,00,000
- (iii) In the fifth year     Rs. 8,00,00,000

4) RESERVES & SURPLUS

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Capital Reserve</b>		
Capital Redemption Reserve		
Balance as per Last Financial Statements	-	-
<b>Add:</b> Amount Transferred from Surplus Balance in Statement of Profit and Loss	<b>5,00,00,000</b>	-
	<b>5,00,00,000</b>	-
Capital Reserve On Reorganisation	<b>2,79,91,144</b>	2,79,91,144
Capital Subsidy	<b>50,00,000</b>	50,00,000
On Amalgamation reserve	<b>1,03,83,025</b>	1,03,83,025
Total capital Reserve	<b>4,33,74,169</b>	4,33,74,169
<b>General Reserve</b>		
<b>Balance as per the last Financial Statements</b>		
Group Companies	<b>2,77,43,88,765</b>	2,39,98,27,994
Joint Venture	<b>4,00,12,977</b>	3,67,59,131
Add : Amount transferred from Surplus Balance in the Statement Of		
Group Companies	<b>21,19,30,197</b>	37,45,60,771
Joint Venture		32,53,848
Profit And Loss		
<b>Closing Balance</b>	<b>3,02,63,31,941</b>	2,81,44,01,744
<b>Other Reserves</b>		
Translation reserve	<b>1,12,72,072</b>	-1,20,66,412
<b>Closing Balance</b>	<b>1,12,72,072</b>	-1,20,66,412
<b>Surplus/(Deficit) In The Statement Of Profit And Loss</b>		
<b>Balance as per the last Financial Statements</b>		
Group Companies	<b>1,29,03,44,510</b>	85,65,43,819
Joint Venture	<b>3,24,08,509</b>	31,23,874
<b>Profit for the year</b>		
Group Companies	<b>10,44,559,657</b>	75,49,02,113
Joint Venture	<b>1,59,11,243</b>	3,25,38,484
	<b>2,38,32,23,919</b>	1,64,71,08,290
<b>Less : Appropriations</b>		
Proposed Final and Special Equity Dividend (Amount per share Re. 0.75/-) Previous year Re. 0.25/-)	<b>9,66,90,870</b>	3,22,30,290

**RESERVES & SURPLUS (CONTINUED)**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Interim Dividend Paid	40,74,12,930	13,95,65,540
Dividend on 12% Preference Shares	2,40,00,000	2,40,00,000
Tax on Distributed Profits	3,13,71,356	2,14,12,193
Tax on Preference Dividend	38,93,400	38,93,400
Transfer to Capital Redemption Reserve	5,00,00,000	-
Transfer to General Reserve		
Group companies	21,19,30,196	10,00,00,000
Joint Venture	-	32,53,848
<b>Total Appropriations</b>	<b>82,52,98,752</b>	<b>32,43,55,271</b>
<b>Net Surplus In Statement Of Profit And Loss</b>	<b>1,55,79,25,167</b>	<b>1,32,27,53,019</b>
<b>Total Reserves And Surplus Taken To Balance Sheet</b>	<b>4,68,89,03,349</b>	<b>4,16,84,62,520</b>

4.1) MINORITY INTEREST	Figures as at the end of the previous reporting period 31.03.2011	Additions	Deductions	Figures as at the end of current reporting period 31.03.2012
Share Capital of KCP Vietnam Industries Limited 57,61,660 Equity shares (51,00,000 shares) held by minority shareholders	16,63,96,977			16,63,96,977
Profit and Loss Account	1,73,81,751	21,46,12,868	-	23,19,94,619
Translation Reserve	-60,33,206	-	1,16,69,241	56,36,035
<b>Total</b>	<b>17,77,45,522</b>	<b>21,46,12,868</b>	<b>1,16,69,241</b>	<b>40,40,27,631</b>

**5) LONG TERM BORROWINGS:**

PARTICULARS	Non-current portion		Current maturities	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Term Loans</b>				
<b>Group companies</b>				
From banks (secured)	1,29,85,80,714	1,60,82,04,030	44,92,02,926	40,03,31,852
Foreign currency loan from banks (secured)	25,93,29,957	23,43,10,490	-	-
<b>Total</b>	<b>1,55,79,10,671</b>	<b>1,84,25,14,520</b>	<b>44,92,02,926</b>	<b>40,03,31,852</b>

## LONG TERM BORROWINGS (CONTINUED)

	Non -current portion		Current maturities	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Deposits (unsecured)-Group Companies</b>				
Deposits from directors	39,03,000	39,03,000	-	
From Others	24,83,21,000	44,36,63,000	43,01,94,000	31,48,95,000
	25,22,24,000	44,75,66,000	43,01,94,000	31,48,95,000
<b>Total Amount</b>	<b>1,81,01,34,671</b>	<b>2,29,00,80,520</b>	<b>87,93,96,926</b>	<b>71,52,26,852</b>
<b>The above amount includes</b>				
Secured borrowings	1,55,79,10,671	1,84,25,14,520	-	-
Unsecured borrowings	25,22,24,000	44,75,66,000	-	-
Amount disclosed under the head "other current liabilities"(note 9)	-	-	87,93,96,926	71,52,26,852
<b>Net Amount</b>	<b>1,81,01,34,671</b>	<b>2,29,00,80,520</b>	<b>-</b>	<b>0</b>

## 6) OTHER LONG TERM LIABILITIES:

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>6.1) Trade payables</b>		
Group Companies	33,28,788	98,82,033
Joint Venture	-	
<b>Total</b>	<b>33,28,788</b>	<b>98,82,033</b>
<b>6.2) Others</b>		
<b>Outstanding Liabilities for Trade Payables</b>		
Group Companies	-	39,420
Joint Venture	-	1,05,30,314
<b>For Expenses</b>		
Group Companies	28,86,000	64,56,393
Joint Venture	84,04,779	-
<b>Retention Money Payable</b>		
Group Companies	1,31,26,492	4,77,40,609
Joint Venture	-	1,17,41,516
<b>Trade Deposits</b>		
Group Companies	15,53,25,000	10,45,70,000
<b>Deposits Payable-Contractors</b>		
Group Companies	54,75,000	75,000



**OTHER LONG TERM LIABILITIES (CONTINUED)**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Advance from customers</b>		
Group Companies	-	-
Joint Venture	2,72,50,175	-
<b>Others</b>		
Group companies	14,60,82,197	7,43,63,744
Joint venture	-	-
<b>Total</b>	<b>35,85,49,643</b>	<b>25,55,16,996</b>

**7) DEFERRED TAX LIABILITY (NET)**

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Deferred Tax Liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting others		
Group Companies	49,90,43,753	32,88,33,124
Joint Venture		9,87,001
<b>Gross deferred tax liability</b>	<b>49,90,43,753</b>	<b>32,98,20,125</b>
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on		
Group Companies	97,93,128	96,91,466
Joint Venture	36,26,451	29,31,003
<b>Gross deferred tax asset</b>	<b>1,34,19,579</b>	<b>1,26,22,469</b>
<b>Net Deferred Tax Liability</b>	<b>48,56,24,174</b>	<b>31,71,97,656</b>

## 8) PROVISIONS

PARTICULARS	8.1 Long Term		8.2 Short Term	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Provision for employee benefits:</b>				
<b>Provision for gratuity</b>				
Group Companies	-	-	1,48,820	6,70,148
Joint Venture	-	-	3,69,757	-
<b>Provision for leave benefits</b>	-	-	-	-
Group companies	2,61,22,283	1,98,36,992	11,99,222	31,16,831
Joint Venture	13,22,124	10,91,440	56,208	-
	<b>2,74,44,407</b>	2,09,28,432	<b>17,74,007</b>	37,86,979
<b>Other Provisions:</b>				
<b>Provision for Fringe Benefit</b>	-	-	-	-
Group Companies	-	54,351	54,351	-
Joint Venture	-	4,55,706	-	-
Provision for Wealth tax	-	-	15,18,020	15,18,020
<b>Provision for Income tax</b>	-	-	-	-
Group companies			17,56,97,587	11,97,58,635
Joint Venture			3,21,79,623	2,51,79,623
losses on derivative contracts	-	-	-	-
proposed equity dividend		-	9,66,90,870	3,22,30,290
Provision for tax on Distributed Profits		-	1,56,85,677	52,28,558
Proposed preference dividend	-	-	2,40,00,000	2,40,00,000
Provision for tax on proposed preference dividend	-	-	38,93,400	38,93,400
	-	5,10,057	<b>34,97,19,528</b>	21,18,08,526
	<b>2,74,44,407</b>	2,14,38,489	<b>35,14,93,535</b>	21,55,95,505

## 9) SHORT TERM BORROWINGS

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Cash credit from Banks		
Secured		
Group Companies	57,49,20,099	36,90,08,483
Joint Venture	1,96,22,592	1,98,89,221
Unsecured - Group Companies		
Loan Repayable on Demand (Unsecured)		14,00,00,000
:from Directors	17,45,00,000	17,70,00,000
Inter-corporate deposit repayable on demand	7,50,00,000	7,00,00,000
	<b>84,40,42,691</b>	<b>77,58,97,704</b>
<b>The above amount includes</b>		
Secured borrowings	59,45,42,691	38,88,97,704
Unsecured borrowings	24,95,00,000	38,70,00,000

## 10) OTHER CURRENT LIABILITIES:

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>10.1) Trade payables</b>		
Group Companies	50,84,26,435	22,58,84,464
Joint Venture	15,22,68,206	21,97,63,443
	<b>66,06,94,641</b>	<b>44,56,47,907</b>
<b>10.2) Other Liabilities:</b>		
<b>Current maturities of long term borrowings</b>		
Group Companies	87,93,96,926	71,52,26,852
Interest accrued but not due on borrowings	4,19,07,529	72,87,512
Interest accrued and due on borrowings	1,71,82,674	-
<b>Advance from customers</b>		
Group Companies	31,60,49,256	39,01,68,489
Joint Venture	11,07,09,228	21,89,48,203
Group Companies		
Unpaid dividend	-	1,33,40,354
Unpaid matured deposits And interest accrued thereon	-	3,03,81,153
<b>Others</b>		
Group Companies	38,85,96,251	17,38,51,547
Joint Venture	3,28,98,435	2,36,01,585
	<b>1,78,67,40,299</b>	<b>1,57,28,05,695</b>
	<b>2,44,74,34,940</b>	<b>2,01,84,53,601</b>

11) FIXED ASSETS and 12) INTANGIBLE ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NETT		BLOCK	
	Cost upto 31 <sup>st</sup> March 2011	Additions during the year	Deductions during the year	Exchange difference	Cost upto 31 <sup>st</sup> March 2012	Exchange difference	Total Depreciation upto 31 <sup>st</sup> March 2011	Total Depreciation For the Year	Total Depreciation upto 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
1 Lands												
Group companies	6,34,42,584	9,94,41,371	-	-	16,28,83,955	-	-	-	-	-	16,28,83,955	27,943,428
2. (a) Buildings												
Group companies	45,32,44,718	23,60,28,171	-	-	68,92,72,889	-	10,53,06,687	1,38,60,392	11,91,67,079	57,01,05,810	383,790,757	
Joint Venture	72,36,454	-	-	-	72,36,454	-	19,76,933	36,64,760	56,41,693	15,94,761	52,59,521	
(b) Leasehold Buildings												
Group companies	15,47,500	-	-	-	15,47,500	-	4,88,014	25,224	5,13,238	10,34,262	10,59,486	
3 Tramways & Railway Sidings												
Group companies	67,94,362	-	-	-	67,94,362	-	64,54,643	-	64,54,643	3,39,719	3,39,719	
4 Plant & Machinery												
Owned												
Group companies	6,00,10,86,709	1,17,27,86,025	48,40,502	18,12,72,411	7,35,03,04,643	9,26,71,039	1,86,17,71,766	36,98,90,756	2,32,43,33,561	5,02,59,71,082	4,13,89,61,327	
Joint Venture	-	87,432	-	-	87,432	-	-	6,613	6,613	80,819	-	
5 Furniture,Fixtures												
Owned												
Group companies	3,37,00,784	80,34,145	21,07,462	-	3,96,27,467	-	1,79,98,730	9,74,419	1,89,73,149	2,06,54,318	1,57,01,739	
Joint Venture	54,86,063	2,17,936	4,73,726	-	52,30,273	-	41,07,847	1,36,925	42,44,772	9,85,501	13,78,216	
6 Office Equipment												
Group companies	3,54,74,478	50,39,832	14,94,300	7,74,454	3,97,94,464	6,91,262	1,99,02,645	18,01,293	2,23,95,200	1,73,99,264	1,55,71,834	
Joint Venture	12,12,862	2,12,594	1,30,140	-	12,95,316	-	5,94,648	1,52,697	7,47,345	5,47,971	6,18,214	
7 Vehicles & Earthmoving Equipment												
Owned												
Group companies	10,28,52,309	5,32,52,851	66,21,702	-	14,94,83,458	-	3,71,19,481	77,20,958	4,48,40,439	10,46,43,019	6,57,33,015	
Joint Venture	40,49,786	-	3,44,849	-	37,04,937	-	24,14,254	10,70,303	34,84,557	2,20,380	16,35,552	
8 Research & Development Equipment												
Group companies	36,55,551	-	-	-	36,55,551	-	10,49,264	1,73,560	12,22,824	24,32,727	26,06,287	
9 Patents												
Group companies	13,90,000	-	-	-	13,90,000	-	13,90,000	-	13,90,000	-	-	
10 Intangible Assets												
Group companies	9,75,268	-	-	1,35,419	11,10,687	1,35,420	9,75,268	-	11,10,687	-	-	
Joint Venture	43,35,471	13,49,416	-	-	56,84,887	-	37,28,901	9,69,354	46,98,255	9,86,634	6,06,570	
<b>Grand Total</b>	<b>6,72,64,84,899</b>	<b>1,57,64,49,773</b>	<b>1,60,12,681</b>	<b>18,21,82,284</b>	<b>8,46,91,04,275</b>	<b>9,34,97,721</b>	<b>2,06,52,79,081</b>	<b>40,04,47,254</b>	<b>2,55,92,24,055</b>	<b>5,90,98,80,220</b>	<b>46,612,05,645</b>	
1. Group companies	6,70,41,64,263	1,57,45,82,395	1,50,63,966	18,21,82,284	8,44,58,64,976	9,34,97,721	2,05,24,56,498	39,44,46,602	2,54,04,00,820	90,54,64,156	4,65,17,07,592	
2 Joint Venture	2,23,20,636	18,67,378	9,48,715	-	2,32,39,299	-	1,28,22,583	60,00,652	1,88,23,235	44,16,064	94,98,053	
<b>Grand Totals</b>	<b>6,72,64,84,899</b>	<b>1,57,64,49,773</b>	<b>1,60,12,681</b>	<b>18,21,82,284</b>	<b>8,46,91,04,275</b>	<b>9,34,97,721</b>	<b>2,06,52,79,081</b>	<b>40,04,47,254</b>	<b>2,55,92,24,055</b>	<b>5,90,98,80,220</b>	<b>4,66,12,05,645</b>	

### 13) NON-CURRENT INVESTMENTS

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Common Stock (unquoted)</b>		
1640 Non-Voting common stock of BGE Global Inc., par value \$0.01 per share	<b>76,99,947</b>	-
<b>Preferred Shares (unquoted)</b>		
750 Non-Voting preferred stock of BGE Global Inc., par value \$0.01 per share.	<b>3,84,99,738</b>	-
	<b>4,61,99,685</b>	0
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<b>investment in equity instruments(quoted)</b>		
100 (31 March 2011: 100 ) equity shares of Rs.10/- each, fully paid up in Industrial Finance Corporation of India.	<b>3,500</b>	3,500
14240 (31 March 2011: 14240 ) equity shares of Rs.10/- each, fully paid up in Industrial Development Bank of India.	<b>11,57,000</b>	11,57,000
(At cost less provision for other than temporary diminution Rs.3 million (31 March 2011: Rs.2 million)		
<b>Equity shares (unquoted)</b>		
30 (31 March 2011: 30 ) equity shares of Rs. 10/- each fully paid up in Andhra Pradesh Heavy Machinery and Engg. Co.Ltd., (Written off to the extent of Rs. 299/-)	<b>1</b>	1
100000 (31 March 2011: 100000 ) equity shares of Rs. 10/- each fully paid up in Prudential Mouli Sugars Ltd., (Written off to the extent of Rs. 9,99,999/-)	<b>1</b>	1
Other investments	<b>4,55,815</b>	4,56,661
	<b>4,78,16,002</b>	16,17,163
	<b>4,78,16,002</b>	16,17,163

14) LOANS AND ADVANCES

PARTICULARS	14.1 Non-current		14.2 Current	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Capital Advances</b>				
Group Companies				
Secured, considered good	3,12,20,281	-	-	-
Unsecured, considered good	2,05,88,944	3,45,00,718	-	-
Group Companies	-	2,09,39,585	30,52,306	8,21,26,339
<b>(A)</b>	<b>5,18,09,225</b>	<b>5,54,40,303</b>	<b>30,52,306</b>	<b>8,21,26,339</b>
<b>Security Deposit</b>				
Secured, considered good			-	
Unsecured, considered good	4,51,85,668	58,13,491		
Group Companies		4,37,29,137	20,86,249	19,95,754
Doubtful	-	-	-	-
	4,51,85,668	4,95,42,628	20,86,249	19,95,754
Provision for doubtful security deposit	-	-	-	-
<b>(B)</b>	<b>4,51,85,668</b>	<b>4,95,42,628</b>	<b>20,86,249</b>	<b>19,95,754</b>
<b>Loans and advances to related parties (note 37(b))</b>				
Unsecured, considered good	-	-	-	-
<b>(C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Advances recoverable in cash or kind</b>				
Secured, considered good	-	-	-	
<b>Unsecured, considered good</b>				
Group Companies	-	-	2,86,68,691	4,00,36,309
Joint Venture	-	-	90,37,254	-
Doubtful	-	-	-	-
Provision for doubtful advances	-	-	-	-
<b>(D)</b>	<b>-</b>	<b>-</b>	<b>3,77,05,945</b>	<b>4,00,36,309</b>
<b>Other Loans and Advances</b>				
Group Companies - Foreign Currency	3,54,34,332	-	-	1,04,14,865
MAT Credit	-	-	18,21,20,555	7,51,06,187
<b>Advances to Trade Payables</b>				
Group Companies	-	-	24,00,63,315	26,44,38,810
Joint Venture	-	-	3,17,56,725	1,19,34,189
<b>Advance Income-tax (net of provision for taxation)</b>				
Group Companies	-	-	24,74,33,056	2,02,56,024

**LOANS AND ADVANCES (CONTINUED)**

PARTICULARS	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
Joint Venture	1,04,72,596	-	3,38,00,000	5,71,11,598
<b>Prepaid expenses</b>				-
Group Companies	55,29,699	6,26,369	1,21,28,514	1,80,56,436
Joint Venture	60,000	1,60,614	8,74,003	16,52,052
<b>Loans and Advance to employees</b>				
Group Companies	-	-	16,72,201	26,48,524
Joint Venture			2,86,647	
<b>Balances with statutory/government authorities</b>				
Group Companies	-	18,17,66,077	7,87,12,148	24,76,23,946
Joint Venture	-	-	5,76,89,987	5,23,19,311
<b>Others</b>				
Group Companies	91,37,973	46,56,946	19,07,94,209	14,69,25,982
Joint Venture	-	-	-	5,83,62,717
	6,06,34,600	18,72,10,006	1,07,73,31,360	96,68,50,640
<b>Total [A+B+C+D+E]</b>	<b>15,76,29,493</b>	<b>29,21,92,937</b>	<b>1,12,01,75,860</b>	<b>1,09,10,09,042</b>

**15) TRADE RECEIVABLE AND OTHER ASSETS**

TRADE RECEIVABLES	Non-current		Current	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>15.1) Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment</b>			-	
<b>Secured, considered good</b>				
Group Companies	-	-	-	35,78,602
Joint Venture	3,01,74,408	-	6,92,19,307	-
<b>Unsecured, considered good</b>				
Group Companies	1,12,46,914	10,00,653	6,66,70,120	6,82,93,360
Joint Venture	-	-	-	81,66,177
Doubtful	-	-	-	-
	4,14,21,322	10,00,653	13,58,89,427	8,00,38,139
Provision for doubtful receivables	-	-	-	-
<b>(A)</b>	<b>4,14,21,322</b>	<b>10,00,653</b>	<b>13,58,89,427</b>	<b>8,00,38,139</b>



TRADE RECEIVABLES (CONTINUED)

PARTICULARS	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Other receivables</b>				
Secured, considered good			23,46,23,455	-
<b>Unsecured, considered good</b>				
Group Companies			63,32,05,548	
Joint Venture			36,60,69,307	44,74,08,640
Doubtful				17,39,24,844
			<b>1,23,38,98,310</b>	62,13,33,484
Provision for doubtful receivables			-	-
(B)			<b>1,23,38,98,310</b>	62,13,33,484
<b>Total [A+B]</b>	<b>4,14,21,322</b>	10,00,653	<b>1,36,97,87,737</b>	70,13,71,623

15.2) OTHER ASSETS	Non-current		Current	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances [Note 18]				
[A]	-	-	-	-
<b>Unamortized expenditure</b>				
Unamortized premium on forward contract	-	-	-	-
Ancillary cost of arranging the borrowings	-	-	-	-
[B]	-	-	-	-
<b>Others</b>				
Interest accrued on fixed deposits-Group	-	-	1,54,55,909	49,25,261
Interest accrued on fixed deposits-Joint Venture	-	-	23,36,048	6,77,963
Interest accrued on investments	-	-	-	91,99,422
Dividend receivable on investment in subsidiaries - long term			64,080	
Others-Joint venture		7,56,93,504	1,78,51,497	2,15,92,976
[C]	-	7,56,93,504	<b>3,57,07,534</b>	3,63,95,622
<b>Total [A+B+C]</b>	-	7,56,93,504	<b>3,57,07,534</b>	3,63,95,622

## 16) CURRENT INVESTMENTS

PARTICULARS	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
Nil	-	-
	-	-

## 17) INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

PARTICULARS	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>Raw materials and components at Cost</b>		
Group Companies	11,37,66,135	6,12,74,380
Joint Venture	3,30,90,742	3,57,05,654
<b>Work-in-progresss</b>		
Group Companies	55,84,60,127	55,77,40,974
Joint Venture	1,84,67,900	8,78,69,621
<b>Finished goods</b>		
Group Companies	84,72,99,076	52,52,31,332
Joint Venture	-	-
<b>Stores and spares at Cost</b>		
Group Companies	75,26,55,936	49,23,41,802
Joint Venture	-	-
	<b>2,32,37,39,916</b>	<b>1,76,01,63,763</b>

## 18) CASH AND BANK BALANCES

PARTICULARS	Non -current portion		Current maturities	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Cash and Cash Equivalentents :</b>				
Balances with Banks:				
<b>On current accounts</b>			-	
Group Companies			8,73,11,139	19,09,35,221
Joint Venture			9,85,002	6,61,552
Deposits with original maturity of less than 3 months				
Group Companies			10,83,47,033	-

## CASH AND BANK BALANCES (CONTINUED)

PARTICULARS	Non -current portion		Current maturities	
	31 March 2012 Rs.	31 March 2011 Rs.	31 March 2012 Rs.	31 March 2011 Rs.
<b>Earmarked balances with banks - Unclaimed dividends</b>				
Group Companies			1,57,29,135	1,33,43,083
<b>Cheques/drafts on hand</b>				
Group Companies			3,26,81,181	1,36,96,644
<b>Cash on hand</b>				
Group Companies			1,98,04,442	61,79,569
Joint Venture			4,28,865	1,55,105
<b>Interest Warrant Account as per bank books</b>				
Group Companies			-	53,46,204
			<b>26,52,86,797</b>	<b>23,03,17,378</b>
<b>Other Bank Balances :</b>				
<b>Deposits with original maturity for more than 12 months</b>	-	-		
Group Companies			-	7,13,99,582
<b>Deposits with original maturity for more than 3 months but less than 12 months</b>	-	-		
Group Companies			15,59,00,000	44,55,76,431
<b>Margin money deposit</b>				
Group Companies			2,91,05,551	5,85,85,860
Joint Venture			3,30,46,711	3,17,85,587
<b>Deposits held as security for borrowings made by third parties</b>				
Group Companies			1,42,00,000	-
			<b>23,22,52,262</b>	<b>60,73,47,460</b>
<b>Total</b>	-	-	<b>49,75,39,059</b>	<b>83,76,64,838</b>

## 19) REVENUE FROM OPERATIONS

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>Revenue from operations</b>		
Sale of products:		
<b>Finished goods</b>		
Group Companies	<b>10,08,10,71,423</b>	6,16,60,01,982
Joint Venture	<b>78,95,63,812</b>	74,79,30,161
Sale of services		
Group Companies	<b>13,38,56,312</b>	11,92,47,559
Joint Venture	<b>4,50,17,986</b>	1,37,99,868
<b>Other operating revenue</b>		
Group Companies	-	-
Scrap sales	<b>75,10,645</b>	-
Others	<b>57,57,380</b>	-
<b>Revenue from operations (gross)</b>		
Group Companies	<b>10,22,81,95,760</b>	6,28,52,49,541
Joint Venture	<b>82,75,29,598</b>	76,17,30,029
Less:Excise Duty #		
Group Companies	<b>86,77,76,739</b>	45,57,53,968
Joint Venture	<b>2,48,11,911</b>	39,20,230
<b>Revenue from operations (net)</b>	<b>10,16,31,36,708</b>	6,58,73,05,372

## 20) OTHER INCOME

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>(1) Interest Income on</b>		
<b>Bank Deposits</b>		
- Group Companies	3,76,68,155	5,97,88,311
- Joint Venture	36,52,834	42,04,659
<b>Others</b>		
- Group Companies	5,19,09,102	-
- Joint Venture	21,43,836	
<b>(2) Dividends Received on Current investments</b>	<b>28,41,41,880</b>	5,22,15,796
<b>(3) Rents received</b>	<b>98,953</b>	38,29,953
<b>Net gain on sale of current investments</b>		
Group Companies	-	12,64,100
<b>Net gain on sale of Assets</b>		
Group Companies	8,58,786	8,23,564
Joint Venture	10,038	4,677
<b>Other non-operating income</b>		
Group Companies	4,82,63,272	2,43,81,846
Joint Venture	1,58,88,921	1,68,95,080
<b>Total Taken To Profit &amp; Loss Account</b>	<b>44,46,35,777</b>	16,34,07,986
Note :		
Other non-operating income includes :		
<b>Unclaimed balance Credited Back</b>		
Group Companies	11,11,422	7,64,323
Joint Venture	-	98,238
<b>Claims/refunds received</b>		
Group Companies	2,29,130	3,62,338
<b>Provisions no longer required credited back</b>		
Group Companies	2,61,46,761	1,91,13,504

**OTHER INCOME (CONTINUED)**

PARTICULARS	This Year Rs.	Previous Year Rs.
Joint Venture	-	83,83,282
<b>Difference in exchange (net)</b>		
Group Companies	<b>61,69,529</b>	2,05,471
Joint Venture	<b>95,46,250</b>	65,99,707
<b>Rent Recovery</b>		
Group Companies	<b>31,99,876</b>	-
<b>Miscellaneous receipts</b>		
Group Companies	<b>1,14,06,554</b>	39,36,210
Joint Venture	<b>63,42,671</b>	18,13,853
<b>Total</b>	<b>6,41,52,193</b>	4,12,76,926

**21) COST OF RAW MATERIAL AND COMPONENTS CONSUMED**

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>Group Companies</b>		
Inventory at the beginning of the year	<b>6,12,74,379</b>	2,12,79,436
Add: Trail Production Stocks	<b>5,22,203</b>	2,70,73,398
Add: Purchases	<b>54,61,58,220</b>	41,16,72,870
Add: Cost of raw materials produced	<b>3,30,60,69,638</b>	2,05,83,68,238
	<b>3,91,40,24,440</b>	2,51,83,93,942
Less: Inventory at the end of the year	<b>11,35,69,213</b>	6,12,74,379
Cost of raw material and components consumed	<b>3,80,04,55,227</b>	2,45,71,19,563
<b>Joint Venture</b>		
Cost of raw material and components consumed	<b>47,05,30,389</b>	51,07,44,213
Cost of raw material and components consumed	<b>4,27,09,85,616</b>	2,96,78,63,776

## 22) (INCREASE)/DECREASE IN INVENTORIES

Inventories at the end of the year	This Year Rs.	Previous Year Rs.
<b>Work in progress</b>		
Group Companies	55,84,60,127	55,77,40,974
Joint venture	1,84,67,900	8,78,69,621
<b>Finished goods</b>		
Group Companies	84,72,99,076	52,52,31,332
Joint venture	-	-
	<b>1,42,42,27,103</b>	<b>1,17,08,41,927</b>
<b>Inventories at the beginning of the year</b>		
<b>Work in progress</b>		
Group Companies	55,77,40,974	53,60,83,524
Joint venture	8,78,69,621	-
<b>Finished goods</b>		
Group Companies	52,52,31,332	55,59,24,532
	<b>1,17,08,41,927</b>	<b>1,09,20,08,056</b>
	<b>-25,33,85,176</b>	<b>-7,88,33,871</b>

## 23) EMPLOYEE BENEFITS EXPENSES

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>Salaries, wages and bonus</b>		
Group Companies	50,95,18,999	37,81,28,697
Joint Venture	3,16,44,622	2,73,78,838
<b>Contribution to provident and other funds</b>		
Group Companies	3,47,90,681	2,71,60,194
Joint Venture	20,30,447	20,66,200
<b>Gratuity expense</b>		
Group Companies	5,49,882	73,23,562
Joint Venture	3,30,988	-
<b>Staff welfare expenses</b>		
Group Companies	7,14,34,882	5,31,50,833
Joint Venture	27,68,105	22,27,749
<b>Total</b>	<b>65,30,68,605</b>	<b>49,74,36,073</b>



**24) FINANCE COSTS**

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>Interest</b>		
- Group Companies	40,85,24,436	15,31,69,301
- Joint Venture	53,42,032	-
<b>Finance Charges</b>		
- Group Companies	15,17,132	-
- Joint Venture	-	33,49,858
<b>Total</b>	<b>41,53,83,600</b>	<b>15,65,19,159</b>

**25) DEPRECIATION AND AMORTIZATION EXPENSE**

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>Depreciation of tangible assets</b>		
- Group Companies	40,36,16,980	21,90,26,405
- Joint Venture	58,22,701	38,76,392
<b>Depreciation of intangible assets</b>		
- Group Companies	-	-
- Joint Venture	9,69,353	4,30,928
<b>Total</b>	<b>41,04,09,034</b>	<b>22,33,33,725</b>

**26) OTHER EXPENSES**

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>Consumption of stores&amp;spares</b>		
- Group Companies	48,60,29,532	27,82,09,654
- Joint Venture	5,55,20,954	-
<b>Consumption of Loose tools</b>		
- Group Companies	1,82,99,764	1,26,95,989
<b>Sub-contracted works</b>		
- Group Companies	10,59,93,274	9,06,70,205
- Joint Venture	-	1,44,95,199

**OTHER EXPENSES (CONTINUED)**

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>(Increase )/Decrease of excise duty on inventory</b>		
- Group Companies	1,09,93,255	-1,65,127
<b>Power and Fuel</b>		
- Group Companies	1,80,39,67,342	r
Less:Self consumption of Power generated internally	<u>18,49,27,337</u>	73,45,06,190
- Joint Venture	33,200	-
<b>Insurance</b>		
- Group Companies	85,83,174	58,77,939
- Joint Venture	23,41,684	48,000
<b>Research &amp; Development</b>		
- Group Companies	9,57,091	7,35,36,789
- Joint Venture	-	50,47,376
<b>Repairs to Buildings</b>		
- Group Companies	2,99,27,143	2,75,20,405
<b>Repairs to Machinery</b>		
- Group Companies	15,31,72,504	9,40,50,897
<b>Repairs to Other Assets</b>		
- Group Companies	4,09,92,475	2,72,47,142
<b>Advertisement &amp;Sales Promotion</b>		
- Group Companies	10,30,18,359	2,59,43,828
- Joint Venture	-	7,94,089
<b>Freight&amp;Forwarding charges</b>		
- Group Companies	54,51,78,068	13,13,98,593
- Joint Venture	-	7,51,50,807
<b>Commission on Sales</b>		
- Group Companies	2,72,13,938	24,45,093
- Joint Venture	3,07,200	2,80,00,000
<b>Wheeling charges</b>		
- Group Companies	50,51,966	
<b>Rent</b>		
- Group Companies	94,13,478	63,54,095
- Joint Venture	2,25,336	
<b>Payments to Auditors</b>		
- Group Companies	29,17,055	22,30,967

**OTHER EXPENSES (CONTINUED)**

PARTICULARS	This Year Rs.	Previous Year Rs.
- Joint Venture	4,20,841	2,21,813
<b>Directors' Sitting Fee</b>		
- Group Companies	8,30,000	7,90,000
<b>Travelling&amp;Conveyance</b>		
- Group Companies	2,45,17,925	58,37,501
- Joint Venture	-	32,46,438
<b>Communication costs</b>		
- Group Companies	75,59,441	71,94,852
- Joint Venture	-	
<b>Printing&amp;Stationary</b>		
- Group Companies	88,35,864	51,42,709
- Joint Venture	-	
<b>Legal &amp;Professional fees</b>		
- Group Companies	2,45,72,128	1,92,86,588
- Joint Venture	-	
<b>Miscellaneous Expenses</b>		
- Group Companies	9,06,56,439	7,96,47,561
- Joint Venture	9,75,26,746	2,66,60,988
<b>Warranty Claims</b>		
- Group Companies	6,30,14,623	1,44,89,847
- Joint Venture	-	57,04,000
<b>Bad debts and irrecoverable advances written off</b>		
- Group Companies	7,94,371	1,62,512
- Joint Venture	-	84,04,779
<b>Discarded assets written off</b>		
- Group Companies	6,66,148	12,20,533
<b>Loss on sale of assets</b>		
- Group Companies	16,85,101	14,69,091
- Joint Venture	-	-
<b>Loss on sale of investment</b>		
- Group Companies	-	15,00,000
<b>Difference in exchange (NET)</b>		
- Group Companies	9,41,517	-
- Joint Venture	-	22,16,749

**OTHER EXPENSES (CONTINUED)**

PARTICULARS	This Year Rs.	Previous Year Rs.
<b>Bad debts written off</b>		
- Joint Venture	-	-
<b>Rates and Taxes</b>		
- Group Companies	2,65,91,244	1,53,88,503
- Joint Venture	8,30,419	7,06,694
<b>Total of (A+B+C+D) Taken To Profit &amp; Loss Account</b>	<b>3,57,46,52,262</b>	<b>1,83,53,49,288</b>

**General:**

- ❖ Paise have been rounded off.
- ❖ Figures in brackets indicate those for the previous year.
- ❖ Figures for the previous year have been regrouped, wherever necessary.

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed  
for BRAHMAYYA & CO  
Chartered Accountants  
Firm Regn No.000513S

**V.L. DUTT**  
Chairman and Managing  
Director

**V.L. INDIRA DUTT**  
Joint Managing Director

**KAVITHA D CHITTURI**  
Executive Director

**T.V. RAMANA**  
Partner  
(ICAI Memb No.200523)

**O. SWAMINATHA REDDY**  
Director

**V. GANDHI**  
Technical Director

**M.R. RAMACHANDRAN**  
Chief Financial Officer

**Y. VIJAYAKUMAR**  
Company Secretary

Place: Chennai  
Date: 28th May, 2012

**SEGMENT REPORT UNDER ACCOUNTING STANDARD 17 AS AT 31ST MARCH 2012**  
**Primary Segment Report - Business Segments**

**Annexure-I**  
**(Rs in lakhs)**

PARTICULARS	Engineering		Cement		Power		Sugar		Others		Elimination		Consolidated	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Revenue</b>														
Total Revenue	22,172	21,761	54,232	22,577	1,905	1,755	34,061	26,757	245	1,290			1,12,615	74,139
Less: Excise Duty	1,510	1,339	7,416	3,250			0	7	0	0			8,926	4,596
	20,662	20,422	46,816	19,327	1,905	1,755	34,061	26,757	245	1,283			1,03,689	69,543
Less: Inter Segment Sales	208				1,849	1,627	0	0	0	0			2,057	1,943
	20,454	20,422	46,816	19,327	56	128	34,061	26,757	245	1,283			1,01,632	67,600
<b>Result</b>														
Segment Result	3,712	5,089	5,383	1,886	748	745	6,941	5,515	-107	0			16,677	13,235
Add: Unallocated Corporate Expenses									2,843	-181			2,843	-181
Operating Profit / (Loss)	3,712	5,089	5,383	1,886	748	745	6,941	5,515	-2,950	181			19,520	13,054
Less: Interest Expenses													4,154	1,565
													15,366	11,489
Add : Income Tax Refund/Credited back													10	18
Mat Entitlement credit													1070	751
													1070	751
Less: Income Taxes														248
Net Current Tax liability														1,983
Net Deferred Tax Liability														1,684
Short/Excess provision for earlier years														28
Profit from Ordinary Activities														12,751
less: Minority share of profit / (Loss )														2,146
Net Profit														10,605
<b>Other Information</b>														
Segment Assets	22,973	17,278	58,409	5,2039	4,686	5,029	23,874	19,935	2,453	1,345	2,411	3,172	1,09,984	92,454
Unallocated corporate Assets													10,014	13,227
<b>Total Assets</b>	22,973	17,278	58,409	5,2039	4,686	5,029	23,874	19,935	2,453	1,345	2,411	3,172	1,19,998	1,05,681
Segment Liabilities	9,527	5,500	32,055	29,938	454	828	4,625	4,367	983	248	833	761	46,811	40,120
Unallocated Corporate liabilities													18,969	18,819
Minority Interest													4,040	1,777
Shareholders Funds	9527	5500	32055	29938	454	828	4625	4367	983	248	833	761	50,178	44,965
Capital Expenditure	767	663	14392	16650	33	164	233	48	339	895	0	0	1,5764	18,420
<b>Total Capital Expenditure</b>													15,764	18,420
Depreciation	345	368	2,136	396	430	427	1,101	957	93	85			4,105	2,233

**Secondary Segment Report - Geographical Segments**

	Sales Revenue		Carrying amount of assets		Additions to Fixed Assets	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
India	67,571	41,159	96,124	85,746	15,531	18,372
South East Asia - Vietnam	34,061	26,757	23,874	19,935	233	48

**Other disclosures:**

1. Segments have been identified in line with the Accounting Standard on segment reporting (AS 17) issued by the ICAI, on consolidated basis including business conducted through its subsidiaries and Joint Venture.
2. The company has disclosed business segment as the primary segment.
3. The reportable segments are further described below.
  - a) Engineering
  - b) Cement
  - c) Power
  - d) Sugar
4. Intersegment revenues are recognised at market price.



# Notice of Annual General Meeting

**NOTICE is hereby given that the 71st Annual General Meeting of the Members of the company will be held on Monday, the 13th August, 2012 at 10.15 a.m. at “Ramakrishna Buildings” No. 2, Dr. P.V.Cherian Crescent, Egmore, Chennai-600008, to transact the following business:**

## ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To declare dividend on 12% Redeemable, Cumulative, Non-convertible Preference shares of Rs.10/- each.
- 3) To confirm interim dividend of Re.0.75 per share (75%) paid during the year and to declare final dividend of Re. 0.25 per share (25%) on Equity shares of Re.1/- each for the financial year 2011-2012.
- 4) To declare a Special dividend of Re. 0.50 per share (50%) on Equity shares of Re 1/- each for the financial year 2011-2012.
- 5) To appoint a Director in the place of Sri.V.H.Ramakrishnan, who retires by rotation and, being eligible, offers himself for re-appointment and for the said purpose to consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**.  

“RESOLVED THAT Sri. V.H.Ramakrishnan, who retires by rotation be and is hereby re-appointed as a Director of the Company liable to retire by rotation”
- 6) To appoint a Director in the place of Sri. A.Ramakrishna, who retires by rotation and, being eligible, offers himself for re-appointment and for the said purpose to consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**.  

“RESOLVED THAT Sri.A.Ramakrishna, who retires by rotation be and is hereby re-appointed as a Director of the Company liable to retire by rotation”
- 7) To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until

the conclusion of next Annual General Meeting, for the said purpose to consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**.

“RESOLVED THAT M/s. Brahmayya & Co.,Chartered Accountants, Vijayawada be and are hereby re-appointed as the Statutory Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting, at a remuneration to be fixed by the Board of Directors on mutually agreed terms and conditions.”

## SPECIAL BUSINESS

### Item No. 8

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

“RESOLVED THAT Sri Vijay Sankar, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

### Item No. 9

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

“RESOLVED THAT the reclassification of 22,10,22,520 (Twenty two crores ten lakhs twenty two thousand and five hundred twenty) unclassified shares of Re. 1/- (Rupee one only) each forming part of the Authorized share capital of the company

into 22,10,22,520 (Twenty two crores ten lakhs twenty two thousand and five hundred twenty) Equity shares of Re. 1/-each be and is hereby ratified.

“FURTHER RESOLVED THAT Clause V of the Memorandum of Association and Article 5 of the Articles of association of the Company be substituted with the following:

The Authorised Share Capital of the Company is Rs.55,00,00,000 /- (Rupees Fifty five crores Only) divided into 35,00,00,000 (Thirty five crores) equity shares of Re 1/- (Rupee one only) each and 200,00,000 (Two crores) Preference shares of Rs 10/-(Rupee ten only) each; with power to the Board, to increase or reduce the Capital of the Company, to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company and to classify and re-classify from time to time such shares into any class of shares.”

“FURTHER RESOLVED THAT Directors of the company be and are hereby authorized severally to take all such steps that may be necessary, proper expedient or incidental for the purpose of giving effect to the aforesaid Resolutions.”

## NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY/REGISTRAR AND SHARE TRANSFER AGENT, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business as set out above is annexed hereto.
- 3) Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
- 4) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting to the Company or the Registrar and Share Transfer Agent.
- 5) The Register of Directors Shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the meeting.
- 6) The Register of Contracts, maintained under Section 301 of the Companies Act, 1956 and all Documents as mentioned in the resolutions will be available for inspection by the members at the Registered office of the Company.
- 7) Pursuant to the provisions of Section 154 of the Companies Act, 1956, The Register of Members and Share Transfer Books of the Company will remain closed from 6th August, 2012 to 13th August, 2012 (both days inclusive).
- 8) Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors retiring by rotation and eligible for re-appointment are provided after explanatory Statement accompanying this notice.
- 9) Dividend (Final and Special) as recommended by the Board of Directors of the Company, if declared at the meeting, will be payable on or after 28th August 2012 to those members whose name appear on the Register of Members as on the 13th August, 2012.
- 10) Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agents.
- 11) Members must quote their Folio Number/Demat Account number and contact details such as email address, contact number etc in all correspondence with the Company/Registrar and Share Transfer Agents.
- 12) As per the Circular No.MRD/Dop/Cir-05/2009 Dt.May, 2009 issued by the Securities Exchange



Board of India (SEBI), it is mandatory to quote PAN for transfer/transmission of shares in physical form. Therefore the transferee(s)/legal heirs are requested to furnish a copy of their PAN to the Registrar and Share Transfer Agents.

**13) Payment of dividend through ECS:**

We recommend to our valued shareholders to make use of Electronic Clearing Services (ECS) / National Electronic Clearing Services (NECS Scheme) of Reserve Bank of India (RBI) for dividend payment. A shareholder availing this Scheme can receive dividend directly into his bank account and avoid hassles relating to handling of physical warrants besides elimination of risk of loss in postal transit/fraudulent encashment of warrants. In view of the conveniences which ECS/NECS offer, we request you to register the same by sending a duly signed request letter along with a cancelled cheque to our Registered office/ Registrar & Share Transfer Agents M/s Integrated Enterprises (India) Limited for shares held in physical form. In case shares are held in electronic form, the same may be registered with your Depository Participant (DP).

**14) Members are requested to address all correspondences, including dividend matters to the Registrar & Share Transfer Agents, Integrated Enterprises (India) Limited, II Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017, Ph No. 044-28140801-803, Fax No. 044- 28142479, email : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).**

**15) Shareholders who have not yet encashed their dividend warrants for the years 2004-05, 2005-06, 2006-07, 2008-09, 2009-10, 2010-11 and 2011-12 may approach the Company for Revalidation, issue of duplicate warrants etc. quoting the Folio Number/Client ID. Please note that as per Section 205A and 205C of the Companies Act 1956, dividend which remains unpaid/unclaimed over a period of 7 years has to be transferred by the Company to the Investor Education & Protection Fund (IEPF) and no claim shall lie for such unclaimed dividends from IEPF by the members.**

Information in respect of such unclaimed dividend when due for transfer (immediately) to the IEP Fund is given below:-

Financial Year Ended	Dividend details	Last date for claiming Unclaimed dividend
<b>2004 - 05</b>	Final Dividend	16-Sep-12
<b>2005 - 06</b>	Final Dividend	27-Sep-13

**16) Members seeking any information relating to the Accounts may write to the Company at Ramakrishna Buildings” 2 Dr. P.V. Cherian Crescent, Egmore, Chennai-600008, Ph No. 044-66772622, Fax No. 044-66772620, email : [investor@kcp.co.in](mailto:investor@kcp.co.in), for the attention to Company Secretary at least seven days before the date of the Annual General Meeting.**

**Place:** Chennai

**Date:** 28th May, 2012

For and on behalf of the Board of Directors

**V.L. DUTT**

Chairman and Managing Director

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

**Item No. 8**

Sri.Vijay Sankar was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 7th November, 2011 and he holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member of the Company along with the requisite deposit of Rs. 500/- proposing the appointment of Mr.Vijay Sankar as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

Sri.Vijay Sankar does not hold any shares in the Company.

Your Directors commend the resolution for your approval

None of the Directors except Sri.Vijay Sankar is/are concerned or interested in the said resolution

**Item No. 9**

At the 69th Annual General Meeting of the company held on 28th July, 2010 the Authorised share capital of

the company was reclassified into 12,89,77,480 equity shares of Re.1/- each, 200,00,000 Redeemable, Cumulative, Non-convertible Preference shares of Rs.10/- each and 22,10,22,520 (Twenty two crores ten lakhs twenty two thousand and five hundred twenty) Unclassified Shares of Re. 1/- (Rupee one only) each with a power to the Board to decide on the extent of variation in such rights

The Board of Directors of the company at their meeting held on 06th February, 2012, has reclassified the 22,10,22,520 (Twenty two crores ten lakhs twenty two thousand and five hundred twenty) Unclassified Shares of Re. 1/- (Rupee one only) each in the Authorised share capital into 22,10,22,520 (Twenty two crores ten lakhs twenty two thousand and five hundred twenty) Equity Shares of Re. 1/- (Rupee one only) each.

Your Directors commend the resolution for your approval

None of the Directors is/are concerned or interested in the said resolution.

**Place:** Chennai

**Date:** 28th May, 2012

For and on behalf of the Board of Directors

**V.L. DUTT**

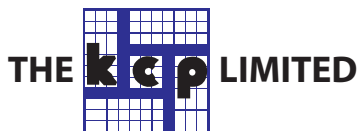
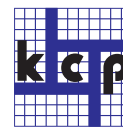
Chairman and Managing Director

### Details of Directors Seeking Appointment/Re-appointment at the Annual General Meeting

Name of Director	V.H. Ramakrishnan	A. Ramakrishna	Vijay Sankar
Date of Birth	13-04-1941	20-12-1939	26-12-1972
Date of Appointment	28/01/2005	28/01/2005	07/11/2012
Qualification	A.C.A., AICWAI	B.E.(Civil)., M.Sc ( Structural Engg)	ACA, MBA
Directorship held in other public companies (excluding foreign companies)	Canara Robeco Asset Management Company Ltd.,	1) The Andhra Petrochemicals Ltd 2) The Andhra Sugars Ltd 3) GVK Gauthami Power Ltd 4) GVK Energy Ltd 5) GVK Power & Infrastructure Ltd 6) Madras Cements Ltd 7) Ramco Industries Ltd 8) TajGVK Hotels & Resorts Ltd 9) GVK Jaipur Expressway Pvt. Ltd 10) International Infrastructure Consultants Pvt. Ltd 11) Mumbai International Airport Pvt. Ltd.,	1) Sanmar Holdings Limited 2) SHL Securities (Alpha) Limited 3) Sanmar Consolidations Limited.
Membership/ Chairmanship of Committees of the company.	1) Audit Committee – Member 2) Remuneration Committee-Member 3) Investment Committee-Member 4) Shareholder’s Grievance Committee- Member	1) Audit Committee – Member 2) Remuneration Committee-Member 3) Investment Committee-Member 4) Shareholder’s Grievance Committee- Member	1) Audit Committee – Member
Membership/ Chairmanship of Committees of other public companies (includes only Audit Committee and Shareholder’s / Investors’ Grievance Committee)	Nil	<b>Audit Committee - Chairman</b> TajGVK Hotels & Resorts Ltd <b>Audit Committee - Member</b> 1) GVK Jaipur Expressway Pvt. Ltd 2) Madras Cements Ltd 3) Ramco Industries Ltd 4) GVK Power & Infrastructure Ltd 5) GVK Gautami Power Ltd 6) GVK Energy Ltd	Nil
Shareholdings in the Company	Nil	Nil	Nil

Note: Pursuant to Clause 49 of the Listing Agreement Chairmanship/membership of the Audit Committee and Shareholder’s Committee alone have been considered

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## ADMISSION SLIP

Regd. Office: 2, Dr. P.V. Cherian Crescent, Egmore, Chennai - 600 008.

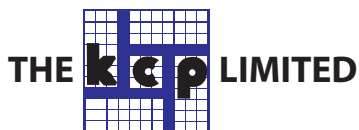
PLEASE COMPLETE THIS ADMISSION SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NAME AND ADDRESS	NO. OF SHARES	FOLIO NO./CLIENT ID NO
<p><b>71st ANNUAL GENERAL MEETING</b></p> <p>Date : MONDAY 13th AUGUST, 2012 Time: 10.15 A.M.</p> <p>Place: REGISTERED OFFICE "RAMAKRISHNA BUILDINGS"</p> <p style="text-align: center;">2, DR. P.V. CHERIAN CRESCENT, EGMORE, CHENNAI - 600 008</p>		

\*If you intend to appoint a Proxy, please complete the Proxy below and deposit it at the Company's Registered Office 48 hours before the meeting. Please ensure that the Proxy brings this Admission slip with him for the meeting

Name of Proxy (if any) in block letters	Signature of Member(s) / proxy

## PROXY FORM



Regd. Office: 2, Dr. P.V. Cherian Crescent, Egmore, Chennai - 600 008

No. of Shares	Folio No./Client ID No.

SERIAL NO.	RECEIVED ON	TIME	CODE

I/We ..... of ..... in the district of ..... being a member/members of the above named company hereby appoint ..... of ..... in the district of ..... or failing him ..... of ..... in the district of ..... as my / our proxy to vote for me / us on my / our behalf at the 71st Annual General Meeting of the Company to be held at 10.15 a.m. on Monday, 13th August 2012 and at any adjournment thereof.

As witness my (our) hand(s) this ..... day of ..... 2012

Signed by the said .....

Affix Rs.1/- Revenue Stamp
-------------------------------------

\* This proxy form must be duly completed and received at the Company's Registered Office 48 hours before the commencement of meeting Proxy need not be a member of the Company

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“Ramakrishna Buildings”  
2, Dr. P.V. Cherian Crescent,  
Egmore, Chennai - 600 008.  
Ph : 6677 2600  
website : [www.kcp.co.in](http://www.kcp.co.in)  
E mail : [corporate@kcp.co.in](mailto:corporate@kcp.co.in)