

K.C.P. SUGAR AND INDUSTRIES CORPORATION LTD.

Regd. Office : "Ramakrishna Buildings", Post Box No. 727, No.239, (Old No.183), Anna Salai, Chennai - 600 006.
Ph : 044 2855 5171 to 5176, 6551 4966 Fax : 044 2854 6617 / 2855 5863 E-mail : kcpsugar@vsnl.com
CIN - L15421TN1995PLC033198

Ref: KSICL /STK.EX/2016-17

11.10.2016

**MANAGER
CORPORATE RELATIONSHIP
DEPT OF CORP SERVICES
BOMBAY STOCK EXCHANGE LTD**
Floor 25, PJ Towers
Dalal Street,
Mumbai 400 001

**Scrip ID: KCPSUGIND
Scrip Code: 533192**

Dear Sir,

Sub: Compliance Reports as per SEBI guidelines

Please find attached soft copy of Twenty First Annual Report our Company under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for the period ended 31.03.2016

Thanking you

Yours faithfully,

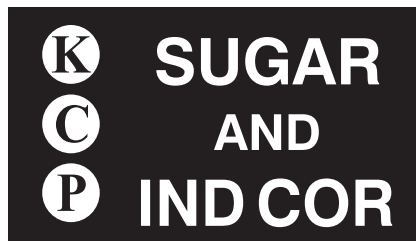
For **K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED.**

**S CHIDAMBARAM
GM (FINANCE) AND COMPANY SECRETARY**

Encl: a/a

◇ Leading Manufacturers of Premium Grade Sugars, Rectified Spirit, Anhydrous Alcohol, Extraneutral Alcohol, Co2, Calcium Lactate, Bio-Fertilizers, Bio-Compost and Mycorrhiza Inoculum.

Factories at	- Vuyyuru,	Krishna Dist., A.P. - 521 165.	Tel : 08676 232001	Fax : 08676 232640
	- Lakshmipuram,	Krishna Dist., A.P. - 521 131.	Tel : 08671 222046	Fax : 08671 222640



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

Twenty First Annual Report
2015 - 2016

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BOARD OF DIRECTORS

WHOLETIME DIRECTORS:

	DIN	
Shri.Vinod R. Sethi	00106598	Executive Chairman
Smt.Irmgard Velagapudi M. Rao	00091370	Managing Director
Smt.V.Kiran Rao	00091466	Executive Director

NON-WHOLETIME DIRECTORS:

Shri.K.A.Rangaswamy	00020891	Non-Independent Director
Shri.Ranvir R.Shah	00041398	Independent Director
Dr.Vithal Rajan	00021571	Independent Director
Shri.M.S.V.M.Rao	00432640	Independent Director
Shri.Prathap K. Moturi	00020630	Independent Director

Board Committees as on 26.05.2016

Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	C S R Committee
Shri.M.S.V.M.Rao Chairman Members Shri. Vinod R. Sethi Dr.Vithal Rajan Shri.K.A.Rangaswamy Shri.Prathap K.Moturi	Dr. Vithal Rajan Chairman Members Shri. Vinod R. Sethi Shri. Ranvir R.Shah Shri.K.A.Rangaswamy	Shri. K.A. Rangaswamy Chairman Members Smt.Irmgard Velagapudi M.Rao, Smt.V.Kiran Rao, Member Shri.Prathap K.Moturi,Member	Smt.Irmgard Velagapudi M.Rao Chairperson Members Shri.Vinod R.Sethi, Shri.K.A.Rangaswamy, Shri.M.S.V.M.Rao

Chief Financial Officer

Shri.R. Ganesan

General Manager (Finance) and Company Secretary

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

Auditors

Messrs. B.Purushottam & Co. - FRN 002808S
Chartered Accountants,
Flat No.3-D, "Pioneer Homes"
23/A, North Boag Road, T.Nagar
Chennai 600017.

Cost Auditor

Shri.V.Srinivasan, Membership No. 1248
No.28, 'BETA' Block, Jaihind Apts
175-A, Velachery Main Rd, Gowrivakkam, Chennai 600073.

Secretarial Auditors

M/s. V.Mahesh & Associates - CP No. 2473
Company Secretaries
No.39/19, III floor, Aspen Court , 6th Main Road,
R.A. Puram - Chennai 600028

Internal Auditor

Mr.S.Manisekaran - Membership No. 026400
Chartered Accountant,
'Venkatesam', No.20/22, Ramanujam Street,
Nungambakkam, Chennai 600034.

Legal Advisor

Shri.T.Raghavan

Bankers

State Bank of India
ICICI Bank Ltd
Axis Bank Ltd

Registered & Corporate Office

"Ramakrishna Buildings"
239, Anna Salai, Chennai - 600 006.
Telephone: 044-28555171-76 / E-mail: kcpsugar@vsnl.com
Website: www.kcpsugar.com

Plant Locations:

- Vuyyuru, Krishna Dist, Andhra Pradesh 521 165**
Sugar, Industrial Chemicals, Incidental Co-generation Power,
Biotech, CO2, Calcium Lactate Divisions.
- Lakshmipuram, Krishna Dist, Andhra Pradesh 521 131**
Sugar, Incidental Co-generation Power.

Registrars to Deposits

Being handled In-House at the Registered Office of the Company.

Registrars & Share Transfer Agent & Depository Registrars

M/s Integrated Enterprises (India) Limited,
2nd Floor, "Kences Towers", No.1,Ramakrishna Street,
North Usman Road, T.Nagar, Chennai - 600 017.
Ph: 28140801 to 28140803 Fax: 28142479
Email : corpserv@integratedindia.in

Website: www.iepindia.com

FINANCIAL HIGHLIGHTS

Rs. in Lakhs – except Ratios

Particulars	Year Ended									
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Share Capital	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85
Reserves and Surplus	20,818.26	20,283.62	22,427.96	20,789.08	18,239.51	16,519.46	15,925.95	14,546.49	14,342.19	14,475.97
Net Worth	21,952.11	21,417.47	23,561.81	21,922.93	19,373.36	17,653.31	17,059.80	15,680.34	15,476.04	15,609.82
Fixed Assets (Net)	9,879.55	10,713.37	11,318.80	11,713.94	12,243.89	13,102.44	13,698.22	13,959.19	14,758.28	15,541.25
Gross Income	39,917.43	41,645.59	35,716.56	43,460.93	34,760.85	22,109.35	26,306.43	19,954.65	25,428.43	33,611.64
Gross Profit / (Loss)	2,587.97	-1,301.80	4,892.66	7,215.30	4,892.15	2,924.04	4,813.10	3,270.26	2,280.74	5,000.54
Depreciation	1,025.50	1,031.07	1,109.40	1,087.40	1,082.87	1,095.44	1,062.54	1,085.35	1,059.37	1,001.49
Finance Cost	684.45	421.38	455.47	567.58	*634.16	*500.57	319.62	360.18	459.93	351.56
Profit / (Loss) before Tax	878.02	-2,754.25	3,327.79	5,560.32	3,175.12	1,328.03	3,430.94	1,824.73	761.44	3,647.49
Profit / (Loss) after Tax	875.81	-1617	2,766.45	3,876.13	2,642.50	1,183.23	2,374.37	1,132.88	710.97	2,355.05
Earnings per Share (Rs.)	0.77	-1.43	2.44	3.42	2.33	**1.04	**2.09	**0.999	**0.63	**2.08
Cash Earnings per Share (Rs.)	1.68	-0.52	**3.42	**4.38	**3.29	**2.01	**3.03	**1.96	**1.56	**2.96
Book Value per Share (Rs.)	**19.36	**19.01	**20.78	**19.33	**17.09	**15.57	**15.05	**13.83	**13.65	**13.77
Dividends on Equity %	25	10	85	100	70	45	75	70	50	50
Long term Debt Equity Ratio (excluding working capital borrowings)	0.25	0.26	0.21	0.09	0.26	0.26	0.25	0.25	0.22	0.12

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

SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

SEASON	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
SUGAR UNIT, VUYYURU										
Cane Crushed in MTS	8,98,654	8,33,277	8,03,318	7,69,209	8,71,574	7,86,393	4,89,522	5,38,686	8,46,674	12,21,209
Sugar bagged in QTLS	8,53,870	7,90,620	8,21,468	7,78,220	8,59,940	8,05,960	4,64,110	5,64,150	9,19,000	13,19,880
Recovery (%)	9.49	9.49	10.24	10.10	9.88	10.25	9.5	10.45	10.85	10.83
SUGAR UNIT, LAKSHMI-PURAM										
Cane Crushed in MTS	2,84,686	2,70,236	2,85,464	2,27,531	2,81,847	2,75,222	1,50,759	1,35,957	2,74,193	4,53,307
Sugar bagged in QTLS	2,53,263	2,34,100	2,74,470	2,06,768	2,41,447	2,50,160	1,29,206	1,22,686	2,68,948	4,67,905
Recovery (%)	8.9	8.67	9.62	9.11	8.87	9.09	8.58	9.05	9.8	10.32

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

Investorservices@kcpsugar.com
www.kcpsugar.com

CIN: L15421TN1995PLC033198
"Ramakrishna Buildings"
No.239, Anna Salai
Chennai 600 006.
T: 91 44 28555171 – 176
F: 91 44 28546617

May 26, 2016

Dear Member,

You are cordially invited to attend the 21st Annual General Meeting of the members of K.C.P.Sugar and Industries Corporation Limited ("the Company") to be held on Wednesday, 21st September 2016 at 10.00 AM at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018.

The Notice of the meeting, containing the business to be transacted, is attached. As per section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and in pursuance of Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting are attached.

Very truly yours,

VINOD R. SETHI
EXECUTIVE CHAIRMAN

Enclosures:

1. Notice to the 21st Annual General Meeting
2. Instruction for e-voting
3. Proxy form
4. Attendance slip.

NOTICE is hereby given that the Twenty first Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, on Wednesday, September 21, 2016 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements including audited consolidated financial statements of the Company for the financial year ended March 31, 2016 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Smt.V.Kiran Rao (DIN: 00091466), who retires by rotation, and being eligible, offers herself for reappointment.
4. Ratification of Appointment of Statutory Auditors:

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

"RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules, 2014, the appointment of M/s.B.Purushottam & Co., Chartered Accountants (Firm's Regn.No.002808S), as Statutory Auditors of the Company for a term of three years, i.e. till the conclusion of 22nd Annual General Meeting (AGM) approved by the shareholders at the Company's 19th AGM held on 11.09.2014, subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the 22nd AGM of the Company to be held in the year 2017, on such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the statutory Auditors."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Article 148 of the Articles of Association of the Company and the provisions of Section 197 and 198 and other applicable provisions of the Companies Act, 2013 or any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, the Non Whole time Directors of the Company (other than the Wholetime Directors and Nominee Directors) be paid as remuneration for each of the three financial years beginning from financial year 2016 – 17 till the financial year 2018- 19, an amount not exceeding one percent of the net profits of the Company and computed in the manner laid down in Section 198, of the Companies Act,2013 and to be divided amongst the said Non Wholetime Directors in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally, provided that none of the Directors aforesaid shall receive individually in a financial year a sum exceeding Rs.1.75 lakhs (Rupees One lakh and seventy five thousand only) and further that the payment of the sum in the above manner shall be in addition to the sitting fee per meeting of the Board/Committee which each such Director is entitled to receive under the Articles of Association of the Company and as per the approval of the Board of Directors from time to time."

6. Remuneration of Cost Auditor:

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

"**RESOLVED** that the Company do hereby confirm and ratify in terms of section 148 and other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014 (including any statutory modifications) or re-enactment thereof, the remuneration of Rs.2,25,000/- (Rupees Two lakhs and twenty five thousand only) plus service tax as applicable and reimbursement of travel and out of pocket expenses, approved by the Board of Directors on the recommendations of the Audit Committee, to Mr.V.Srinivasan, Cost Accountant (Membership No.1248) for conducting the audit of cost records of the Company for the financial year ending 31st March 2017."

// **BY ORDER OF THE BOARD** //

Place : Chennai
Date : 26.05.2016

VINOD R. SETHI
EXECUTIVE CHAIRMAN

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The **proxy form**, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting. As per section 105 of the Companies Act, 2013, a person appointed as proxy can act on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other member.

- b.** During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than 3 days of notice in writing is given to the company.
- c.** Members / Proxies / authorized representatives are requested to hand over the duly filled in Attendance Slip attached with this notice at the registration counter. Members holding shares in dematerialized form are requested to furnish their client ID / DP ID numbers for identification.
- d.** The Register of Directors and key-management personnel and their shareholding maintained under section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- e.** A statement pursuant to section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.

Relevant documents referred to in the accompanying Notice and the statement pursuant to section 102(1) of the Companies Act, 2013, are available for inspection at the Registered Office of the Company during business hours on all days, except Saturdays, Sundays and Public Holidays, upto the date of the Annual General Meeting.

- f.** The Register of Contracts or Agreements in which the directors are interested, maintained under section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
- g. The Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 14th day of September 2016 to 21st day of September 2016, both days inclusive, for the purpose of payment of dividend for the financial year ended March 31, 2016 and the AGM.
- h. Dividend on equity shares**, recommended by the Board, if approved by the shareholders at the AGM, will be paid on or after 21.09.2016 but within the stipulated time of 30 days from the date of declaration:
- i. to those Members whose names appear on the Register of Members of the Company as on 21st September 2016 or to their Mandates; and
 - ii. in respect of **shares held in electronic form**, the dividend will be paid to the beneficial owners of shares as on that date as per the details furnished by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) for the purpose.
- i. M/s. Integrated Enterprises (India) Ltd**, Kences Towers, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
- j.** Securities and Exchange Board of India has made **trading** in the shares of the company compulsory in dematerialized form for all investors. Members are requested to open a Beneficiary owner account with a Depository Participant, if not done so far.
- k.** In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Ltd, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants:

- i. Name of the Sole / First joint holder and the Folio Number.
- ii. Particulars of Bank Account, viz, Name of the Bank, Name of the Branch, and Complete address of

the Bank with PIN code, Account type and the Bank Account Number.

- iii. Dividend warrants for physical payment will be issued by the Company payable at par at the designated branches of the bank, with a validity period of 3 months. Hence, members are advised to encash the warrants within the validity period.
- iv. Dividend, on approval by the shareholders at the AGM, will be paid without deduction of tax, to shareholders. Taxability of dividend in the hands of recipients is as per the extant tax law.
- l. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if Members want to change/correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from Members for addition/deletion/change in bank account details furnished by Depository Participants to the Company.**
- m. **Electronic Clearing System (ECS)** credit has been moved completely to the National Electronic Clearing System (NECS) platform through core banking system, effective from 01.10.2009. Accordingly, dividend will be credited to the shareholders bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholders to the Depository / Company, as the case may be, the Company will print details available in its records on the Dividend Warrants to be issued to such shareholders. This service provides instantaneous credit to the shareholders and also protects against fraudulent interception and encashment of dividend warrants, besides eliminating dependence on the postal system, loss or damage of dividend warrants in transit and correspondence relating revalidation / issue of duplicate warrants.
- n. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar the details of all such folios together with the Share Certificates for **consolidation of their holdings into a single folio**.
- o. Pursuant to Section 72 of the Companies Act, 2013, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination are requested to send their request in Form No. SH-13 pursuant to Rule 19(1) of the Companies (Share Capital & Debentures) Rules, 2014. Members holding shares in physical form can submit Form SH-13 to the Company's Registrar & Transfer Agents, M/s. Integrated Enterprises (India) Limited, and the members holding shares in electronic form can submit the Form SH-13 to their respective Depository Participants.
- p. Shareholders who have **not lodged their old share certificates of "The K.C.P.Ltd"** for exchange of new share certificates of both the Companies in terms of the approved Scheme of Arrangement are requested to surrender the same to The K.C.P.Ltd, No.2, Dr.P.V.Chريان Crescent, Chennai – 600 008 at the earliest with a copy marked to the Registrar. New share certificates of this Company will be despatched after receipt of confirmation from The K.C.P.Ltd.
- q. Members are requested to **bring their copy of the Annual Report to the Meeting**, as copies will not be distributed at the Meeting hall, as a measure of austerity. Corporate Members are requested to send to the Company's Registrar and Transfer Agents, a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the AGM.
- r. **Members desirous of obtaining any information** concerning the accounts and operations of the Company are requested to **address their queries in writing** to the Secretarial Division **at least two weeks before the Meeting** so that the information may be made available at the Meeting.
- s. The members are requested to register their e-mail address / any change in the already registered e-mail address, to the Company / Registrar and Transfer Agents to enable service of documents through electronic mode, in line with the Green Initiatives in Corporate Governance taken by the Ministry of Corporate Affairs, allowing paperless compliance by the Companies.
- t. The soft copy of full Annual Report is being sent by electronic mode to all the members whose e-mail address is registered with the Company / Depository Participant. If a member opts for the hard copy of the Annual Report, the same will be sent to such member. For members who have not registered their e-mail address, hard copies of the full Annual Report are being sent by the permitted mode.

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

- u. Remote E-voting:** Pursuant to section 108 of the Companies Act, 2013 read with Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended on 19.03.2015, the Company provides facility for its members to exercise their voting right by electronic means, and the business set out in the Notice may be transacted through such e-voting. Detailed instructions for e-voting is given in the Annexure.
- v. Voting at AGM:** The Company also provides facility for voting through polling paper at the venue of the Annual General Meeting in pursuance of Rule 20 of Companies (Management & Administration) Rules, 2015 read with clause 7 of Secretarial Standard 2 on General Meetings. Members who have availed the facility of remote e-voting cannot avail this facility but can attend the meeting.
- w.** Distribution of Gift, Gift Coupons or cash in lieu of gifts to members at or in connection with the General Meeting, is not permitted as per clause 14 of Secretarial Standard 2 on General Meetings., issued by the Institute of Company Secretaries of India.
- x.** Details of Director seeking reappointment at the forthcoming Annual General Meeting [in pursuance of Regulation 36(3) of SEBI (LODR) Regulations, 2015] (Item 3 and 4 of this Notice) :

NAME OF DIRECTOR →	SMT.V. KIRAN RAO
Date of Birth	18.12.1964
Nationality	German (Holder of Person of Indian Origin Card)
Date of appointment on the Board	29.07.2002
Qualifications	Graduate from the University of London
Expertise in specific functional area	Possesses leadership skills to steer the Company from strength to strength.
DIN	00091466
No. of shares held in the Company	1,35,020
List of Directorships held in other Companies	***
Chairman / Member in the Committees of the Boards of Companies in which she / he is a director.	***
<i>Directorships relate to Directorship in other Indian public companies and Committee memberships relate to Audit Committee and Stakeholders Relationship Committee of public limited companies (whether listed or not).</i>	

The director have furnished consent / declaration for their appointment / reappointment as required under the Companies Act, 2013 and the Rules made thereunder.

aa. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013:

i. Item No. 5 – Commission payable to Non-Wholetime Directors:

At the Sixteenth Annual General Meeting held on 29th September 2011, the Shareholders had approved the payment of remuneration to the Non-Whole Time Directors by way of commission on the profits of the Company not exceeding one per cent subject to a limit of Rs.1,75,000/- (Rs. One Lakh and Seventy five thousand) per Director for each of the five financial years ending with 31st March, 2016, in addition to sitting fees paid for the meetings of the Board/Committee. Your Board of Directors consists of senior seasoned professionals in their respective fields who with their knowledge and exposure are guiding the growth of this Company. With the increasing thrust on good Corporate Governance your Board has inducted professionals from different walks of life and functional areas so that they can contribute to the success of the Company. There is a need for the compensation to be commensurate with the responsibilities shouldered by the Non Wholetime Directors. In appreciation of their valuable continuing guidance for the growth of the Company and also considering the attention devoted and responsibilities undertaken by these Non-Whole Time Directors in the activities of the Company, the Board of Directors at their Meeting held on 26th May 2016, has recommended the payment of commission not exceeding one per cent of the profits of the Company to be divided amongst the said Non Whole time Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally subject to a maximum of Rs. 1,75,000/- (Rs. One lakhs and

seventy five thousand only) per Director for each of the three financial years from 2016 – 17 to 2018 -19, in addition to sitting fees paid for the meetings of the Board/Committee. Section 197 of the Companies Act, 2013 read with article 148 of the Articles of the Association of the Company, stipulates inter alia that the payment of remuneration to the Non-Whole Time Directors not exceeding one per cent of the profits of the Company could be made if authorized by a Special Resolution.

The Directors, therefore recommend the Special Resolution for the approval of the Shareholders.

Shri.K.A.Rangaswamy, Shri.Ranvir Shah, Dr.Vithal Rajan, Shri.Prathap K.Moturi and Shri.M.S.V.M.Rao being Non Wholetime Directors may be deemed to be concerned or interested in this resolution.

ii. Item 9 – Remuneration of Cost Auditor:

The Board of Directors, on the recommendations of Audit Committee, has approved the appointment and remuneration of Mr.V.Srinivasan, Cost Accountant (Membership No.1248) as Cost Auditor to conduct the audit the cost records of the Company for the financial year ending 31.03.2017. Mr.V.Srinivasan has confirmed that his appointment is within the limits of section 148 of the Companies Act, 2013 and has also certified that he is free from any disqualification specified under section 148 of the Companies Act, 2013. The Audit Committee has also received a Certificate from the said Cost Auditor certifying his independence and arms length relationship with the Company. The remuneration of Rs.2,25,000/- plus service tax as applicable and reimbursement of out of pocket expenses, as determined by the Board based on the recommendations of the Audit Committee, is now placed for ratification by the shareholders at this AGM in pursuance of section 148(3) of the Companies Act, 2013, read with rule 14 of the Companies (Audit & Auditors) Rules, 2014:

Product	Factory
Sugar	Vuyyuru and Lakshmipuram (both in Krishna Dist., A.P).
Electricity	Vuyyuru and Lakshmipuram (both in Krishna Dist., A.P).
Industrial Alcohol	Vuyyuru at Krishna Dist., A.P.
Bio-fertilizers	Vuyyuru at Krishna Dist., A.P.
Calcium Lactate	Vuyyuru at Krishna Dist., A.P.
Carbon Dioxide	Vuyyuru at Krishna Dist., A.P.

Copies of the relevant resolutions of the Audit Committee and the Board are available for inspection by members on any working day between 11.00 AM and 1.00 PM

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolutions.

// BY ORDER OF THE BOARD //

Place : Chennai
Date : 26.05.2016

VINOD R. SETHI
EXECUTIVE CHAIRMAN

Your Directors present their 20th Annual Report and the audited statement of accounts for the year ended 31st March 2015. The financial statements have been presented in the new format in accordance with the changes brought about by the Revised Schedule III to the Companies Act, 2013.

I. FINANCIAL RESULTS:

	For the Year ended 31.03.2016	For the Year ended 31.03.2015
Physical Performance		
Cane crushed – in Tonnes	11,26,691	10,95,339
Sugar bagged – In Quintals	10,56,839	10,16,945
Financial Performance – Rs. Crores		
Turnover	510.27	515.52
Other Income	9.02	8.94
Profit Before Tax	8.78	(27.54)
Profit After Tax	8.76	(16.17)
Surplus from Previous Year	88.74	106.27
Amount available for appropriation	97.50	90.10
Appropriations		
Transfer to General Reserve	--	--
Proposed Dividend	2.83	1.13
Tax on proposed Dividend	0.58	0.23
Carried forward	94.09	88.74

2. PERFORMANCE:

During the financial year under review your Company recorded a Turnover of Rs. 510.27. crores (Prev. Year: Rs. 515.52 cr.) including Excise Duty of Rs. 17.69 crores (Prev. Year: Rs. 12.96 cr.) and Inter-divisional transfers of Rs. 120.12 crores (Prev. year: Rs. 108.05 cr.). The profit before finance cost and depreciation is Rs. 25.88 crores. Profit before tax is Rs. 8.78 crores and after adjustments relating to payment of Income Tax pertaining to earlier years and Deferred Tax, the Profit after tax is Rs. 8.76 crores.

3. DIVIDEND:

The Board of Directors recommends a dividend of Re.0.25 per equity share of face value of Re.1/- each on the Paid-up Equity Capital for the year ended 31.03.2016 as against Re.0.10 per equity share, approved for the previous year ended 31.03.2015. The dividend recommended by your Directors, if approved at the ensuing Annual General Meeting by the Shareholders would be paid within the stipulated time.

4. SHARE CAPITAL AND RESERVES:

The share capital of the Company is Rs.11.33 crores. There was no addition to General Reserve in the current year and hence the General Reserve stood at Rs.112.09 crores only as on 31.03.2016. The total Reserves and Surplus has increased to Rs.208.18 crores as on 31.03.2016 as against Rs.202.84 crores as on 31.03.2015.

5. SUBSIDIARY COMPANIES:

Your Company has two wholly-owned Subsidiaries, viz, The Eimco-K.C.P.Limited and KCP Sugars Agricultural Research Farms Limited. Both the wholly-owned subsidiaries are unlisted companies and do not fall under the category 'Material Subsidiary' in terms of Regulations 16 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There are no Associated Companies within the meaning of section 2(6) of the Companies Act, 2013 and there has been no material change in the nature of business of the subsidiaries. A statement containing salient features of the financial statement of subsidiaries in Form AOC-1, forms part of the Board's Report - Annexure X.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A comprehensive discussion and analysis report on the industry's structure as well as on the financial and operational performance of the Company is contained in the Management Discussion and Analysis Report, which forms an integral part of the Board's Report (Annexure I).

7. CORPORATE GOVERNANCE REPORT:

Pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Corporate Governance Report together with the Certificate from the Company's Statutory Auditors confirming the compliance of conditions on Corporate Governance is given in Annexure II to Board's Report.

8. EXTRACT OF ANNUAL RETURN:

In pursuance of section 134(3) of the Companies Act, 2013, the extract of the Annual Return has provided under section 92(3) of the Companies Act, 2016, is given in Annexure III.

9. DIRECTOR'S RESPONSIBILITY STATEMENT:

As required by Section 134 of the Companies Act, 2013, your Directors certify as follows: i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there were no material departures therefrom; ii. that the Directors had selected such accounting policies and applied them consistently and 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 2016 and of the Profit of the Company for that year; iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; iv. that the Directors had prepared the annual accounts on a going concern basis. v. That the directors had laid down internal financial controls to be followed by the Company and that such financial controls are adequate and are operating effectively. vi. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

There is no loan / guarantee / investment covered under section 186 of the Companies Act, 2013, during the financial year 2015-16. During the financial year under review the Company has provided a loan to one of its wholly-owned subsidiary company and the amount has been fully recovered during the financial year itself. In pursuance of Rule 11 of Companies (Meetings of Board and its powers) Rules, 2014, the requirement of section 186(3) is not applicable.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has entered into Rental Lease Agreements with related parties in the ordinary course of business and on arms length basis. The value of such transactions is well within the threshold limit prescribed under Rule 15 of Companies (Meetings of Board & its powers) Rules, 2014 and hence outside the ambit of section 188 of the Companies Act, 2013 - Annexure IX.

12. MATERIAL CHANGES AND COMMITMENT:

There is no change in the nature of business of the Company during the financial year under review. There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of Board's Report.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE INFLOW AND OUTGO:

Information relating to Conservation of Energy, Technology absorption, Foreign Exchange inflow and outgo, as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014, is furnished in Annexure IV.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The CSR policy of the Company and the details about the measures taken by the Company on CSR activities during the financial year as required under Companies (Corporate Social Responsibility Policy) Rules, 2014, have been disclosed in Annexure V, in pursuance of section 135 of the Companies Act, 2013.

15. PARTICULARS OF EMPLOYEES:

Statement required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not attached to this Report as none of the employees was in receipt of remuneration as prescribed under this Section and Rules.

The information required pursuant to section 197 of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished in Annexure VI.

16. PERSONNEL AND INDUSTRIAL RELATIONS:

The Employee relations scenario continued to be harmonious and congenial. Acknowledging this, your Company has been awarded for outstanding efforts in maintaining cordial Industrial Relations and Labour Welfare by Government of Andhra Pradesh.

17. DIRECTORS:

Smt.V.Kiran Rao, Director, who retires by rotation at this AGM and is eligible for reappointment, is proposed to be reappointed as Director at this AGM. The Board recommends her reappointment and accordingly, resolution seeking approval of members for her reappointment has been included in the Notice for the forthcoming Annual General Meeting along with her brief profile.

18. AUDITORS:

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed under Companies (Audit & Auditors) Rules, 2014, M/s.B.Purushottam & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company from the conclusion of 19th Annual General Meeting (AGM) held on 11th September 2014, till the conclusion of the 22nd AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. A written consent for appointment as Auditors and also a Certificate confirming that the appointment, if made, shall in accordance with the conditions as prescribed and in conformity with the criteria prescribed under section 141(3) of the Companies Act, 2013, have been received from them. Accordingly, the requisite resolution relating to the appointment of M/s. B.Purushottam & Co., Chartered Accountants, as statutory auditors of the Company, is placed before the members at this 21th Annual General Meeting for ratification in pursuance of 1st proviso to section 139(1) of the Companies Act, 2013.

19. COST AUDIT:

Mr. V. Srinivasan had been appointed by the Board of Directors of the Company as Cost Auditor to conduct the Cost Audit in respect of Sugar, Industrial Alcohol, Electricity, Fertilizer, Calcium Lactate and CO₂ for the financial year 2015-16, and his remuneration was ratified by the members at the 20th Annual General Meeting held on 20.08.2015. The Cost Audit Reports for 2015-16 are due for submission on or before 27.09.2016. The Cost Audit reports for 2014-15 were e-filed with the Ministry of Corporate Affairs, New Delhi, vide, SRN S-39692728 dt. 30.09.2015. In pursuance of Section 148 of the Companies Act, 2013, your Directors, on the recommendation of the Audit Committee, subject to ratification of his remuneration by the shareholders at this AGM, have appointed Shri. V. Srinivasan, Cost Accountant, Chennai, as the Cost Auditor to conduct the Cost Audit of Sugar, Industrial Alcohol, Electricity, Fertilizer, Calcium Lactate and CO₂, for the financial year ending 31st March 2017. Mr.V.Srinivasan has confirmed that his appointment is within the limits of section 148 of the Companies Act, 2013 and has also certified that he is free from any disqualifications specified under section 148 of the Companies Act, 2013. The Audit Committee has also received a certificate from the said Cost Auditor certifying his independence and arms length relationship with the Company.

20. SECRETARIAL AUDIT & SECRETARIAL STANDARDS:

In pursuance of section 204 of the Companies Act, 2013, the Board of Directors at its meeting held on 11.02.2016 appointed M/s. V.Mahesh & Associates, Company Secretaries in practice, as Secretarial Auditor for the financial year 2015-16 and their report is annexed with the Board's Report. (refer Annex. VII). Pursuant to section 118(10) of the Companies Act, 2013, the Company observes Secretarial Standards 1 and 2 relating to Board Meetings and General Meetings, prescribed by the Institute of Company Secretaries of India.

- There are no disqualifications, reservations or adverse remarks or disclaimers in the Statutory Auditors, Cost Auditor and Secretarial Auditor's Report.
- The Company, since inception, remains in the regime of unqualified financial statements. The Company will comply with SEBI circular dt. 13.08.2012 and Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and submit Form A along with Annual Report.

21. INTERNAL AUDIT:

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed Shri.S.Manisekaran, Chartered Accountant (Membership No. 026400) to conduct internal audit of the Company for the financial year 2015-16. The Internal Auditor reports to the Audit Committee and submits his reports on quarterly basis.

22. CREDIT RATING:

Credit Analysis & Research Ltd (CARE) has upgraded the Credit Rating on your Company as 'CARE 'A-' (Single A minus) for long term bank facilities and 'CARE A1' (A One) for short term bank facilities and for Fixed Deposit it is CARE A-(FD) [Single A Minus (Fixed Deposit)] assigned to your Company for the current year. The ratings for the financial year 2016-17 are awaited on this date. Measured through industry yardstick these ratings are considered to be having adequate degree of safety and very strong degree of safety respectively, for a sugar mill.

23. ISO CERTIFICATION:

Your Company has been certified consecutively for the past eight years under BS EN ISO 22000:2005, BS EN ISO 9001:2000, and OHSAS 18001:2007 for Manufacture of sugar, associated products and site activities, and Occupational Health and Safety Management system by Lloyd's Registry Quality Assurance Limited.

24. FIXED DEPOSITS:

As on 31.03.2016 your Company had held deposits of Rs. 40.13 crores as against Rs. 33.04 crores as on 31.03.2015. As at 31.03.2016, there were matured and unclaimed deposits amounting to Rs. 0.48 crores in respect of 82 deposits. As on the date of this report, amount of unclaimed deposits is Rs.0.48 crores. As there was no deposit unclaimed more than seven years, there was no transfer of unclaimed deposits to Investors Education and Protection Fund constituted under Section 124 of the Companies Act, 2013, during the year.

25.CEO AND CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer have provided the compliance certificate to the Board of Directors as specified under Part B of Schedule II in accordance with Regulation 17(8) of SEBI (LODR) Regulations, 2015, which was placed before the Board at its Meeting on 26.05.2016. Annexure VIII.

26.ACKNOWLEDGEMENT:

Your Directors would like to take this opportunity to express their deep sense of gratitude to the Cane growers, the Shareholders, Banks, Institutions, Central and State governments, Depositors, Sugar Dealers, Business Associates, as also other regulatory authorities for their continued support and cooperation. Your Directors would also to place on record their sincere appreciation for the total commitment, dedication and hard work put in by all the employees, which contributed to the Company's progress during the year under review.

For and on behalf of the Board of Directors

VINOD R. SETHI
Executive Chairman

Place : Chennai
Date : 26.05.2016

ANNEXURE I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Sugar Industry - Opportunities, Threats and Future Outlook:

Opportunities:

The long term outlook for sugar remains positive and promising on account of:

- Mandatory blending of Ethanol with petrol will boost the revenue of sugar mills and profitability.
- Growing energy consumption in India allowing the sugar industry to play a vital role.
- Environmental friendly power generated by Cogeneration Units equipped with high-pressure boilers and turbines that intelligently use the fuel to get optimum energy output.
- Expected flow of funds from Trading of Renewable Energy Certificate (REC).
- More emphasize on Bio-composting process and consequent efforts to convert organic and inorganic matter into bio-manure to ensure zero discharge from the distillery combining with press mud.
- Growing demand for bio manure, which works as the perfect soil conditioner Bio manure made from distillery and organic matter does not allow leaching of chemicals and hence can offer a solution to the problem of depletion of soil productivity.

Threats:

Sugar industry is at present confronted by the following threats:

- Dearth in availability of farm labour for harvesting, transportation, loading and unloading of sugar cane and sugar.
- The spurt in cane procurement prices is expected to remain volatile for a couple of years.
- Cyclical nature of industry and local climatic conditions over the crop affecting both the quantity and quality of cane available.
- Sugar weightage in WPI.
- Short crushing season.
- Shrinkage of sugarcane area under cultivation due to growing urbanisation and availability of many alternate cash crops.

Future Outlook:

The future outlook of sugar would depend on the following:

- Development of high breed varieties of sugarcane suitable for Indian climatic conditions and to achieve vertical growth in sugarcane productivity.
- Development of suitable sugarcane harvesting machine for Indian soil conditions and operable in fragmented land holdings.
- Swift adaptation of new cultivation method for mechanised harvesting.
- Agro-climatic conditions in major sugar-producing states.
- Permitting Green Energy producers to market directly to third parties.

b. REVIEW OF OPERATIONS:

i. SUGAR UNITS AT VUYYURU AND LAKSHMIPURAM:

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

SEASONWISE

UNIT / SEASON-PARTICULARS	VUYYURU		LAKSHMIPURAM	
	2015-16	2014-15	2015-16	2014-15
Crushing commenced on	06.12.2015	06.12.2014	15.12.2015	16.12.2014
Crushing completed on	24.04.2016	08.04.2015	20.03.2016	16.03.2015
No. of days	140	124	97	90
Cane crushed (in MT)	8,98,654	8,33,277	2,84,686	2,70,236
Sugar Bagged (in qtls)	8,53,870	7,90,620	2,53,263	2,34,100
Recovery (%)	9.49%	9.49	8.90%	8.67

FINANCIAL YEARWISE

UNIT/YEAR ENDED DETAILS	VUYYURU		LAKSHMIPURAM	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
2014-15 Season – From - To	01.04.2015 to 08.04.2015	01.04.2014 to 10.04.2014	**	**
2015-16 Season - From / To	06.12.2015 to 31.03.2016	06.12.2014 to 31.03.2015	15.12.2015 to 20.03.2016	16.12.2014 to 16.03.2015
No. of days	112	126	97	90
Cane crushed (in MT)	8,42,005	8,25,103	2,84,686	2,70,236
Sugar Bagged (in qtls)	803,576	7,82,845	2,53,263	2,34,100
Recovery (%)	9.54%	9.49	8.90%	8.67

ii. INDUSTRIAL CHEMICALS & ANHYDROUS ALCOHOL / COGENERATION / OTHER UNITS:

Vuyyuru Distillery Unit produced 127.74 lakh litres during the year ended 31.03.2016 as against 106.24 lakh litres during the previous financial year. As against this, the said Unit sold 134.77 lakh litres valued at Rs. 60.63 crores during the year under review as against 98.12 lakh litres valued at Rs. 35.02 crores during the previous year.

The Bio-fertilizer unit at Vuyyuru sold about 1.53 lakh Qtls valued at Rs. 5.68 crores as against 1.33 lakh qtls valued at Rs. 5.88 crores during the previous year.

Cogeneration Unit at Vuyyuru produced 38,653 MW of power during the financial year under review as against 35,518 MW in the previous year, and the Lakshmipuram Unit produced 7,931 MW of power as against 7,028 MW in the previous year. In all, total export of electrical energy was 16,021 MW resulting in a turnover of Rs. 6.55 crores as against 14,546 MW at a turnover of Rs. 5.63 crores during the previous year. The Calcium Lactate plant contributed Rs. 3.04 crores towards its turnover of the Company as against a turnover of Rs. 1.97 crores during the previous year.

c. INTERNAL CONTROL SYSTEMS:

Internal financial controls laid down by the Board of Directors are adequate and operating effectively. The Company has a well-established internal control system in place to ensure smooth functioning of operations. The control mechanism involves well-documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures. The Internal Auditor periodically reviews and makes continuous assessments of the adequacy and effectiveness of the internal control and systems. The Board, Audit Committee and the Management review the findings and recommendations of the Internal Auditor and take corrective action wherever necessary. The Company is committed in its endeavour to ensure an effective internal control environment that provides assurance on the effectiveness of operations, statutory compliance, and reliability of financial reporting and security of assets.

d. HUMAN RESOURCES:

The Company had 841 employees, including non-seasonal employees at the sugar units, as on 31.03.2016. The Company ensures high standards of safety for its employees and periodically conducts meetings to minimize operational hazards. The Company believes that people are the key to success and hence the human resources function pro-actively develops innovative and business focussed methods to attract, motivate, develop and retain talented, competitive manpower sources.

e. AWARDS:

During the year under review, your Company had received following Awards in respect of outstanding performance in Industrial Safety and Industrial Relations:

- ❖ WINNER – NATIONAL SAFETY AWARD for Year 2013 by Ministry of Labour, Government of India – Under Scheme I – Based on Lowest Average frequency Rate in Industry (Sugar Factory) – Vuyyuru Unit
- ❖ WINNER – NATIONAL SAFETY AWARD for Year 2013 by Ministry of Labour, Government of India – Under Scheme II – Based on accident-free year (Sugar Factory) – Vuyyuru Unit
- ❖ WINNER – NATIONAL SAFETY AWARD for Year 2013 by Ministry of Labour, Government of India – Under Scheme III – Based on Lowest Average frequency Rate in Industry (Sugar Factory) – Lakshmipuram Unit
- ❖ WINNER – NATIONAL SAFETY AWARD for Year 2013 by Ministry of Labour, Government of India – Under Scheme VII – Based on Lowest Average frequency Rate in Industry (Distillery) – Vuyyuru Unit
- ❖ WINNER – NATIONAL SAFETY AWARD for Year 2013 by Ministry of Labour, Government of India – Under Scheme VIII – Based on accident-free year (Distillery) – Vuyyuru Unit
- ❖ NATIONAL ENERGY CONSERVATION CERTIFICATE OF MERIT – by Ministry of Power, Government of India, for the year 2015.
- ❖ SURAKSHA PURASKAR – NSCI SAFETY AWARD 2014 (Mfg. Sector) Bronze Trophy and Certificate – by National Safety Council of India, Mumbai (in recognition of appreciable achievement in Occupational Safety and Health for the assessment period of three years 2011 – 2013).
- ❖ BEST MANAGEMENT AWARD 2015– Vuyyuru Unit, by Government of Andhra Pradesh, presented on May Day.
- ❖ BEST MANAGEMENT AWARD 2015 – Lakshmipuram Unit, by Government of Andhra Pradesh, presented on May Day.
- ❖ 16TH NATIONAL AWARD FOR EXCELLENCE IN ENERGY MANAGEMENT – 2016 – Vuyyuru Unit - by Confederation of Indian Industry.
- ❖ NATIONAL AWARD (Gold Medal) FOR ENERGY EFFICIENCY – Vuyyuru Unit – by Sugar Technologies Association of India.
- ❖ FTAPCCI EXCELLENCE AWARD in Corporate Social Responsibility – Lakshmipuram Unit.

f. OTHERS:

The valid licences for Air and Water (prevention and control of pollution) from APPCB are in place in respect of all Units at Vuyyuru and Lakshmipuram, Krishna District, Andhra Pradesh. The Company also takes adequate steps to safeguard the environment.

g. RISK MANAGEMENT:

The Company has an effective risk management under which all probable risks are periodically identified, assessed and acted upon to minimize and mitigate their impact. These processes are subject to periodical review by the Management. Some of the risks identified are enumerated below:

i. Raw Material Risk:

Sugarcane being the main raw material for sugar, any disturbance in its timely availability will have a substantial impact on the operational cost. This in turn has a significant adverse effect since the market value does not factor the variable cost determined by the climatic conditions and the cane economics.

Mitigation Measure:

The Company always maintains healthy relationship with its farmers. It is one among very few companies in sugar industry paying its farmers within the stipulated time. The risk of raw material short supply is mitigated to a large extent by the goodwill and reputation for ethical dealings earned by the Company since inception. The experiments in farm mechanisation, drip irrigation, improved cane varieties, carefully monitored scheduling of cane planting and harvesting boost the confidence of the Company in mitigation of the risk.

ii. Policy Risk:

Central and State governments regulate the cane policies and they have a larger control on this industry by determining the raw material price and also influence the sugar selling price. The controls exercised by the Union and State governments over command area demarcation from time to time. Molasses movement control.

Mitigation Measure:

The Company is a member of South Indian Sugar Mills Association (SISMA) and works closely with it towards developing appropriate policy recommendations to represent the industry needs to the government. Formulation of policy on Ethanol doping, review of cogeneration policy, and review of sugar weightage in WPI are some of the issues addressed in close liaison with SISMA.

iii. Cyclicity / Commodity Risk:

The sugar price is determined by the cyclicity of the sugar business and hence it affects the profitability. Sugar being a commodity traded across the world, its price is influenced by the various factors including the normal supply and demand.

Mitigation Measure:

The Company takes the following measures, which enable the Company to insulate itself against price risk.

- More focus on value-added downstream products
- Integration of sugar with cogeneration power and alcohol.

h. CAUTIONARY NOTE:

It is explicitly stated that some of the statements in this Management Discussion and Analysis report may be "forward looking" within the meaning of applicable laws and regulations. It may so happen that the actual events or results may be different from what the Board of Directors / Management perceives in terms of the future performance and outlook due to factors having a bearing on them and which are unforeseeable.

ANNEXURE II

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company firmly believes in high standards of corporate governance and adheres to sound corporate practices, constantly striving to improve them and adopt the best practices. The Company's objective is to go an extra mile beyond mere compliance of the statutory requirement. The Company is deeply committed to upholding the core values of integrity, transparency, responsibility, effective internal control and quality in all its activities and processes.

2. BOARD OF DIRECTORS

2.1 Composition:

- ❖ In pursuance of section 149 of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. At present, the Board consists of eight members, with three promoter Directors (Executive) and four Independent Directors and one Non-Executive Director. Two of the whole-time Directors are women.
- ❖ The day-to-day management of the Company rests with the Managing Director.
- ❖ The Independent Directors on the Board are experienced and competent persons from their respective fields. They take active part at the Board and Committee Meetings which add value in the decision making process of the Board of Directors.
- ❖ None of the Directors on the Board is a Member of more than 10 Committees or act as Chairman of more than 5 Committees across all the Companies in which he/she is a Director as required under Regulation 26 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- ❖ None of the Directors serve as an independent director in more than seven listed companies.
- ❖ None of the whole-time directors serve as an independent director in more than three listed companies.
- ❖ The Independent Directors have confirmed that they satisfy the criteria of independence as required under section 149(7) of the Companies Act, 2013 and as stipulated under Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- ❖ No Independent Director is a relative of any other Director.

2.2 Board Meetings / AGM - Attendance and Directorships / Committee Memberships:

Name of Director	Category of Directorship	No. of Board Mtgs. attended	Attendance at the last AGM On 11.09.14	**No. of Directorships, Committee Membership / Chairmanship in other public companies		
				Directorship	Committee Membership	Committee Chairmanship
Shri.Vinod R.Sethi DIN 00106598	Whole-time Director / Executive Chairman / Promoter Group	4	Yes	2	1	--
Smt.Irmgard Velagapudi M.Rao DIN 00091370	Promoter and Managing Director	5	Yes	--	--	--

Smt.V.Kiran Rao DIN 00091466	Promoter and Executive Director	4	No	--	--	--
Shri.K.A.Rangaswamy DIN 00020891	Non-Wholetime Director	4	Yes	--	--	--
Shri.Ranvir R. Shah DIN 00041398	Non-Wholetime Independent Director	3	Yes	--	--	--
Dr.Vithal Rajan DIN 00021571	Non-Wholetime Independent Director	4	Yes	--	--	--
Shri.M.S.V.M.Rao DIN 00432640	Non-Wholetime Independent Director	5	Yes	--	--	--
Shri.Prathap K.Moturi DIN 0020630	Non-Wholetime Independent Director	5	Yes	--	--	--

** In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees & Shareholders / Investors Grievance Committees of all Public Limited Companies governed by Companies Act, 1956, have been considered.

- ❖ Shri. Vinod R.Sethi, Smt. Irmgard Velagapudi M.Rao and Smt. V.Kiran Rao are relatives.
- ❖ Independent Directors do not have any direct or indirect material pecuniary relationship with the Company and they meet all the criteria of independence as provided in section 149(6) of the Companies Act, 2013, read with rules made thereunder and comply with the code for independent directors as per schedule IV of the Companies Act, 2013.
- ❖ None of the Directors received any loans / advances from the Company during the year under review, as per section 185 of the Companies Act, 2013.

Board Meetings held during the year :

In compliance with section 173 of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, there were five Board Meetings held during the financial year 2015 - 16 on the following dates, and there was not a gap of 120 days between two consecutive Board Meetings:

1.	29.05.2015	4.,	11.11.2015
2.	31.07.2015	5.	11.02.2016
3.	20.08.2015	6.	

No Board Meeting was conducted through video conferencing or other audio visual means.

BOARD PROCEDURES

Adequate notice of every board meeting is given to every director in writing at his/her address registered with the Company in pursuance of section 173(3) of the Companies Act, 2013. The Board Meetings are governed by well-structured agenda containing necessary information and details, which is circulated well in advance. Issues emerging on exigencies are at times placed at the Board Meeting with prior approval of the Chairman of the meeting and with the consent all directors present.

Review of compliance report relating to all laws applicable to the Company, is being done periodically by the Board of Directors. Instances of non-compliances, if any, are noted by the Board and appropriate

remedial measures are taken. The reports which are required to be placed before the Board of Directors in pursuance of Regulation 17 of SEBI (LODR) Regulations, 2015, are placed before the Board at regular intervals. An action taken report on the resolutions passed / decisions taken at a board meeting, is placed before the Board in its next meeting.

BOARD EVALUATION:

During the financial year, the Board of Directors adopted a formal mechanism for evaluation of its performance as well as that of its Committees and individual Directors including Chairman of the Board. Through a structured evaluation process covering various aspects of the Board's functioning such as governance issues, performance of specific duties and obligations, experience and competencies. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board based on the parameters such as attendance at Board / Committee Meetings, contribution at Board / Committee Meetings and guidance given to Management and also based on questionnaire and feedback from all the Directors as a whole, Committee and self-evaluation.

A separate meeting of Independent Directors was convened on 11.11.2015 which reviewed the performance of the Board as a whole, the Non-Independent Directors and the Chairman of the Board. After the conclusion of the Independent Directors Meeting, the feedback of Independent Directors were discussed by the Chairman of Nomination and Remuneration Committee with the Chairman of the Board, covering the performance of the Board as a whole, performance of Non-Independent Directors and the performance of Chairman of the Board.

The performance evaluation of the Board was carried out based on the following:

- Board's structure and composition
- Establishment and Delineation of responsibilities to Committees
- Efficacy of communication with external stakeholders
- Effectiveness of Board process, information and functioning.

INDUCTION AND TRAINING OF BOARD MEMBERS:

On induction to the Board, the concerned director is issued a letter of appointment which spells out in detail, the terms of appointment, duties, responsibilities and other commitments. Each newly appointed director is taken through a formal induction programme which includes interactive sessions with Executive Committee members, functional heads and visit to the manufacturing site. The Managing Director and the Chairman of the Board apprise the appointee regarding the subtle aspects of Company's manufacturing, marketing, finance and other activities. The CFO and the Company Secretary brief the appointee regarding financial, legal and compliance related responsibilities.

3. AUDIT COMMITTEE

Composition and Terms of Reference :

- ❖ The Audit Committee presently comprises of five members, viz, three Non-Wholetime Independent Directors, one Non-wholetime Director, and one Whole-time Director. The Chairman of the Audit Committee is Shri. M.S.V.M.Rao, an Independent Director, and is present at the Annual General Meetings of the Company. Shri. Vinod R. Sethi, Executive Chairman, Dr.Vithal Rajan, Shri.Prathap K.Moturi (Independent Directors), and Shri.K.A.Rangaswamy, Non-wholetime Director, are presently its other members. The composition of Audit Committee is in compliance with section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.
- ❖ The Terms of Reference of the Audit Committee:
 - a. The Committee has oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - b. Recommends for appointment, remuneration and terms of appointment of auditors of the company.
 - c. Approves payment to statutory auditors for any other services rendered by the statutory auditors.
 - d. Reviews with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- i. Matters required to be included in the Director's Responsibility Statement being a part of the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
- ii. Changes, if any, in accounting policies and practices and reasons for the same.
- iii. Major accounting entries involving estimates based on the exercise of judgment by management;
- iv. Significant adjustments made in the financial statement arising out of audit findings;
- v. Compliance with listing and other legal requirements relating to financial statements;
- vi. Disclosure of any related party transactions
- vii. Qualifications in the draft audit report.
- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- h. Approval or any subsequent modification of transactions of the company with related parties.
- i. Scrutiny of inter-corporate loans and investments.
- j. Valuation of undertakings or assets of the company, wherever it is necessary.
- k. Evaluation of internal financial controls and risk management systems.
- l. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors of any significant findings and follow up thereon.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.
- s. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc, of the candidate.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u. Managing Director and Chief Financial Officer are present at the Audit Committee Meetings as permanent invitees. Internal Auditor, representatives of Statutory Auditor, Cost Auditor are also present in most of the meetings.

Meetings and attendance during the year:

There were four meetings of the Audit Committee during the year, viz., on 29.05.2015, 31.07.2015, 11.11.2015, and 11.02.2016. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Shri.K.A.Rangaswamy	3
Shri. Vinod R.Sethi	3
Dr Vithal Rajan	3
Shri.M.S.V.M.Rao	4
Shri. Prathap K. Moturi	4

4. NOMINATION & REMUNERATION COMMITTEE :

The Nomination and Remuneration Committee is chaired by Dr.Vithal Rajan, an Independent Director. He is present at the Annual General Meetings of the Company. The other three members of the Committee are Shri. Vinod R. Sethi, a whole-time Director, Shri.K.A.Rangaswamy, a non-whole-time Director, and, Shri. Ranvir R.Shah an Independent Director. The composition of Nomination & Remuneration Committee is in compliance with section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. The terms of reference in pursuance of section 178 of the Companies Act, 2013, includes the following:

- ❖ Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment / removal, and shall carry out evaluation of every director's performance.
- ❖ Committee shall formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
- ❖ Committee while formulating the policy, shall ensure:
 - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the directors of the quality required to run the company successfully.
 - ii. Relationship of remuneration to performance is clear and needs appropriate performance bench-marks and
 - iii. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
 - iv. Evaluation of Independent Directors and the Board.
- ❖ The Whole-time Directors are paid salaries, allowances/perquisites, and in addition, commission if it arises, within the limits under the Companies Act, 2013 and subject to the further limits, if any as approved by the Shareholders. The remuneration paid to the Whole-time Directors during 2015-16 is as below:

(Rs. in Lakhs)

Directors	Salary & Allowance	Contribution to PF	Contribution to Gratuity	Perquisites	Commission	Total
Shri.Vinod R.Sethi	12.00	1.44	--	0.23	--	13.67
Smt.Irmgard Velagapudi M.Rao	48.00	--	--	0.00	--	48.00
Smt.V.Kiran Rao	36.00	4.32	--	0.67	--	40.99

The Committee met once on 11.02.2016 during the financial year 2015 – 16.

The Non Executive Directors are paid a sitting fees of Rs.30,000/- per Meeting of the Board and Rs.20,000/- per meeting of the Committee attended by them apart from daily allowance and out of pocket expenses. In addition, pursuant to Section 197 of the Companies Act, 2013, they are entitled to a remuneration by way of

Commission not exceeding in aggregate, 1% of the net profits of the Company, subject to a maximum limit of Rs.1,75,000/- (Rupees One lakh and seventy five thousand only) per Director, for each of the financial years from 2011-12 to 2015-16, in terms of the approval granted by the Shareholders at the Sixteenth Annual General Meeting held on 29.09.2011. A special resolution for payment of commission to Non-wholetime Directors for the period of three years from 2016-17 to 2018-19, based on the recommendation of Nomination & Remuneration Committee is placed at this Annual General Meeting for the approval of the shareholders.

The details of the remuneration paid to the Non- Executive Directors during the year 2015 - 16 are given below:

(Rs. in Lakhs)

Directors	Commission	Sitting Fees	Total
Shri.K.A.Rangaswamy	0.00	4.20	4.20
Shri. Ranvir R.Shah	0.00	1.30	1.30
Dr.Vithal Rajan	0.00	2.20	2.20
Shri.M.S.V.M.Rao	0.00	2.50	2.50
Shri.Prathap K. Moturi	0.00	2.50	2.50
Total	0.00	12.70	12.70

5. SHAREHOLDINGS OF NON EXECUTIVE DIRECTORS:

The Shareholdings of the Non-Executive Directors are as below:

Directors	No. of shares held (F.V.of Re.1/-each)
Shri.K.A.Rangaswamy	600
Shri. Ranvir R. Shah	3,70,242
Dr.Vithal Rajan	Nil
Shri.M.S.V.M.Rao	10
Shri.Prathap K. Moturi	Nil

6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee is vested with the powers to look into the problems / grievances of Shareholders/Investors as per SEBI norms. The Chairman of the Committee is Shri.K.A.Rangaswamy, a Non-Wholetime Director with Smt.Irmgard Velagapudi M.Rao, and Smt.V.Kiran Rao, who are whole-time directors, as its other Members. The composition of Stakeholders Relationship Committee is in compliance with section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015.

The Committee normally meets once / twice in a month based on the volume of transfers. The terms of reference encompasses:

- To approve requests for share transfers, transmissions, transpositions, dematerialization, split and duplicate shares.
- To review and take all necessary steps for redressal of investor's grievances and complaints as may be required in the interests of the investors.

There were 12 meetings of the Stakeholders Relationship Committee held during the year. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Shri.K.A.Rangaswamy	12
Smt.Irmgard Velagapudi M.Rao	8
Smt.V.Kiran Rao	12

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

Shri.S.Chidambaram, General Manager (Finance) & Company Secretary, is the Compliance Officer of the Company. M/s. Integrated Enterprises (India) Ltd are the Registrars, Transfer Agents and Depository Registrars of the Company for physical / electronic shares. All transfer of shares received by the Company/ Registrars during the year has been processed. During the year, 330 queries / complaints were received from the shareholders, all of which have been resolved.

Nature of Queries / Complaints	During the year ended 31.03.2016	
	Received	Attended to
Non-receipt of Certificates	0	0
Non-receipt of Interest / Dividend Warrants/ Cheques / Drafts	19	19
Issue of Duplicate Share Certificates	3	3
Issuance of Duplicate Dividend Warrant / Cheque / Drafts / Revalidation	201	201
Correction in Share Cert./Dividend Warrant / Cheque / Drafts	44	44
Non-Receipt of Annual Report	2	2
General queries-request for change of address, procedure for transmission of shares/procedure for loss of share certificates/ Nomination	61	61
TOTAL	330	330

In pursuance of Regulation 13 of SEBI (LODR) Regulations, 2015, the Company ensures that adequate steps are taken for expeditious redressal of investor complaints. The Company is registered on SCORES platform in order to handle investor complaints electronically. The Company also files a statement giving status of investor complaints with NSE and BSE on a quarterly basis. Action Taken Report (ATR) with supporting documents is submitted in SCORES.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Company has been voluntarily doing lot of social welfare activities in and around the places of Company's operations even before the Corporate Social Responsibility activities were made mandatory as per section 135 of the Companies Act, 2013. However, in compliance with the statutory provisions as per section 135 of the Companies Act, 2013, Corporate Social Responsibility Committee has been constituted by the Board of Directors at its meeting held on 30.10.2013 with Smt.Irmgard Velagapudi, Whole-time Director, as the Committee's Chairperson, and Shri.Vinod R.Sethi, Whole-time Director, Shri.K.A.Rangaswamy and Shri.M.S.V.M.Rao, Non-whole-time Directors, as members.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

As part of corporate social responsibility, the Company has been involving and participating in various events by organizing rallies, processions, campaigns to propagate and sensitize employees, colony residents and public of vicinity on the eve of:

- World Environment Day
- National Safety Day
- Celebration of Fire Service Week
- Celebration of World Health Day
- World Earth Hour.

The Company has been organizing Mega Health Checkup camps every year in coordination with Rotary Club, NGOs, to identify types of diseases by proper diagnosis and distribute medicines by involving doctors of corporate hospitals in various disciplines. Saplings plantation programme was organized by undertaking plantation in and around Vuyyuru, surrounding villages and our manufacturing facilities for the development of green cover. Further, the Company had developed avenue plantation on both sides of the highways and along the interior roads in Krishna District and this is an ongoing process every year.

The Company has been digging re-charge wells to conserve the water and also widely encouraging drip irrigation as part of best water management practices by enlightening the farmers. The Company has subsidized to the farmers to an extent of 25% of the cost of the re-charge bore wells.

As part of development of organic farming, the company has been propagating the use of Bio-fertilizers manufactured in the Company's Biotech facilities for application to the crops for better output and yield which enriches the land health and fertility. Bio insecticides are being used widely to discourage chemical insecticides.

The Company has also been putting its efforts to supply clean potable drinking water in participation with Naandi Foundation and other NGO's to nearby villages and educational institutions.

The Company has also been organizing every year Veterinary Camps, Eye Camps in massive scale in entire Krishna District. Further, blood donation camps were organized and also were arranging blood donors to the needy patients among the Company's employees.

The Company has been donating for the construction of panchayat buildings, police stations, fire stations, veterinary hospitals, cyclone shelters, school buildings. The Company is also conducting periodically Immunization camps, family welfare camps and AIDS and polio awareness camps, etc.

The Company has been conducting awareness programmes on pulse polio programme, AIDS, Population Day, World Olympic Day, etc, through involvement of voluntary organizations like Rotary Club, Lions Club, and Inner Wheel Club of Vuyyuru.

The Company has been organizing camps / rehabilitation centres for fire and flood victims by providing food / utensils / cloths / medicines in times of natural calamities and fire accidents.

The Company is donating liberally directly and through Rotary Club, NGOs and other Government agencies, for promotion of the following community development activities:

- Building houses for poor.
- Building Bus shelters and low cost individual toilets
- Building roads, bridges and culverts for better connectivity.
- Helping Educational Institutions and children of rural areas to promote literacy
- Liberally donating relief fund in times of natural disasters
- Environment and safety awareness sessions conducted in nearby schools and villages.
- Financial assistance to poor patients for surgery, treatment, etc.

Report on CSR activities in pursuance of Companies (Corporate Social Responsibility) Rules, 2014, is furnished in Annexure V to this Report.

8. RISK MANAGEMENT COMMITTEE:

As the constitution of Risk Management Committee is applicable only to top 100 listed companies, determined on the basis of market capitalization as at the end of the immediate previous financial year, the Company is not mandated to constitute a Risk Management Committee. However, the Board of Directors of the Company on its own, had laid down procedures for Risk Assessment and Minimization.

9. VENUE AND TIME OF LAST THREE ANNUAL GENERAL MEETINGS:

AGM for the financial year ended	Date / Time	No of Special resolutions	Members Present	
			In Person	By Proxy
31.03.2013	30.08.2013 at 10.00 a.m.	--	767	19
31.03.2014	11.09.2014 at 11.00 a.m.	--	730	6
31.03.2015	20.08.2015 at 10.30 a.m.	4	659	8

- a. All the three AGMs were held at "Sathguru Gnanananda Hall", Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai 600018.
- b. No postal ballots were required to be used for voting on any of the items of business at the above meetings. At the ensuing AGM, there is no item on the agenda that needs approval by postal ballot.

10. DISCLOSURES:❖ **Related Party Transactions:**

All transactions entered into by the Company with Related Parties during the financial year 2015-16 were in ordinary course of business and on arms length basis. The details of Related Party transactions are set out in Note No.40 in the Notes to the Finance Statements, forming part of the Annual Report. All the Related Party transactions undertaken by the Company were in compliance with section 188 of the Companies Act, 2013, read with Regulation 23 of SEBI (LODR) Regulations, 2015. All related party transactions have prior approval of the Audit Committee as required under Regulation 23(2) of SEBI (LODR) Regulations, 2015. Particulars of Contracts / Agreements entered into by the Company with Related Parties referred to in Section 188(1) of the Companies Act, 2013 including certain arms length transactions under Third proviso to section 188(1) are furnished in Form No.AOC-2. (refer Annexure IX).

❖ **Compliance with Corporate Governance Norms & Transfer / Transmission / Transposition of Securities Norms:**

The Company has complied with mandatory requirements of the Code of Corporate Governance as stipulated under Regulation 27 of SEBI (LODR) Regulations, 2015 with the Stock Exchanges. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchanges for the quarters ended 30.06.2015, 30.09.2015, 31.12.2015 and 31.03.2016. The statutory auditors have certified that the Company has complied with the Corporate Governance norms as stipulated under para (E) of Schedule V of the Listing Regulations with the Stock Exchanges. The said certificate is annexed to the Directors Report.

Reconciliation of Share Capital Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Chartered Accountant carries out the Reconciliation of Share Capital Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total Issued and Listed Capital. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors, within the stipulated time.

Electronic Filing**NEAPS:**

Quarterly Reports to be filed with the National Stock Exchange Ltd are filed through NSE Electronic Application Processing System (NEAPS) effective from quarter ended 31.12.2011.

BSE Listing Centre

Quarterly Reports to be filed with the National Stock Exchange Ltd are filed through BSE Listing Centre effective from the financial year under review.

Quarterly Financial Results:

In pursuance of Regulation 33 of SEBI (LODR) Regulations, 2015, quarterly financial results as approved by the Board on the recommendations of Audit Committee, are communicated to Stock Exchanges through NEAPS / BSE Listing Centre after conclusion of the Board Meeting. The results are also published in the prescribed format in English newspaper and one vernacular newspaper, having wide circulation. The results are also immediately posted on the Company's website.

❖ **Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for the Members of the Board as well as to all connected persons in pursuance of Disclosures under Regulation 17 of SEBI (LODR) Regulations, 2015. The Managing Director has confirmed and declared that all the Members of the Board as well as all connected persons have affirmed compliance with the Code of Conduct. The Codes have been posted on the Company's website www.kcpsugar.com. All the Board Members and Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year 2015-16. The declaration to this effect signed by the Managing Director of the Company forms a part of this report.

❖ **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, 2015. The Code is applicable to all the Directors / Officers and Designated Employees. The Code also aims to prevent dealing in the shares by persons having access to unpublished information.

Transactions with the Related Parties are disclosed in Note No. 40 of Notes to the Accounts in the Annual Report.

During the last three years, there were no strictures for penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the Capital Markets.

11. MEANS OF COMMUNICATION :

- ❖ The quarterly, half yearly and annual results are generally published in widely circulating national & local dailies such as The Financial Express (in English) and Malai Sudar (in Tamil).
- ❖ The Company has a website, www.kcpsugar.com under Regulation 46 of SEBI (LODR) Regulations, 2015. There were no presentations made to the institutional investors or analysts.
- ❖ DOCUMENTS PLACED ON COMPANY'S WEBSITE (www.kcpsugar.com)
 - Details of the Company's business.
 - Terms and conditions of appointment of Independent Directors
 - Composition of various Committees of the Board of Directors
 - Code of Conduct of Board of Directors and Senior Management Personnel.
 - Details of unpaid dividend as per section 124.
 - Corporate Social Responsibility Policy as per section 135(4)(a).
 - Stand-alone and Consolidated Financial statements of the Company along with relevant documents as per the 3rd proviso to section 136(1).
 - Separate audited accounts in respect of subsidiaries as per the 4th proviso to section 136(1).
 - Financial information including (1) Notice of meeting of the Board of Directors where financial results are discussed; (2) Financial results on the conclusion of meeting of the Board of Directors where the financial results are approved, together with the Limited Review Reports issued by the Statutory Auditors.
 - Details of Vigil Mechanism for Directors and Employees to report genuine concerns as per section 177(10).
 - Disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015, and Code of Fair Disclosure and Conduct.
 - Shareholding pattern.

The Company ensures that the contents of the website are correct and updates, changes, if any, in the contents of the website, periodically.

- ❖ As required under Regulation 46(2)(j) of SEBI (LODR) Regulations, 2015, has created a dedicated email ID investorservices@kcpsugar.com for registration and redressal of investor's grievances.

12. Vigil Mechanism

The Company has established a Vigil Mechanism for Directors and Employees to report their genuine concerns, in pursuance of section 177(9) of the Companies Act, 2013 read with Regulation 22 of SEBI (LODR) Regulations, 2015, and Rule 7 of the Companies (Meetings of Board and its powers) Rules, 2014. The Vigil mechanism policy has been uploaded in the Company's website. The said Vigil Mechanism policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

No complaint under this facility was received during the financial year 2015-16.

13. Preservation of Documents:

The Company has a policy in line with Regulation 9 of SEBI (LODR) Regulations, 2015, for preservation of documents maintained in electronic / physical form.

14. Peer Review of Auditors:

Pursuant to Regulation 33(d) of SEBI (LODR) Regulations, 2015, the statutory auditors of the Company have confirmed that they have subjected themselves to Peer Review Process of the Institute of Chartered Accountants of India and they hold the valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

15. Business Responsibility Report:

Inclusion of Business Responsibility Report as a part of Annual Report of the listed entities as mandated by SEBI Circular dt. 13.08.2012 and under Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, is not applicable to the Company as only the top 500 listed entities are only covered at present.

16. GENERAL SHAREHOLDER INFORMATION :

- ❖ AGM: Date, Time and Venue: 21st Annual General Meeting – on 21st day of September 2016 at 10.00 a.m. at “Sathguru Gnanananda Hall”, Narada Gana Sabha, No.314, T.T.K.Road, Chennai 600018.

Date of Book Closure

For the year ended 31.03.2016	Book Closure Date (s)	Dividend paid / payable
Dividend	14.09.2016 to 21.09.2016 (both dates inclusive)	The Board of Directors at their Meeting held on 26.05.2016 has recommended a dividend of Re.0.25. per equity share of face value Re.1/-, subject to the approval of Shareholders at the ensuing Annual General Meeting. On approval thereof, this dividend will be paid to the Shareholders on or after 21.09.2016 but within the statutory time limit

Tentative Financial calendar:

- i. Financial Year – 1st April to 31st March.
- ii. First Quarter Results on or before 14.08.2016.
- iii. Half-yearly Results on or before 14.11.2016.
- iv. Third Quarter Results before 14.02.2017.
- v. Results for the year ending 31.03.2017 on or before 30.05.2017

Listing on Stock Exchanges:

National Stock Exchange of India Ltd and The Bombay Stock Exchange Ltd.

Annual listing fees had been paid to the National Stock Exchange and there is no amount outstanding as on date

Custodial Charges :

The Company had paid Custodial Charges to NSDL and CDSL for the financial year 2016-17

Shareholders who hold shares in physical mode are requested to convert their holding to demat mode considering the merits of depository system.

PAN requirement :

SEBI vide its circular dt. 27.04.2007 made PAN as the sole identification number for all participants transacting in the securities market, irrespective of the transaction amount. Further, SEBI vide its circular dt. 20.05.2009 made it mandatory to furnish a copy of the PAN card of the Transferee to the Company / RTA for registration of transfer of shares of the Listed Companies in physical form and off market / private transactions. Furnishing a copy of PAN card for transmission / transposition of shares

has been made mandatory by SEBI vide its circular dt. 27.01.2010

Investors are requested to take note of the aforesaid circulars.

Stock Code - Physical : “KCPSUGIND ” on both the National Stock Exchange and Bombay Stock Exchange (Scrip No. 533192)

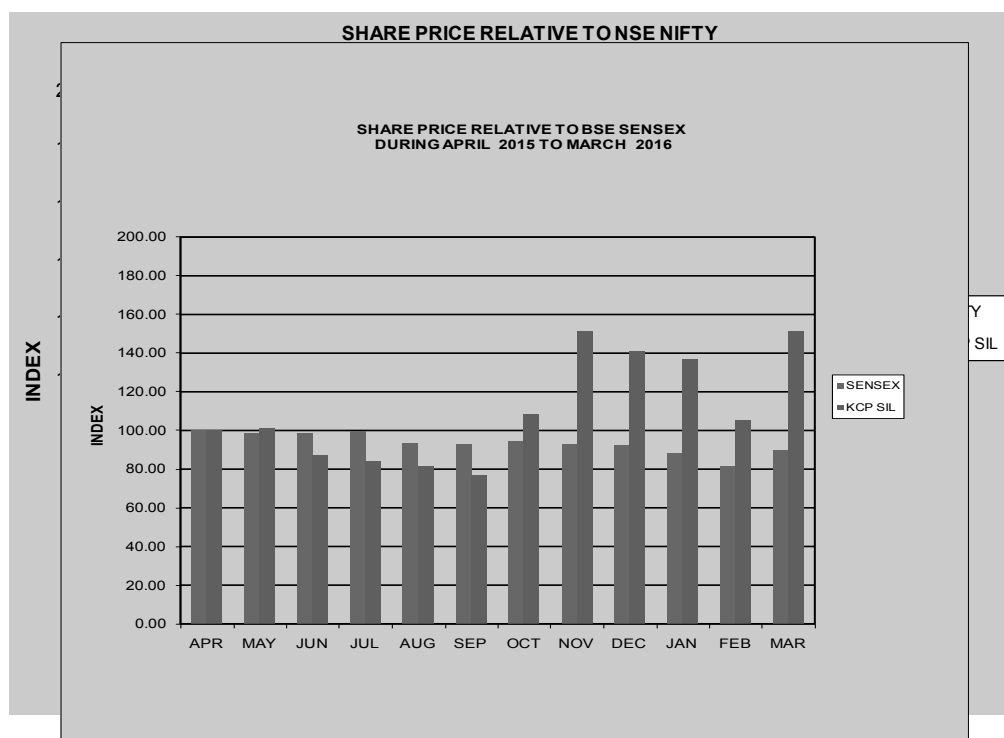
De-mat ISIN Number : **INE790B01024. (The Equity shares of the Company are traded in ‘Compulsory Demat’ form.)**

CIN : **L15421TN1995PLC033198**

High / Low of market price of the Company’s shares (Face Value Re.1/-) traded on the National Stock Exchange and Bombay Stock Exchange, during the financial year 2015 – 16 is furnished below:

(Rs. per share)

Period	High		Low		Period	High		Low	
	NSE	BSE	NSE	BSE		NSE	BSE	NSE	BSE
April ‘15	19.75	20.80	18.15	18.15	October ‘15	22.00	21.88	13.70	14.25
May ‘15	19.90	20.25	18.10	18.25	November ‘15	29.00	29.45	18.70	19.20
June ‘15	18.65	18.70	15.00	15.05	December ‘15	29.00	28.90	23.30	23.40
July ‘15	17.30	17.40	15.50	15.25	January ‘16	33.30	33.30	23.80	23.55
August ‘15	17.00	17.10	14.10	12.40	February ‘16	26.50	26.30	17.60	17.80
Sept ‘15	15.50	15.29	13.50	12.82	March ‘16	29.40	29.40	19.80	20.00



Registrar /Transfer Agents/ : Integrated Enterprises (India) Ltd

Depository Registrars : Kences Towers, 2nd Floor, 1,Ramakrishna Road, North Usman Road, T.Nagar, Chennai 600017. Tel : 28140801 to 03 : Fax : 28142479

Share Transfer System: : The shares of the Company are included in the list of shares under the compulsory dematerialization and are transferable through the depository

system. All documents received for physical transfer of shares are processed by the Registrar and Transfer Agents and are approved by the Stakeholders' Relationship Committee which normally meets twice / once in a month depending on the volume of transfers. Share transfers are registered and returned within a maximum of 15 days from the date of lodgment, if documents are complete in all respects. There is no pending share transfer request as on 31.03.2016.

Nomination facility : Shareholders holding shares in physical form intending to make a Nomination are requested to submit Form No.SH-13 prescribed under Rule 19 of the Companies (Share Capital & Debentures) Rules, 2014 to the Company's Registrar and Transfer Agent. Shareholders holding share in electronic form can submit the said form to their respective Depository Participants. The said form can be obtained on request from the Company or can be downloaded from MCA website.

Distribution of Shareholding and shareholding pattern as on 31.03.2016:

a. By number of Shares held:

No of shares held	No. of Shareholders	% of Shareholders	Aggregate shares held	% of Shareholding
Upto 5000	23227	94.19	142558065	12.58
5001 – 10000	670	2.72	4956642	4.37
10001 – 20000	330	1.34	4735378	4.18
20001 – 30000	150	0.61	3711654	3.27
30001 – 40000	81	0.33	2894241	2.55
40001 – 50000	48	0.19	2207952	1.95
50001 – 100000	74	0.30	5082130	4.48
100001 and above.	80	0.32	75538988	66.62
TOTAL	24660	100.00	11,33,85,050	100.00

b. By ownership:

Name of the Company: K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED.								
Scrip Code: KCPSUGIND Shareholding Pattern				Quarter ended 31.03.2016			Shares pledged or otherwise encumbered	
(I) Cat- egory Code	(II) Category of Shareholder	(III) No. of Share holders	(IV) Total No. of Shares [Face Value: Re.1/- per Share]	(V) No. of Shares held in Dematerial- ised Form	Total No. of share- holding as a per- centage of Total No. of Shares			
					(VI) As a % of (A+B)	(VII) As a % of (A+B+C)	(VIII) Num- ber	(IX) As a % (IX) = (VIII) / (IV) * 100	(X) (X)=(VIII) / (IV) A + B + C *100

Shareholding of Promoter and Promoter Group:									
A									
1	INDIAN								
a.	Individual / Hindu Undivided Family	5	1881310	1881310	1.66	1.66	Nil	Nil	Nil
b.	Central Government / State Govt.	0	0	0	0	0	Nil	Nil	Nil
c.	Bodies Corporate	1	43734156	43734156	38.57	38.57	Nil	Nil	Nil
d.	Financial Institutions / Banks	0	0	0	0	0	Nil	Nil	Nil
e.	Any other (specify)	0	0	0	0	0	Nil	Nil	Nil
	SUB TOTAL A (1)	5	45615466	45615466	40.23	40.23	Nil	Nil	Nil
2	FOREIGN								
a.	Individual (Non-Resident / Foreign)	0	0	0	0	0			
b.	Bodies Corporate	0	0	0	0	0			
c.	Institutions	0	0	0	0	0			
d.	Qualified Foreign Investor	0	0	0	0	0			
e.	Any other (Specify)	0	0	0	0	0			
	SUB-TOTAL A (2)	0	0	0	0	0			
	Total shareholding of Promoter and Promoter Group (A) = A(1) + A(2)	5	45615466	45615466	40.23	40.23			
B	PUBLIC SHAREHOLDING								
1	Institutions								
a.	Mutual Funds / UTI	6	11220	4750	0.010	0.010			
b.	Financial Institutions / Banks	10	36840	15500	0.03	0.03			
c.	Central Government / State Govt.	1	500	500	0.000	0.000			
d.	Venture Capital Funds	0	0	0	0.000	0.000			
e.	Insurance Companies	0	0	0	0.000	0.000			
f.	Foreign Institutional Investors	1	500	500	0.000	0.000			
g.	Foreign Venture Capital Investors	0	0	0	0	0			
h.	Qualified Foreign Investor	0	0	0	0	0			
i.	Any Other (specify)	0	0	0	0	0			
	SUB TOTAL B (1)	18	49060	21250	0.04	0.04			
2	Non-Institutions								
a.	Bodies Corporate (Indian / Foreign / Overseas)	410	14536047	14536047	12.82	12.82			
b.	Individuals (Resident / NRI / Foreign National)	0	0	0	0	0			
(i).	Individual shareholders holding Nominal Share Capital upto Rs.2 lakhs	24067	39758424	33078769	35.06	35.06			
(ii).	Individual shareholders holding Nominal Share Capital above Rs.2 lakhs.	32	12977234	12085474	11.45	11.45			
c.	Qualified Foreign Investor	0	0	0	0.000	0.000			
d.	Any other	0	0	0	0	0			
(i).	Clearing Member	122	380549	380549	0.34	0.34			
(iii).	Limited Liability Partnership	3	39500	39500	0.03	0.03			
(iv).	Trust	2	28770	28770	0.03	0.03			
	SUB TOTAL B (2)	24636	67720524	60149109	59.73	59.73			
	Total Public shareholding (B) = B(1) + B(2)	24654	67769584	60170359	59.77	59.77			
	TOTAL (A) + (B)	24655	113385050	105785825	100.000	100.000			
C.	Shares held by Custodians and against which Depository Receipts have been issued:	NOT APPLICABLE							
	GRAND TOTAL (A) + (B) + (C)	23592	113385050	95320331	100.000	100.000			

I (b) Statement Showing Shareholding of Persons belonging to the Category PROMOTER AND PROMOTER GROUP Quarter ended 31.03.2016

No. (I)	Name of the Shareholder (II)	No. of Shares (III)	Shares as percentage of Total No. of Shares (i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above)n (IV)	Shares pledged or otherwise encumbered		
				Number (V)	As a % (VI) = (V) / (III) * 100	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)(VII)
1	Smt Irmgard Velagapudi	1435780	1.27	Nil	Nil	Nil
2	Durgamba Investment Private limited	43734156	38.57	Nil	Nil	Nil
3	Smt Kiran Velagapudi	265020	0.23	Nil	Nil	Nil
4	Smt Irmgard Velagapudi	147500	0.13	Nil	Nil	Nil
5	Sri Vinod R Sethi	33010	0.03			
	TOTAL	45615466	40.23	Nil	Nil	Nil

I (c) Statement showing Shareholding of Persons belonging to the Category PUBLIC HOLDING MORE THAN 1% of the Total Number of Shares

No.	Name of the Shareholder	No. of Shares	Shares as percentage of Total No. of Shares (i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above)
1	Chinmay G Parikh	1396874	1.23
2	V.R.K. Grandsons Investment Pvt.Ltd.	9578330	8.45
	Total	10975204	9.68

(I)	Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with			
(c)	PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the			
(i)	company			
1	V.R.K. Grandsons Investment Pvt.Ltd.	9578330	8.45	
	Total	9578330	8.45	

I (d) Statement showing details of locked-in shares Quarter Ended 31.03.2016

Sl.No.	Name of the Shareholder	No. of locked-in shares	Shares as percentage of Total No. of Shares (i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above)
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NOT APPLICABLE

(II) (a) Statement showing details of Depository Receipts (DRs)

SI No	Type of outstanding DR (ADRs,GDRs) AND SDRs etc)	No of outstanding DRs	No.of shares underlying outstanding DRs	Shares underlying outstanding DRs as percentage of total No.of shares (ie.Grand Total (A+B+C) indicated in statement at para 1 (a) above
	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil

(II) (b) Statement showing details of Depository Receipts (DRs) where underlying shares in excess of 1% of the total no of shares

SI No	Name of DR holder	Type of outstanding DR (ADRs,GDRs) AND SDRs etc)	No.of shares underlying outstanding DRs	Shares underlying outstanding DRs as percentage of total No.of shares (ie.Grand Total (A+B+C) indicated in statement at para 1 (a) above)
	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil
	Partly paid-up Shares	No of partly paid-up shares	As a % of total No.of paid-up shares	As a % of total No.of shares of the Company

	Held by Promoter / Promoter group	N.A	N.A	N.A					
	Held by Public	N.A	N.A	N.A					
	Total	N.A	N.A	N.A					
	Outstanding Convertible Securities	No of outstanding convertible securities	As a % of total No.of outstanding convertible securities	As a % of total No.of shares of the Company, assuming full conversion of the convertible securities					
	Held by Promoter / Promoter group	N.A	N.A	N.A					
	Held by Public	N.A	N.A	N.A					
	Total	N.A	N.A	N.A					
	Warrants	No of warrants	As a % total No.of warrants	As a % of total No.of shares of the Company, assuming full conversion of warrants					
	Held by Promoter / Promoter group	N.A	N.A	N.A					
	Held by Public	N.A	N.A	N.A					
	Total	N.A	N.A	N.A					
	Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities	N.A	N.A	N.A					

• **Shares in Physical and Electronic form:**

Shareholders in	No.of Shareholders	(%)	No.of Shares	%
Physical Mode	3932	15.94	7986235	7.04
- Sub-Total	3932	15.94	7986235	7.04
Electronic Mode:				
- NSDL	14453	58.61	84510821	74.54
- CDSL	6275	25.45	20887994	18.42
- Sub-Total	20728	83.03	9,53,20,331	84.07
GRAND TOTAL	24660	100.00	113385050	100.00

The Company has not so far issued any GDRs/ADRs/Warrants or any other convertible instruments.

Top ten individual shareholders of the Company other than Promoter category as on 31.03.2016:

Sl. No	Name of the Shareholder	Shares	% to Capital
1	Chinmay G Parikh	1396874	1.23
2	Padmini Rajan	893000	0.79
3	Sakunthala Devi Boppana	870100	0.77
4	Boppana Vinay Kumar	855250	0.75
5	Haroon Mahmud Adam	796500	0.70
6	Koganty Srihari Rao	541113	0.48
7	Rani S.B.	509060	0.45
8	Radhakishan Dhamani	500000	0.44
9	Bharadhwajan V.J.	499462	0.44
10	Diwan Bahadur PSG Rangaswamy Naidu	468270	0.41
	Total	7329629	6.46

• **Unclaimed Shares**

In accordance with clause 5A(II) of the Listing Agreement and SEBI Circular No. CIR/CFD/10.2010 dt. 16.12.2010, the Company has identified 240 folios comprising of 235730 equity shares of face value of Re.1/- each, which were unclaimed as on 31.03.2015. The Company had sent reminders in accordance with the said clause in the financial year 2012-13, 2013-14 and 2014-15. Four Claims for remat for 9870 shares were

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

received during the financial year 2015-16 and remat requests were processed and the aggregate unclaimed No. of folios were 200 and unclaimed No. of shares as on 31.03.2016 were 225860. The voting rights in respect of these unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

The status as on 31.03.2016 is as under:

Particulars of Unclaimed shares	Number of shareholders	Number of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01-04-2015 shares in the suspense account lying as on 01-04-2015	204	235730
Number of shareholders who approached the company for transfer of shares from suspense account during the period	4	9870
Number of shareholders to whom the shares were transferred from the suspense account during the period	4	9870
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31-03-2016	200	225860

In terms of the provisions of Section 124 of the Companies Act, 2013 [section 205-A(5) of the Companies Act, 1956], the amount of dividend remaining unclaimed / unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account is required to be **transferred to the Investor Education and Protection Fund (IEPF)**. Accordingly, dividend for the financial year ended 31.03.2008 had been transferred to IEPF during the financial year 2015-16. Dividend for the financial year ended 31st March, 2009 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Education and Protection Fund (IEPF)** established by the Central Government.

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

Financial year ended	Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2009	23.09.2009	24.09.2016	23.10.2016
31.03.2010	19.08.2010	22.08.2017	21.09.2017
31.03.2011	29.09.2011	28.09.2018	27.10.2018
31.03.2012	28.09.2012	27.09.2019	26.10.2019
31.03.2013	30.08.2013	29.08.2020	27.09.2020
31.03.2014	11.09.2014	10.09.2021	09.10.2021
31.03.2015	20.08.2015	19.08.2022	18.09.2022

Members are informed that the dividend for the financial year 2008-09 shall become due for transfer to IEPF on 23.10.2016. Any member who has not claimed dividend in respect of the said financial year is requested to approach the Company / Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 15.10.2016. The Company has already sent reminders to all such members at their registered address in this regard. The details of Unclaimed Dividend are available in the Company's website.

- Plant Locations**

The Company has got Sugar, Distillery, Ethanol, Biotech, Incidental Cogeneration, CO₂, Calcium Lactate units at Vuyyuru; Sugar and Incidental Cogeneration units at Lakshmiapuram, both in Krishna District and all of them in Andhra Pradesh.
- Address for Correspondence**

Shareholders correspondence should be addressed to Registrar and Share Transfer Agents at the address mentioned above. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant. Shareholders may also contact Shri.S.Chidambaram, General Manager (Finance) & Company Secretary at the Registered Office of the Company for any assistance.

Tel.Nos. 28555171 – 76 Extn: 117

E-mail id: kcpsugar@vsnl.com. An exclusive e-mail ID investorservices@kcpsugar.com has been created for registering investors complaints.

For and on behalf of the Board of Directors

VINOD R. SETHI
EXECUTIVE CHAIRMAN

Place : Chennai
Date : 26.05.2016

DECLARATION

[Pursuant to Para D of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

I, IRMGARD VELAGAPUDI M.RAO, Managing Director of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct of Board of Directors and senior management personnel for the financial year 2015-16.

For K.C.P.Sugar and Industries Corporation Limited

Place : Chennai
Date : 26.05.2016

IRMGARD VELAGAPUDI M. RAO
MANAGING DIRECTOR

COMPLIANCE CERTIFICATE

To
THE MEMBERS OF
K.C.P.SUGAR AND INSUTRIES CORPORATION LTD,
CHENNAI.

We have examined the compliance with the conditions of Corporate Governance by **K.C.P. Sugar and Industries Corporation Ltd**, for the year ended 31st March, 2016 as stipulated in clause 49 of the Listing agreement of the company entered into with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the 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 the 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, we certify that the Company has, during the aforesaid year, complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that, as at 31st March, 2016, no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company and produced for our verification.

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.

Place : Chennai.
Date : 26.05.2016

Request to Shareholders

Section 88(1)(a) of the Companies Act, 2013, read with rule 3(1) of the Companies (Management & Administration) Rules, 2014 requires the Company to keep the Reister of Members in Form No.MGT-1. As compared to the existing Register of members under the old Act, the new Law calls for certain additional information to be recorded. In order that the company is facilitated to comply with the same, shareholders are requested to send the following information to our Registrars and Transfer Agents, Integrated Enterprises (India) Ltd, Kences Towers, 2nd Floor, 1,Ramakrishna Road, North Usman Road, T.Nagar, Chennai 600017, for updating their records in the Register of Members:

1.	Name of the Member	2.	Folio / DP ID – Client ID
3.	Email address	4.	Permanent Account Number (PAN)
5.	CIN (in the case of Company)	6.	Unique Identification Number
7.	Father's / Mother's / Spouse's name	8.	Occupation
9.	Status	10.	Nationality
11.	In case of minor, name of guardian and date of birth of minor	12.	Instructions, if any, for sending Notice, etc.

Shareholders who have not furnished the said particulars, are requested to furnish the same at the earliest.

ANNEXURE III**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March 2016.**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

REGISTRATION AND OTHER DETAILS:

CIN	L15421TN1995PLC033198
Registration Date	11th October 1995.
Name of the Company	K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED
Category / Sub-Category of the Company	Public Company limited by Shares.
Address of the Registered Office and contact details	<p>"Ramakrishna Buildings", No.239 (Old No.183), Anna Salai, Chennai 600006.</p> <p>Telephone: 044-28555171 – 176 Fax: 044-28546617 E-mail: Kcpsugar@vsnl.com Website: www.kcpsugar.com</p>
Whether Listed Company [Yes / No]	YES
Name, Address and Contract details of Registrar and Transfer Agent, if any.	<p>M/s. Integrated Enterprises (India) Limited 2nd Floor, 'Kences Towers', No.1, Ramakrishna Street – off North Usman Road T.Nagar – Chennai 600017.</p> <p>Telephone: 044-28140801 – 803 Fax: 044-28142479 E-mail: corpseiv@integratedindia.in Website: www.iepindia.com</p>

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY CONTRIBUTING 10% OR MORE OF THE TOTAL TURNOVER OF THE COMPANY:

S.No.	Name and Description of main products / services	NIC Code of the Products / Service	% to total turnover of the Company
1	Sugar	10721	80%
2	Industrial Alcohol	1101	11.54%

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	The Eimco-K.C.P.Ltd.	U27209TN1967PLC005550	Subsidiary	100	2(87)
2.	KCP Sugars Agricultural Research Farms Ltd.	U73100TN1998PLC041501	Subsidiary	100	2(87)

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category of shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Physical	Total	% of total shares	Demat	Physical	Total	% of total shares		
Demat										
Category-wise Shareholding										
A.	PROMOTERS									
1	INDIAN									
a.	Individual / Hindu Undivided Family	1881310	**	1881310	1.66	1881310	**	1881310	1.66	0.00
b.	Central Government / State Govt.	**	**	**	**	**	**	**	**	**
c.	Bodies Corporate	43696656	**	43696656	38.54	43734156	**	43734156	38.57	+0.03
d.	Financial Institutions / Banks	**	**	**	**	**	**	**	**	**
e.	Any other (specify)	**	**	**	**	**	**	**	**	**
	SUB TOTAL A (1)	45577966	**	45577966	40.20	45615466	**	45615466	40.23	+0.03
2	FOREIGN									
a.	Individual (Non-Resident / Foreign)	**	**	**	**	**	**	**	**	**
b.	Bodies Corporate	**	**	**	**	**	**	**	**	**
c.	Institutions	**	**	**	**	**	**	**	**	**
d.	Qualified Foreign Investor	**	**	**	**	**	**	**	**	**
e.	Any other (Specify)	**	**	**	**	**	**	**	**	**
	SUB-TOTAL A (2)	**	**	**	**	**	**	**	**	**

	Total shareholding of Promoter and Promoter Group (A) = A(1)+A(2)	45577966		45577966	40.20	45615466	**	45615466	40.23	+0.03
B	PUBLIC SHARE HOLDING									
1	Institutions									
a.	Mutual Funds / UTI	4750	6470	11220	0.01	4750	6470	11220	0.01	0.00
b.	Financial Institutions / Banks	22312	21340	43652	0.04	15500	21340	36840	0.03	-0.01
c.	Central Government / State Govt.	**	**	**	**	**	**	**	**	**
d.	Venture Capital Funds	**	**	**	**	**	**	**	**	**
e.	Insurance Companies	0	0	0	0	0	0	0	0	**
f.	Foreign Institutional Investors	500	**	500	0.00	500	0.00	500	0.00	0.00
g.	Foreign Venture Capital Investors	**	**	**	**	**	**	**	**	**
h.	Qualified Foreign Investor	**	**	**	**	**	**	**	**	**
i.	Any Other (specify)	**	**	**	**	**	**	**	**	**
	SUB TOTAL B (1)	27062	28310	55372	0.05	21250	27810	49060	0.04	-0.01
2	Non-Institutions									
a.	Bodies Corporate (Indian / Foreign / Overseas)	6249141	9965400	16214541	14.30	14536047	**	14536047	12.82	-1.48
b.	Individuals (Resident / NRI / Foreign National)									
(i).	Individual shareholders holding Nominal Share Capital upto Rs.1 lakh	27218458	6402679	33621137	29.65	33078769	6679655	39758424	35.06	+5.41

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

(ii).	Individual shareholders holding Nominal Share Capital above Rs.1 lakh.	16130805	1668330	17799135	15.70	12085474	891760	12977234	11.45	-4.25
c.	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d.	Any other									
(i).	Clearing Member	85129	0	85129	0.08	380549	0	380549	0.34	+0.26
(iii).	Limited Liability Partnership	3000	0	3000	0.00	39500	0	39500	0.03	+0.03
(iv).	Trust	28770	0	28770	0.03	28770	0	28770	0.03	0.00
	SUB TOTAL B (2)	49715303	18036409	67751712	59.75	60149109	7571415	67720524	59.73	-0.02
	Total Public share holding (B) = B(1) + B(2)	49742365	18064719	67807084	59.80	60170359	7599225	67769584	59.77	-0.03
	TOTAL (A) + (B)	95320331	18064719	113385050	100.00	105785825	7599225	113385050	100.00	0.00
C.	Shares held by Custodians and against which Depository Receipts have been issued:	NOT APPLICABLE								
	GRAND TOTAL (A) + (B) + (C)	95320331	18064719	113385050	100.00	105785825	7599225	113385050	100.00	0.00
Shareholding of Promoters										
1	Smt Irmgard Velagapudi	1435780	0	1435780	1.27	1435780	0	1435780	1.27	0.00
2	Durgamba Investment Private Limited	43696656	0	43696656	38.54	43734156	0	43734156	38.57	+0.03
3	Smt Kiran Velagapudi	265020	0	265020	0.23	265020	0	265020	0.23	0.00
4	Smt Irmgard Velagapudi	147500	0	147500	0.13	147500	0	147500	0.13	0.00
5	Sri Vinid R Sethi	33010	0	33010	0.03	33010	0	33010	0.03	0.00
	TOTAL	45577966	0	45577966	40.20	45615466	0	45615466	40.23	+0.03

iii. Change in Promoters' shareholding

S.No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<i>Date-wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity, etc):</i>				
	DURGAMBA INVESTMENTS PVT. LTD. (Promoter Body Corporate)	By market purchase			
	<i>At the beginning of the Year</i>	43696656	38.54	43696656	38.54
	01.04.2015	7500	37500 SHARES = 0.03% INCREASE	43704156	38.54
	01.04.2015	2500		43706656	38.55
	06.04.2015	2500		43709156	38.55
	07.04.2015	2500		43711656	38.55
	03.06.2015	7500		43719156	38.56
	24.08.2015	5000		43724156	38.56
	25.08.2015	2500		43726656	38.56
	03.09.2015	5000		43731656	38.57
	08.09.2015	2500		43734156	38.57
	At the end of the year	43734156	38.57		
	Ms.Kiran Velagapudi) Promoter – Individual)	265020	0.23		
	Smt.Irmgard Velagapudi	1435780	1.27	No change in No. of shares	No change in % of shareholding
	Smt.Irmgard Velagapudi	147500	0.13		
	Shri.Vinod R.Sethi	33010	0.03		

iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	7153410	6.3		
1.	Chinmay G Parikh	1313529	1.16	1396874	1.23
2.	Padmini Rajan	888000	0.78	893000	0.79
3.	Sakunthala Devi Boppana	870100	0.77	870100	0.77

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

4.	Boppana Vinay Kumar	855250	0.75	855250	0.75
5.	Haroon Mahmud Adam	885000	0.78	796500	0.7
6.	Koganty Srihari Rao	541113	0.48	541113	0.48
7.	Rani S.B.	509060	0.45	509060	0.45
8.	Radhakrishnan Dhamani	**	**	500000	0.44
9.	Bharadhwajan V.J.	493088	0.43	499462	0.44
10.	Diwan Bahadur PSG Rangaswamy Naidu	468270	0.41	468270	0.41
11.	Vivek Kumar	330000	0.29	**	**
	At the end of the year			7329629	6.46

v. Shareholding of Directors and Key Managerial Personnel:

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
	At the beginning of the year				
	i. Directors:				
1.	Sri.K.A.Rangaswamy	2260	0.00	600	0.00
2.	Sri. Ranvir R.Shah	370242	0.33	370242	0.33
3.	Dr.Vithal Rajan	0	0.00	0	0.00
4.	Sri.Prathap K. Moturi	0	0.00	0	0.00
5.	Sri.M.S.V.M.Rao	10	0.00	10	0.00
		372512	0.33	370852	0.33
	ii. Key Managerial Personnel				
1.	Sri.R.Ganesan	1500	0.00	1500	0.00
2.	Sri.S.Chidambaram	0	0.00	0	0.00

vi. Indebtedness:

Rs.in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i. Principal Amount	65.96	0.00	33.04	99.00
ii. Interest due but not paid	0	0.00	0.00	0.00
iii. Interest accrued but not paid	0	0.00	1.44	1.44
TOTAL (i + ii + iii)	65.96	0.0	34.48	100.44
Change in Indebtedness during the financial year				
• Addition →	0.82	0.00	7.25	8.07
• Reduction →	0	0.00	0.00	0
Net Change	0.82	0.00	7.25	8.07
Indebtedness at the end of the financial year:				
i. Principal Amount	66.78	0.00	40.13	106.91
ii. Interest due but not paid	0.00	0.00	0.00	0.00
iii. Interest accrued but not paid	0	0.00	1.60	1.60
TOTAL (i + ii + iii)	66.78	0.00	41.73	108.51

Remuneration of Directors and Key Managerial Personnel:*Remuneration to Managing Director, Whole-time Directors and/or Manager:*

S.No.	Particulars of Remuneration	Name of MD / WTD			Total Amt.(Rs. In Lakhs)
		Irmgard Velagapudi – Managing Dir.	Vinod R.Sethi – Wholetime Dir.	V. Kiran Rao – Wholetime Dir.	
1.	Gross Salary				
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	48.00	12.00	36.00	96.00
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.23	0.67	0.90
	c. Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00
4.	Commission – as percentage of profit	0.00	0.00	0.00	0.00
5.	Others – PF & Gratuity	0.00	1.44	4.32	5.76
	TOTAL (A)	48.00	13.67	40.99	102.66
	<i>Ceiling as per the Act</i>		10% of Nett Profit		

Remuneration to Other Directors:

S.No.	Particulars of Remuneration	Name of Directors					Total Amt – Rs./Lakhs
		Sri. K.A. Rangaswamy	Dr.Vithal Rajan	Sri.Ranvir R.Shah	Sri.M.S.V.M. Rao	Sri.Prathap K.Moturi	
1.	Independent Directors						
	• Fee for attending Board /Committee Meetings		2.20	1.30	2.50	2.50	8.50
	• Commission		0.00	0.00	0.00	0.00	0.00
	• Others		0.07	0.05	0.09	0.09	0.30
	Total (1)		2.27	1.35	2.59	2.59	8.80
2.	Other Non-Executive Director						
	• Fee for attending Board /Committee Meetings	4.20					4.20
	• Commission	0.00					
	• Others	0.07					0.07
	Total (2)	4.27					4.27
	Total B=(1)+(2)	4.27					13.07
	Total Managerial Remuneration						13.07
	Overall Ceiling as per the Act	1% of Net profit	1% of Net profit	1% of Net profit	1% of Net profit	1% of Net profit	

Remuneration to Key Managerial Personnel other than MD/WTD/Manager:

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total – Rs./Lakhs
		C F O	Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	16.24	12.45	28.69
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary u/s 1&(3) of Income-tax Act, 1961.	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00
5.	Others	0.00	0.00	0.00
	TOTAL	16.24	12.45	28.69

Penalties / Punishments / Compounding of offences (Under the Companies Act):

-NONE -

ANNEXURE IV

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

A. CONSERVATION OF ENERGY:

Measures taken, additional proposals and impact on reduction of energy consumption:

Measures taken for reduction of Energy consumption:

1. Run of 0.80 MW TG set during season for which new live HP steam line was provided to avoid usage of live steam to Distillery and Bio-tech units through PRDS. This has facilitated additional power export of 0.550 MW.
2. Mill lubrication system was changed from toxic oil to non-toxic, bio-degradable grease. This facilitated to get food safety certification and zero effluent from mills, besides lubrication cost reduced.
3. Replaced old So2 air compressor with high efficiency compressor thereby achieved saving of power to the extent of 12 KWH, and 15% power saving through installation of VFD.
4. Placement of new ID fan in the place of 55% efficiency of old fan, thereby improved the boiler capacity and power saving.
5. Installation of LED lights in place of MV and SV lamps to save 20,000 units per annum..
6. VFD was installed to mill imbibitions water pump motor and 18% power saving was observed.
7. VFD was installed to sulphur compressor motor and 10% power saving was observed.
8. Replacement of 40% motor in place of 75 HP motor for service water pump motor to save 10,000 units per annum.
9. Replaced Rota pump with screw pump for B-Seed pumping and saved 7.5 KW per hour.
10. One unit of super heated wash water heater running on exhaust vapour to achieve saving of 0.4 tons per hour of steam.
11. All molasses conditioners temperatures were raised using incondensable gasses of evaporator to achieve saving of 0.4 tons per hour of steam.

Additional proposals for redeuction of Energy consumption:

At VUYYURU:

Installation of:

- ❖ Horizontal sugar melter in place of vertical melter.
- ❖ Higher capacity and high performance centrifugals in place of old machines in phased manner.
- ❖ Auto control feed valves for CAW centrifugal machines.
- ❖ Capacitors for improving power factor and reducing maximum demand and losses.
- ❖ VFD to Cogen cooling water pump and provision of auto control to start automatically basing on delivery pressure.
- ❖ Auto ON/OFF and speed control to feed water pumps from DCS / Controller basing on FW discharge pressure.

At LAKSHMIPURAM:

- ❖ Provision of 1600 M2 falling film / suitable design evaporator as vapour cell.
- ❖ To replace conventional juice heaters with duplex type juice heaters.
- ❖ Complete automation of all batch pans.

FUTURE PLANS – LAKSHMIPURAM UNIT:

- ❖ Installation of Super heater wash water unit, to achieve saving of steam at 0.4 tons per hour.
- ❖ Automation of Batch Pan 4 Nos. to achieve saving of steam at 0.20% on cane crushed.

ANNEXURE – FORM A

(See Rule 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

	SUGAR UNITS AT			
	VUYYURU		LAKSHMIPURAM	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
A) Power and Fuel Consumption				
Electricity				
a. Purchased				
Units KWH	6,96,007	10,20,040	5,59,530	5,80,000
Total Amount Rs.	58,87,386	74,11,665	44,98,323	41,61,800
Rate / Unit Rs.	8.46	7.27	8.04	7.18
b. Own Generation				
i. Through Diesel Generator :				
Units KWH	6,924	6,484	9,654	12,998
Unit per ltr. Of Diesel Oil	2.99	2.14	3.38	2.71
Cost / Unit Rs.	16.40	22.41	16.31	21.87
ii. Through SteamTurbine/ Generator:				
Unit KWH	3,90,93,400	3,57,88,600	79,58,802	70,55,918
KWH per tonne of bagasse	275.25	266.00	196.30	198.23
Cost / Unit	2.64	2.65	2.21	2.61
B. Consumption per unit of production Electricity KWH (per Tonne)	234.10	221.06	248.46	247.49

B. TECHNOLOGY ABSORPTION:

FORM 'B' – FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH AND DEVELOPMENT (R & D)

1 & 2 SPECIFIC AREA IN WHICH RESEARCH AND DEVELOPMENT IS CARRIED OUT BY THE COMPANY AND BENEFITS DERIVED THEREFROM:

- ❖ 49 Nos. of sugar cane varieties are screened from 100 new varieties further studied in Company's own farm. Out of these varieties 8 varieties are found superior and further testing is continuing to confirm red-rot disease resistance.
- ❖ 6 MT/acre of cane yield got improved compared to last year, due to:
- ❖ -Timely inputs supply to the cane growers and suitable micro nutrients application to the crop at the early stages along with first dose of fertilizer application.

Benefits derived:

1. Four sugarcane varieties are released for commercial cane cultivation during 2016-17 planting season.
2. Fifteen sugar cane varieties are selected for further study to get promising varieties.

3. EXPENDITURE ON R & D: **Amt. in Rs.**

a. Capital	..	..	..	---
b. Recurring	..	..	..	5,32,699
c. Staff Cost	..	..	..	<u>32,32,495</u>
d. Total	..	..	..	37,65,194

Total R & D expenditure as a % age of total turnover: 0.07%

4. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings	..	..	Rs. NIL
Foreign Exchange outgo	..	..	Rs. 1,60,675/-

For and on behalf of the Board of Directors

Place : Chennai

Date : 26.05.2016

VINOD R. SETHI
EXECUTIVE CHAIRMAN

ANNEXURE V**REPORT ON CSR ACTIVITIES***[pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]*

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects.	<p>The Company's CSR policy attempts to supplement the efforts of the Government in equitably delivering the benefits of growth and attempts to strike a balance between developmental growth and welfare based development. The Company's CSR activities broadly relate to:</p> <p>Promoting health care including preventive health care and sanitation and making available safe drinking water;</p> <p>Promoting education and employment enhancing vocational skills;</p> <p>Eradication of poverty and ensuring better living conditions;</p> <p>Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water;</p> <p>Conducting relief operations in natural disaster hit areas and contrition to Government Disaster Relief Fund.</p> <p>Joining hands with NGSs and Registered Trusts to achieve a balance of economic, environment and social imperatives.</p>
2.	The Composition of the CSR Committee	<p>Smt.Irmgard Velagapudi M.Rao – Chairperson</p> <p>Sri.Vinod R.Sethi – Member</p> <p>Sri.K.A.Rangaswamy – Member</p> <p>Sri.M.S.V.M.Rao – Member.</p>
3.	Average net profit of the Company for last three financial years (Amount in Lakhs)	Rs.2385.55 lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above) (Amt in Lakhs)	Rs.47.71 Lakhs
5.	Details of CSR spent during the financial year.	
	(a) Total amount spent for the F.Y.	Rs..10.00 Lakhs
	(b) Amount unspent, if any;	Rs. 37.71. Lakhs
	(c) Manner in which the amount spent during the financial year.	

S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs (1) local area or other (2) Specify the state and district where projects or programs was undertaken	Amt. Outlay (budget) project or program-wise (Rs./ Lakhs)	Amt spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency.
1	2	3	4	5	6	7	8
1.	Promotion of Health care / sanitation	Health and Sanitation	Vuyyuru, Krishna Dist., Andhra Pradesh	10.00	NIL	NIL	--
2.	Environmental sustainability	Ensuring pollution-free environment	Vuyyuru, Krishna Dist., Andhra Pradesh	5.00	15.00	15.00	Through Rotary Community Service Trust
3.	Promotion of Education and enhancement of vocational skills.	Education.	Vuyyuru, Krishna Dist., Andhra Pradesh	5.00	NIL	NIL	--
4.	Eradication of poverty and ensuring better living conditions.	Economic and social equality.	Vuyyuru, Krishna Dist., Andhra Pradesh	10.00	10.00	10.00	Through Rotary Community Service Trust

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

A major hindrance in developing long-term projects under CSR is the uncertainty in the CSR budget which purely depends on the financial performance of the Company. The continuous downward trend in sugar price in the financial year coupled with high cost of production witnessed by the sugar industry throughout India, has jeopardised the proposed programs under CSR. In view of the financial constraints the Company was restrained from spending on various CSR activities though the Company's intentions were to implement the CSR programs and lending a helping hand to Government.

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

**MANAGING DIRECTOR &
CHAIRPERSON OF CSR COMMITTEE**

ANNEXURE-VI*(In pursuance of Section 134 of the Companies Act, 2013)***1. DISCLOSURE UNDER SECTION 197 (12) OF COMPANIES ACT, 2013, READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

a. The ratio of remuneration of each Director to the median remuneration of the employees for the financial year 2015-16.

b.

S.No.	Particulars	Ratio
1	Managing Director	8:1
2.	Executive Director	7:1
3.	Executive Chairman	2:1

c. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year.2015-16.

(Rs.in Lakhs)

S.No.	DIRECTORS / CFO / CS	REMUNERATION PAID FOR		VARIATION
		2015-16	2014-15	
	DIRECTORS			
1.	Smt.Irmgard Velagapudi M.Rao	48.00	48.00	NIL
2.	Shri.Vinod R.Sethi	13.67	16.28	
3.	Smt.V.Kiran Rao	40.99	46.92	
4.	Shri.K.A.Rangaswamy	4.20	4.90	
5.	Dr.Vithal Rajan	2.20	2.50	
6.	Shri. Ranvir R.Shah	1.30	0.20	
7.	Shri. M.S.V.M. Rao	2.50	2.30	
8.	Shri.Prathap K. Moturi	2.50	2.30	
	C F O / C S			
1.	Shri.R.Ganesan, C F O	16.24	18.00	Ex-gratia was not paid in FY 2015-16.
2.	Shri.S.Chidambaram, C.S.	12.45	13.80	

d. The percentage increase in the median remuneration of employees in the financial year 2015-16.

Six (6) per cent

e. No.of permanent employees on the Rolls of the Company:

841

f. Explanation on the relationship between the average increase in remuneration and company performance.

The salary increase is determined in the normal course of business and in line with the industry norms. It does not have any direct correlation with the Company's performance.

g. Comparison of the remuneration of key managerial personnel against the performance of the Company.

Cannot be compared in view of inadequacy of profit during the financial year 2015-16

h. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase / decrease in the market quotations of the shares of the Company in comparison with the rate at which the company has come out with the last public offer:

PARTICULARS	UNIT	AS ON 31.03.2016	AS ON 31.03.2015	VARIATION
Closing rate of Share at NSE	Rs..	29.40	18.40	11.00
EPS Consolidated	Rs.	1.05	-1.23	2.28
Market Capitalisation	Rs./Lakhs	33335.20	20862.85	12472.35
Price Earnings Ratio	Ratio	28	N.A.	--

- i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof, and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Salary escalation for employees other than the managerial personnel in the last financial year: six (6) per cent. – same as Managerial personnel. This is determined in line with the industry norms.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company.

Cannot be compared in view of inadequacy of profit during the financial year 2015-16

- k. Key parameters for any variable component of remuneration availed by the directors.

The Whole-time Directors are eligible for Commission on profits at 3% each only when the Company earns profit. In the absence of profit or inadequacy of profits in any financial year, Commission on profits is not payable to the Whole-time Directors. In the absence of profit in the financial year 2015-16, the Whole-time Directors are not entitled to any Commission.

In respect of Non-Wholetime Directors, Members at the 16th Annual General Meeting held on 29.09.2011 approved payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956 subject to a limit of Rs.1,75,000/- per director for each of the five financial years ending with 31st March 2016. However, in the absence of profit for the financial year 2014-15, the Non-Wholetime Directors are not entitled to any Commission.

- l. Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.

NOT APPLICABLE

- m. Affirmation that the remuneration is as per the remuneration policy of the Company.

Yes. Remuneration is as per the remuneration policy of the Company.

2. Pecuniary Relationship or Transactions of Non-Executive Directors

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

ANNEXURE-VII**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

M/s. K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED,

Ramakrishna Building, New No.239 (Old No.183),

Anna Salai, Chennai – 600006.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period (01st April, 2015 to 31st March, 2016) covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (v) Other laws specifically applicable to the Company (apart from General Laws such as Factories Act 1948 , Minimum wages Act 1948 etc) are as follows:
 - a. Boilers Act 1923
 - b. Essential Commodities Act 1955
 - c. Sugar (Control Order) , 1966
 - d. Sugarcane (Control Order) , 1966

However during the year under purview there were no instances attracting the following Laws/regulations

1. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

2. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
3. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
4. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
5. (The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

We have also checked the compliance with the applicable clauses pertaining to the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange;
- (iii) SEBI (Listing obligations and disclosure requirements) Regulations, 2015

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the financial year under review.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda are being sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board was taken upon the approval of majority of the Members of the Board.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We also state that the Company has entered into uniform Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited on the 11th day February 2016 pursuant to clause 109 of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

For V. Mahesh & Associates

V. Mahesh

Practicing Company Secretary

M. No. F 4162

C.P No. : 2473

Place: Chennai

Date: 24/05/2016

ANNEXURE - A

List of documents verified during the process of Audit:

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2012, 2013 & 2014.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, CSR Committee, Executive Business Committee Meeting and Share Transfer Committee along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Notices calling for Board and Committee Meetings.
6. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report.
7. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under report.
8. Report in connection compliance of various Acts and regulations applicable to various factories by the respective managers in charge for compliances.
9. News Paper Advertisement made by the Company as required under the listing agreement.
10. Various Intimations made to the Stock Exchange pursuant to the listing agreement entered into by the Company with National Stock Exchange & Bombay Stock Exchange.

For V. Mahesh & Associates

V. Parthasarathy
Practicing Company Secretary
M. No. A 2727

Place: Chennai

Date: 26/05/2016

C.P No. : 8355

ANNEXURE – B

To,

The Members,

M/s. K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED,

Ramakrishna Building, New No.239 (Old No.183),

Anna Salai, Chennai – 600006.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We were not required to verify the correctness and appropriateness of financial records and Books of Accounts of the Company and we have relied on the Audited Accounts certified by the Statutory Auditors.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V. Mahesh & Associates

V. Mahesh

Practicing Company Secretary

M. No. F 4162

C.P No. : 2473

Place: Chennai

Date:24/05/2016

**ANNEXURE VIII
TO BOARD'S REPORT****CHIEF EXECUTIVE OFFICER (CEO) &
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To:

The Board of Directors

K.C.P.Sugar and Industries Corporation Ltd.

As stipulated under Regulation 17(8) of SEBI (LODR) Regulations, 2015, we hereby certify that::

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2016 which are fraudulent, illegal or in violation of the Company's code of conduct.
3. 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.
4. We have indicated to the Auditors and the Audit Committee:
 - a. Significant changes, if any, in internal control over financial reporting during the year;
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. Instances of significant frauds 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.

IRMGARD VELAGAPUDI M.RAO
MANAGING DIRECTOR

R. GANESAN
CHIEF FINANCIAL OFFICER

Place: Chennai

Date : May 26, 2016

ANNEXURE IX TO BOARD'S REPORT

FORM NO.AOC-2

[Pursuant to section 134(3)(h) of the Companies Act, 2013 & Rule 8(2)

Of the Companies (Accounts) Rules, 2014]

**FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS / ARRANGEMENTS ENTERED INTO BY
THE COMPANY WITH RELATED PARTIES REFERRED TO SECTION 188(1) OF THE COMPANIES ACT,
2013 INCLUDING CERTAIN ARM LENGTH TRANSACTIONS UNDER 3RD PROVISIO THERETO.**

1. Details of Contracts or Arrangements or Transactions
not at Arms Length basis. ..

NIL

2. Details of Contracts or Arrangements or Transactions at Arms Length basis.

1.	Name of Related Party and nature of relationship	The Eimco-K.C.P.Limited (wholly-owned subsidiary)	KCP Sugars Agricultural Research Farms Ltd. (wholly-owned Subsidiary)	M/s. Amethyst Cafe Pvt. Ltd. (Entity in which Directors of the Company are interested)	M/s. Outhouse (Entity in which Directors of the Company are interested)
2.	Nature of Contract / Arrangement / Transaction	Leasing of Property	Advance given.	Leasing of Property	Leasing of Property
3.	Duration of Contract / Arrangement / Transaction	11 Months	Given in tranches during the financial year.	11 Months	11 Months
4.	Salient Terms of the Contract / Arrangement / Transaction	Leasing of premises on rental basis, option to renew for further periods by mutual consent.	To be repaid in full within the same financial year,	Leasing of premises on rental basis, option to renew for further periods by mutual consent.	Leasing of premises on rental basis, option to renew for further periods by mutual consent.
5.	Date of approval by the Audit Committee / Board	11.09.2014 (period covered: 01.11.2014 to 30.09.2015) 31.07.2015 (period covered: 01.10.2015 to 31.08.2016)	Omnibus approval by Audit Committee / Board on 29.05.2015.	26.05.2014 (period covered: 01.08.2014 to 30.06.2015) 29.05.2015 (period covered: 01.07.2015 to 31.05.2016)	11.09.2014 (period covered: 01.10.2014 to 31.08.2015) 20.08.2015 (period covered: 01.09.2015 to 31.07.2016)
6.	Amount paid as Advance, if any.	NIL	N.A.	Rs.3.00 Lakhs	Rs.1.25 lakhs

ANNEXURE - X**Form AOC-1**

Statement containing salient features of the financial statement of subsidiaries

[Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Part 'A': Subsidiaries

S.No.	PARTICULARS	THE EIMCO-K.C.PLTD	KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.
1.	Sl. No.	1	2
2.	Reporting period for the subsidiary concerned	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
3.	Reporting Currency	Indian Rupees in Lakhs	Indian Rupees in Lakhs
4.	Share Capital	60.00	225.00
5.	Reserves & Surplus	2031.37	19.99
6.	Total Assets	4002.55	245.13
7.	Total Liabilities	4002.55	245.13
8.	Investments	418.89	144.49
9.	Turnover	2944.12	4.81
10.	Profit before taxation	497.02	-2.73
11.	Provision for taxation	179.73	2.14
12.	Profit after taxation	317.29	-4.87
13.	Proposed Dividend	0.00	0.00
14.	% of shareholding	100.00	100.00

INDEPENDENT AUDITOR'S REPORT

To the members of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of K.C.P SUGAR & INDUSTRIES CORPORATION LTD. ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. (here in after referred to as "the consolidated financial statements").

Management's Responsibility for the Standalone Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by Section 143(3) of the Act, we report, to the extent applicable, that.
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Company as on 31st March, 2016 taken on record by the Board of Directors of the Group incorporated in India, none of the directors of the Group is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note -28 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group incorporated in India.

For B. Purushottam & Co
Chartered Accountants
FRN 002808S

Place : Chennai.
Date : 26.05.2016

K.V.N.S Kishore
Partner
(M. No. 206734)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except in respect of certain immovable properties (land and buildings), which have been transferred to the Company as per a scheme of demerger are in the name of the erstwhile demerged company.
- (ii) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has granted a loan to the wholly owned subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
 - a) In our opinion, the terms and conditions on which the loan had been granted to the wholly owned subsidiary listed in the register maintained under Section 189 of the Act was not, prima facie, prejudicial to the interest of the Company
 - b) In the case of the loan granted to the wholly owned subsidiary, the borrower has repaid the loan as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii)
 - a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities except in case of Purchase tax - refer Note 42 to the financial statements. As explained to us, the Company didn't have any dues on account of Employee's State Insurance.
 - b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B. Purushottam & Co
Chartered Accountants
FRN 002808S

Place : Chennai.
 Date : 26.05.2016

K.V.N.S Kishore
Partner
(M. No. 206734)

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. Purushottam & Co
Chartered Accountants
FRN 002808S

Place : Chennai.
Date : 26.05.2016

K.V.N.S Kishore
Partner
(M. No. 206734)

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

CIN: L15421TN1995PLC033198

AMT IN RS.

Particulars	Note No.	As at end of current reporting period 31.03.2016		As at end of previous reporting period 31.03.2015	
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2	113385050		113385050	
(b) Reserves and Surplus	3	2081825970		2028362039	
			2195211020		2141747089
(2) Non - current liabilities					
(a) Long term borrowings	4	424683000		537504000	
(b) Deferred tax liabilities (Net)	5	73931803		55896443	
(c) Other long term liabilities	6	19088089		7706097	
(d) Long term provisions	7	41378108		39434932	
			559081000		640541472
(3) Current Liabilities					
(a) Short term borrowings	8	549658565		452488218	
(b) Trade payables	9	1129235225		970545504	
(c) Other current liabilities	10	412871798		232082112	
(d) Short term provisions	11	44461422		23264321	
			2136227010		1678380155
TOTAL			4890519030		4460668716
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	12	966482605		1047749162	
(ii) Capital work in progress	13	6078214		6647738	
(iii) Intangible assets	12	15394027		-	
(iv) Intangible assets under development		-		16939853	
		987954846		1071336753	
(b) Non - current investments	14	437743842		397917269	
(c) Long term loans and advances	15	8614600		5762543	
			1434313288		1475016565
(2) Current Assets					
(a) Inventories	16	2674727798		2402880965	
(b) Trade receivables	17	442059144		228206536	
(c) Cash and Bank balances	18	144273340		109399818	
(d) Short term loans and advances	19	195145460		245164832	
			3456205742		2985652151
TOTAL			4890519030		4460668716

The note nos. 1 to 46 attached form an integral part of Financial Statements

In accordance with our report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.

Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO

Managing Director

K.V.N.S. KISHORE

Partner
(Membership No.206734)

Chennai

R.GANESAN

26.05.2016 Chief Financial Officer

S.CHIDAMBARAM

General Manager (Finance) &
Company Secretary

V. KIRAN RAO

Executive Director

K.A. RANGASWAMY

Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

					AMT IN RS.	
	Particulars	Note No.	For the current reporting period 2015 - 16		For the previous reporting period 2014 - 15	
I.	Revenue from Operations	20	5102741383		5155216114	
	Less: Inter Divisional Transfers		1201226899		1080491404	
			3901514484		4074724710	
	Less: Excise duty		176936517		129575234	
				3724577967		3945149476
II	Other Income	21		90229447		89369164
III	Total revenue (I + II)			3814807414		4034518640
IV	Expenses					
	Cost of materials consumed	22	3437226263		3395240682	
	Less: Inter Divisional Transfers		261408992		226054106	
				3175817271		3169186576
	Changes in inventories of Work in progress	23	(7529241)		(12924841)	
	Changes in inventories of finished goods	23	(270417901)	-277947142	413860834	400935993
	Employee benefits expense	24		325616630		319750161
	Finance costs	25		68445033		42137582
	Depreciation and Amortization	12		102550297		103106548
	Other expenses	26		332523116		274826788
	Total Expenses			3727005205		4309943648
V	Profit before tax (III-IV)			87802209		-275425008
VI	Tax expense:					
	(1) Current tax		-		-	
	(2) Deferred tax		18035359		(113779995)	
	(3) Reversal of excess provision for taxation relating to earlier years		-17813976		84502	
				221383		-113695493
VII	Profit for the year			87580826		-161729515
VIII	Earning per equity share:					
	Basic & Diluted (Face value of Re.1/- each)			0.77		-1.43

The note nos. 1 to 46 attached form an integral part of Financial Statements

In accordance with our report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.

Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO

Managing Director

K.V.N.S. KISHORE

Partner
(Membership No.206734)

Chennai

R.GANESAN

26.05.2016 Chief Financial Officer

S.CHIDAMBARAM

General Manager (Finance) &
Company Secretary

V. KIRAN RAO

Executive Director

K.A. RANGASWAMY

Director

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**a. GENERAL**

The Financial statements have been prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) to comply with the Accounting standards specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

b. FIXED ASSETS

- i. Fixed assets are stated at the values at which they are acquired, less accumulated depreciation. The value at which fixed assets are acquired includes all related expenses upto the date of putting them to use.
- ii. Intangibles will be amortized over a period of five years.
- iii. Cenvat Credit availed on acquisition of Fixed Assets is reduced from the cost of the concerned assets.

c. DEPRECIATION

Depreciation is provided under straight line method except in respect of assets appearing in the books of the Registered Office of the Company, which are depreciated under written down value method, in accordance with the rules prescribed under part "C" of Schedule II to the Companies Act, 2013.

d. INVESTMENTS

Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments are stated at the lower of cost or market value.

e. INVENTORIES

- i) Finished goods are valued as follows and increased by Excise Duty thereon as applicable.
 - ☞ All finished goods are valued at lower of weighted average cost or net realisable value.
 - ☞ Molasses, a by product is valued at estimated net realisable value.
- ii) Stock of Scrap is not valued and therefore not recognised in the accounts. Sale of Scrap, as and when made, is accounted for.
- iii) Crops under cultivation are valued at cost.
- iv) Work in progress is valued at lower of weighted average cost or net realisable value of the finished goods duly adjusted according to the percentage of progress.
- v) Raw materials, stores, spares, materials in transit are valued at weighted average cost. However, when the net realisable value of the finished goods they are used in is less than the cost of the finished goods and if the replacement cost of such materials etc. is less than their holding cost in such an event, they are valued at replacement cost.

f. SALES AND OTHER EARNINGS

- i) Sales are inclusive of excise duty, freight, insurance etc. recovered thereon.
- ii) Power generated in Power Plant Units and supplied to the other units of the Company is accounted for at the rate at which the Company purchases power from APSEB.

g. FOREIGN CURRENCY TRANSACTIONS

- i) 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.
- ii) 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.

iii) In respect of forward exchange contracts in the nature of hedges:

- Premium or discount on the contract is amortized over the term of contract.
- Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

h. RESEARCH AND DEVELOPMENT EXPENDITURE

In respect of approved Research and Development programmes, expenditure of capital nature is included in the Fixed Assets and the other expenditure is charge off to revenue, in the year in which such expenditure is incurred.

i. EMPLOYEE BENEFITS

(i) Long-term Employee Benefits

(a) Defined Contributions Plans

The Company has Defined Contribution Plans for post employment benefits for employees in the form of Superannuation Fund which is recognised by the Income Tax authorities and administered through Trustees and Life Insurance Corporation of India (LIC) and Provident Fund for all employees. These plans constitute insured benefits, as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred

(b) Defined Benefit Plans

(i) **Gratuity** - The Company has Defined Benefit Plan for post employment benefit for all employees in the form of Gratuity. For certain employees the post employment benefits in the form of Gratuity is funded with Life Insurance Corporation of India, which is recognised by the Income Tax authorities and administered through Trustees. Liability for Defined Benefit Plan is provided on the basis of valuation carried out by LIC of India with regard to the employees for whom the same is funded with LIC. In the case of other employees, the same is provided on the basis of the valuation carried out by an independent actuary as at the Balance Sheet date. The actuarial valuation method used for measuring the liability is the Projected Unit Credit Method.

(ii) **Leave Encashment** – Entitlement to annual leave and sick leave are recognised when they accrue to employees. The Company determines the liability for such accumulated leaves at each Balance Sheet date and the same is charged to revenue accordingly.

j. 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 book and tax profits is accounted for under the liability method, at the current rate of tax.

Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

k. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

l. IMPAIRMENT OF ASSETS

At the date of each Balance Sheet, the company evaluates internally, indications of the impairment if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realizable value and value in use, as considered appropriate. If the estimated realizable value is less than the carrying amount, an impairment loss is recognized.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not

exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

m. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT 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. Contingent Assets are neither recognised nor disclosed in the financial statements.

Amt. in Rs.

Particulars	Number	As at end of current reporting period 31-03-2016	Number	As at end of previous reporting period 31-03-2015
2. SHARE CAPITAL				
Authorised :				
Equity shares of Re.1 /- each	250000000	250000000	250000000	250000000
		250000000		250000000
Issued, Subscribed and Paid-up:				
Equity shares of Re.1 /- each	113385050	113385050	113385050	113385050
		113385050		113385050
Reconciliation of No. of. Shares				
At the beginning of the reporting period	113385050	113385050	113385050	113385050
Changes during the year	-	-	-	-
At the closing of the reporting period	113385050	113385050	113385050	113385050
Rights, Preferences and restrictions attached to shares				
The company has one class of equity shares having a par value of Re.1/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding, however no such preferential amounts exist currently.				
Particulars of equity share holders holding more than 5% of the total number of equity share capital:				
a. Durgamba Investments Private Limited	43734156			43696656
	38.57%			38.54%
b. V.R.K. Grandsons Investments Pvt Ltd.	9578330			9578330
	8.45 %			8.45 %

3. RESERVES & SURPLUS

Particulars	Capital redemption reserve	Investment allowance reserve utilised	General reserves	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period 01-04-2015	15545110	4505000	1120941895	887370034	2028362039
Transferred from/to Profit & Loss Account				87580826	87580826
Proposed Dividends				28346263	28346263
Provision towards dividend distribution tax				5770632	5770632
At the close of the reporting period 31.03.2016	15545110	4505000	1120941895	940833965	2081825970
At the close of the previous reporting period 31.03.2015	15545110	4505000	1120941895	887370034	2028362039

Amt in Rs.		
Particulars	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
4. Long term Borrowings		
Secured Loans:		
Term Loan from Bank. (Secured by exclusive first charge on the entire movable fixed assets of the company, present and future and further by a second charge on the entire current assets of the company present and future. The loan was availed in March & April 2014 and the loan duration is five years including two years moratorium.)	181700000	286800000
Unsecured		
Fixed Deposits	242983000	250704000
	424683000	537504000
5. Deferred tax liabilities (Net)		
(a) Deferred tax liability: On account of depreciation on fixed assets	167788486	171400484
(b) Deferred tax asset: On account of timing differences in recognition of expenditure	93856683	115504041
Net Deferred tax liability	73931803	55896443
6. Other Long term liabilities		
(a) Interest accrued but not due on fixed deposits	13479779	6236097
(b) Security Deposit	5608310	1470000
	19088089	7706097
7. Long term Provisions		
Provision for employee benefits	41378108	39434932
8. Short term Borrowings		
Secured Loans:		
Loans repayable on demand - from banks (Secured by hypothecation of work-in-progress, finished goods, raw materials, stores and spares, book debts, all other current assets and further secured by a second charge created on movable fixed assets of Sugar units at Vuyyuru and Lakshmipuram.)	391287565	372760218
Unsecured Loans:		
Fixed Deposits maturing within one year.	158371000	79728000
	549658565	452488218
9. Trade Payables		
a) To Micro, Small and Medium Enterprises	-	-
b) Trade payables to Suppliers and service providers	1129235225	970545504
	1129235225	970545504
Note: The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the Act have not been given.		

		Amt in Rs.
Particulars	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
10. Other current liabilities:		
a) Current Maturity of long term debt	94800000	-
b) Interest accrued but not due on borrowings	20282012	28378945
c) Advances received from customers	3481204	1524883
d) Unpaid dividends	12980343	14007355
e) Unpaid matured deposits and interest accrued thereon	6734443	5721792
f) Statutory Liabilities (Refer Note no. 42)	237452680	158377245
g) Outstanding Liabilities for Expenses	36239502	19032325
h) Earnest Money and Other Deposits	901614	5039567
	412871798	232082112
11. Short term provisions:		
a) Provision for employee benefits	10344527	9617563
b) Provision for Dividend	28346263	11338505
c) Provision for tax on distributed profits	5770632	2308253
	44461422	23264321
13. Capital work in progress:		
a) Plant and Machinery	3085786	82281
b) Building under Construction	2992428	6565457
	6078214	6647738

12. FIXED ASSETS

Description	GROSS BLOCK AT COST					DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2015	Additions during the Year	Deductions during the Year	Cost upto 31.03.2016	Upto 31.03.2015	For the Year	Adjusted against General Reserve	On Deductions	upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Lands	85229260	491300	-	85720560	-	-	-	-	-	85720560	85229260
Buildings											
Own Buildings	331581083	14998843	-	346579926	93024570	12579916	-	-	105604486	240975440	238556513
Leasehold Buildings	112189		-	112189	112189	-	-	-	112189	-	-
Plant & Machinery	1850327783	2781811	-	1853109594	1174097805	75581974	-	-	1249679779	603429815	676229978
Tramways & Railway sidings	23097214	-	-	23097214	14519989	859752	-	-	15379741	7717473	8577225
Furniture and Fixtures	9735869	-	-	9735869	7237703	806725	-	-	8044428	1691441	2498166
Vehicles	76020132	-	1476732	74543400	50193925	5981377	-	1346201	54829101	19714299	25826207
Computers & Office Equipments	75812570	578845	1428538	74962877	64980757	4176927	-	1428384	67729300	7233577	10831813
TOTAL	2451916100	18850799	2905270	2467861629	1404166938	99986671	-	2774585	1501379024	966482605	1047749162
Previous Year	2341637259	142659292	32380451	2451916100	1290197708	103106548	39058105	28195423	1404166938	1047749162	1051439552
Intangible Assets											
Computer Software	-	17957653		17957653	-	2563626	-	-	2563626	15394027	-
TOTAL	-	17957653	-	17957653	-	2563626	-	-	2563626	15394027	-

Note: Titles in Land and other Immovable Properties acquired from The K.C.P. Limited pursuant to the Scheme of Arrangement, are in the process of endorsement in the name of the Company.

14. Non Current Investments

Amt in Rs.

Sl. No.	Name of the Company	Opening Balance as on 01.04.2015		Purchased during the year		Sold during the year		Closing Balance as on 31.03.2016	
		No of Shares	Value	No of Shares	Value	No of Shares	Value	No of Shares	Value
i)	Long Term Investments - at cost								
	Trade (unquoted)								
	Equity Shares in Subsidiaries								
	The Eimco - K.C.P. Ltd.	600000	6000000					600000	6000000
	(Including 10 shares held by the nominees of the company)								
	KCP Sugars Agricultural Research Farms Limited	2250000	22500000					2250000	22500000
	(Including 6 shares held by the nominees of the company)								
ii)	Others (Quoted)								
	Investments in Equity Shares								
1	Krishna Industrial Corporation Ltd.	52501	500010					52501	500010
2	Jeyapore Sugar Company Ltd.	16580	821936					16580	821936
3	Nava Bharat Ventures Ltd.	40	205					40	205
	(Face value of Rs.2/- each)								
4	Bajaj Hindustan Ltd.	1000	5601					1000	5601
	(Face value of Re. 1/- each)								
5	Balrampur Chini Mills Ltd.	1000	9146					1000	9146
	(Face value of Re. 1/- each)								
6	Bannari Amman Sugars Ltd.	50	2547					50	2547
7	The Dhampur Sugar Mills Ltd.	100	6013					100	6013
8	Kothari Sugars And Chemicals Ltd.	5	50					5	50
9	Oswal Sugars Ltd.	100	404					100	404
10	Sakthi Sugars Ltd.	50	815					50	815
11	Thiru Arooran Sugars Ltd.	100	7326					100	7326
12	Simbhaoli Sugars Ltd.	100	1026	17				117	1026
	(Bonus shares allotted at 5:4 during the year)								
13	Eid Parry (I) Ltd.	1000	7486					1000	7486
	(Face value of Re. 1/- each)								

14. Non Current Investments (Continued)

Sl. No.	Name of the Company	Opening Balance as on 01.04.2015		Purchased during the year		Sold during the year		Closing Balance as on 31.03.2016	
		No of Shares	Value	No of Shares	Value	No of Shares	Value	No of Shares	Value
14	Jubilant Life Science Ltd. (Face value of Re.1/- each)	1600	11268	-	-	-	-	1600	11268
15	Jubilant Industries Ltd (Face value of Re. 1/- each)	80	-	-	-	-	-	80	-
16	The Andhra Sugars Ltd	100	2348	-	-	-	-	100	2348
17	Avon Organics Ltd	100	5580	-	-	-	-	100	5580
18	Citric India Ltd (Pending registration of transfer) (Written of during the year)	100	790	-	-	100	790	-	-
19	Indian Sucrose Ltd. (formerly Lactose (I) Ltd.)	100	680	-	-	-	-	100	680
20	Coromandel International Ltd. (Face value of Re. 1/- each)	330	-	-	-	-	-	330	-
21	Blue Star Ltd. (Face value of Rs.2/- each)	95268	33797537	-	-	-	-	95268	33797537
22	Gujarat Gas Company Ltd.	36397	23802233	250	135326	-	-	36647	23937559
23	Indraprastha Gas Ltd.	201985	82160191	195950	105046399	195000	79319507	202935	107887083
24	Yuken India Ltd.	80304	18526668	38950	19244962	35000	5444950	84254	32326680
25	Container Corporation of India Ltd.	14217	19248334	150	165133	-	-	14367	19413467
26	Precision Wires India Ltd. (Face value of Rs.10/- each split into Rs.5/- each during the year)	305748	18100580	-	-	-	-	305748	18100580
27	Savita Oil Technologies Ltd.	91762	64340734	-	-	-	-	91762	64340734
28	Axys Health	50000	3250000	-	-	-	-	50000	3250000
29	Vikas Wsp Ltd. (Face value of Re.1/- each)	1588721	101690400	-	-	-	-	1588721	101690400
30	Engineers India Ltd (Face value of Rs.5/- each)	4000	917361	-	-	-	-	4000	917361

NOTES TO FINANCIAL STATEMENTS (CONTD.)



14. Non Current Investments (Continued)

Sl. No.	Name of the Company	Amt in Rs.					
		Opening Balance as on 01.04.2015		Purchased during the year		Sold during the year	
		No of Shares	Value	No of Shares	Value	No of Shares	Value
	iii) Other non current investments						
31	Agri Business Finance Ltd.	50000	500000			50000	500000
32	Sri Sarvaraya Sugars Ltd.	150000	1700000			150000	1700000
	TOTAL		397917269		124591820		84765247
	NOTE:						
1	The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.						
2	Aggregate of Quoted Investments - At cost - At market value		367217269 276593771				407043842 299854074
3	Aggregate of Unquoted Investments at Cost		307000000				307000000
4	All investments are long term in nature and therefore diminution in market value is considered as temporary and hence no provision is made.						

		Amt. in Rs.	
Particulars	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015	
15 Long term loans and advances:			
Unsecured, considered good			
Security Deposits	8614600	5762543	
16 Inventories:			
a) Raw materials	614478	433519	
b) Work in progress	64018583	53699724	
c) Finished goods	2559154428	2288736527	
d) Stores and spares	48992366	55273634	
e) Crops under cultivation	1947943	4737561	
	2674727798	2402880965	
Note : i) For mode of valuation refer Note No.1, para "e".			
17. Trade receivables:			
i) Trade receivables exceeding six months - Unsecured			
a) Considered good	136381381	10030632	
b) Doubtful	3590987	3590987	
ii) Others - Unsecured considered good	305677763	218175904	
	445650131	231797523	
Less: Provision for doubtful debts	3590987	3590987	
	442059144	228206536	
18 Cash and Bank balances :			
i) Cash and cash equivalents:			
a) Balances with Banks			
- in Current accounts	73348219	52365099	
b) Cash on hand	1429373	1832418	
ii) Other balances with Bank			
a) - in unpaid dividend accounts and unclaimed interest warrants	19714785	19729146	
b) - in margin money , security for borrowings, guarantees and other commitments	49780963	35473155	
	144273340	109399818	
19 Short term loans and advances:			
Unsecured considered good			
a) Advances to suppliers and service providers	172606253	221760864	
b) Advances to employees	3572788	1011904	
c) Advance taxes, duties etc (Net)	18966419	22392064	
	195145460	245164832	

Particulars	Amt. in Rs.	
	For the current reporting period 2015 - 16	For the previous reporting period 2014 - 15
20. Revenue from operations:		
Sale of products		
a) Sugar	2916745240	3306890127
b) Molasses	337209250	349245716
c) Bagasse	562981827	523797767
d) Industrial Alcohol	34855614	300832668
e) Anhydrous Alcohol	571422111	49328643
f) Bio Fertilizer	56757790	58819598
g) Electrical Energy	210648272	182717172
h) Steam	362722312	339570648
i) Others	49398967	44013775
Total	5102741383	5155216114
Less: Inter Divisional Transfers	1201226899	1080491404
	3901514484	4074724710
Less: Excise duty	176936517	129575234
	3724577967	3945149476
21. Other Income:		
a) Interest income	18818553	3280361
b) Dividend Income		
- from long term investments	6010497	4097150
- from current investments	11827488	21799698
c) Rent Received	6286306	6233414
d) Miscellaneous Receipts	11259137	13929923
e) Profit on sale of fixed assets (Net)	127648	860217
f) Net gain/(loss) on sale of long term investments	34978520	33989934
g) Unclaimed Balance credited back	53668	582531
h) Claims Received	563066	1026844
i) Provision no longer required withdrawn	304564	3569092
	90229447	89369164
22. Cost of materials consumed:		
a) i) Consumption of raw materials	3329010725	3285902327
Less: Inter Divisional Transfers	261408992	226054106
	3067601733	3059848221
ii) Consumption of stores and spare parts	108215538	109338355
	3175817271	3169186576
b) Consumption of major raw materials		
Sugarcane	3053285056	3032892660

Particulars	Amt. in Rs.	
	For the current reporting period 2015 - 16	For the previous reporting period 2014 - 15
23. Changes in inventories of finished goods, work in progress and stock in trade:		
Stocks at the end of the year		
i) Work in progress		
(a) Sugar	55138840	44947181
(b) Molasses	6251636	5321935
(c) Industrial / Anhydrous Alcohol	1888640	1957357
(d) Bio Fertilizer	0	1059858
(e) Calcium Lactate	739467	413393
(f) Crops under cultivation	1947943	4737561
Total	65966526	58437285
ii) Finished goods		
(a) Sugar	2311945567	2028368022
(b) Molasses	227463862	208470180
(c) Industrial / Anhydrous Alcohol	7850273	47198962
(d) Bio Fertilizer	10662295	4204292
(e) Calcium Lactate	1232431	495071
Total	2559154428	2288736527
Grand Total	2625120954	2347173812
Stocks at the beginning of the year		
i) Work in progress		
(a) Sugar	44947181	39819116
(b) Molasses	5321935	0
(c) Industrial / Anhydrous Alcohol	1957357	0
(d) Bio Fertilizer	1059858	937140
(e) Calcium Lactate	413393	497901
(f) Crops under cultivation	4737561	4258287
Total	58437285	45512444
ii) Finished goods		
(a) Sugar	2028368022	2465036264
(b) Molasses	208470180	178992539
(c) Industrial / Anhydrous Alcohol	47198962	53692668
(d) Bio Fertilizer	4204292	1682001
(e) Calcium Lactate	495071	3193889
Total	2288736527	2702597361
Grand Total	2347173812	2748109805
Changes in work in progress (a)	(7529241)	(12924841)
Changes in Finished Goods (b)	(270417901)	413860834
Changes in inventories (a) + (b)	(277947142)	400935993
24. Employee Benefit Expenses:		
a) Salaries,wages and other benefits	262310788	254178247
b) Contribution to provident and other funds	29902623	28437472
c) Remuneration to whole time directors	10266068	11120445
d) Staff welfare expenses	23137151	26013997
	325616630	319750161

		Amt. in Rs.	
Particulars	For the current reporting period 2015 - 16	For the previous reporting period 2014 - 15	
25. Finance Costs:			
a) Interest expense	60066591	39868556	
b) Other borrowing costs	8378442	2269026	
	68445033	42137582	
26. Other expenses:			
a) Power and fuel	961506283	874225690	
Less: Inter Divisional Transfers	939817907	854437298	
	21688376	19788392	
b) Rent	55800	205631	
c) Repairs to buildings	10643050	18496092	
d) Repairs to machinery	81419585	113853782	
e) Repairs others	9877663	8639751	
f) Insurance	3081913	3178187	
g) Payment to the auditors			
- as auditor	429375	365170	
- for other services	215260	213484	
- for reimbursement of expenses	0	44944	
h) Selling expenses	43754742	28993260	
i) Donations	10000	6901450	
j) Corporate Social Responsibility Expenditure (CSR) (Refer Note No.43)	1000000	1500000	
k) Legal and professional charges	6492475	5058358	
l) Directors sitting fees	1270000	1220000	
m) Miscellaneous expenses	152584877	66368287	
	332523116	274826788	

27. Contingent liabilities and Capital Commitments:

Contingent Liabilities:

Claims against the company not acknowledged as debts:

PARTICULARS	31.03.2016	31.03.2015
	Amount – Rs.	
Share transmission	11,05,851	11,05,851
Labour cases	63,97,338	30,26,987
Case on Duty relating to Captive Power Generation	2,61,69,375	2,61,69,375
Appeal pending with Honorable High Court of Andhra Pradesh against differential liability on account of Bonus for Financial year 2014 – 15 based on amended payment of Bonus Act, 2016.	52,62,737	-
TOTAL	3,89,35,301	3,03,02,213

Outstanding Guarantees furnished by banks on behalf of the company is Rs.4,00,88,538/-

(Rs. 3,13,30,438/-)

28. Outstanding dues to Micro, Small and Medium Enterprises

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the Act have not been given.

29. Disclosure under Accounting standard 15 (AS 15):**Employee Benefits:**

Defined benefit plans		Amt in Rs				
	Gratuity	2015-16	2014-15	2013-14	2012-13	2011-12
(I) Change in Benefit Obligation						
Liability at the beginning of the year		132179101	128549667	108992000	100909306	91135575
Interest Cost		10478166	10392138	8698550	8030395	7249640
Current Service Cost		6305466	6163882	5293887	4718940	4026285
Benefits Paid		-11434134	-11789273	6844128	6626500	4833824
Actuarial (gain)/loss on obligations		-2290564	-1137315	12409358	1959860	3331629
Liability at the end of the year		135238035	132179099	128549667	108992001	100909305
(II) Fair value of Plan Assets						
Fair value of plan assets at the beginning of the year		113434668	104372978	96844207	87867452	78505406
Expected Return on Plan Assets		9915377	9272113	8370698	8008411	7109714
Contributions		3318586	11578850	6002199	6515340	5852945
Benefit Paid		-11434134	-11789273	6844128	6626500	3783479
Actuarial gain / (loss) on Plan Assets		-	-	-	-	-
Fair Value of plan assets at the end of the year		115234498	113434668	104372976	95764703	87684586
(III) Actual Return on Plan Assets						
Expected Return on Plan Assets		9915377	9272113	8370698	8008411	7109714
Actuarial gain/(loss) on plan Assets		-	-	-	-	-
Actual Return on Plan Assets		9915377	9272113	8370698	8008411	7109714
(IV) Amount Recognised in the Balance Sheet						
Liability at the end of the year		135238035	132179099	128549667	108992001	100909305
Fair value of Plan Assets at the end of the year		115234498	113434668	104372978	96844207	87684586
Difference (Funded Status)		20003537	18744431	24176689	12147794	13224719
Amount Recognised in the Balance Sheet		20003537	18744431	24176689	12147794	13224719
(V) Expenses Recognised in the Income Statement						
Current Service Cost		6305466	6163882	5293887	4718940	4026285
Interest Cost		10478166	10392138	8698550	8030395	7249640
Expected Return on Plan Assets		-9915377	-9272113	-8370698	8008411	7109714
Net Actuarial (Gain)/ loss to be recognised		-2290564	-1137315	12409358	1959860	3331629
Expenses Recognised in P & L		4577691	6146592	18031097	6700784	7497840
(VI) Actuarial Assumptions : For the Year						
Discount Rate Current		8.00%	8.00%	8.00%	8.00%	8.00%
Salary Escalation Current		6.00%	6.00%	6.00%	7.00%	7.00%
Expected rate of return on plan assets		9.30%	9.30%	9.30%	9.30%	9.30%

Provident fund:

The Company manages Provident fund plan through a Provident Fund Trust for its employees, which is permitted under The Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer & employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The Guidance Note on implementing AS-15, Employee Benefits(revised 2005) issued by the Accounting Standard Board (ASB) states that provident fund set up by employers, which require interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed inability to reliably measure the Provident fund liability. However, there is no deficit in the fund in this regard.

30. Details of provisions made in the accounts are:

Description	At the beginning of the year	Addition	Used	At the end of the year
	Rs.	Rs.	Rs.	Rs.
Provision for leave encashment	3,03,08,064	57,60,058	43,49,022	3,17,19,100
Provision for gratuity	1,87,44,430	47,74,818	35,15,713	2,00,03,535
Proposed Dividend	1,13,38,505	2,83,46,263	1,13,38,505	2,83,46,263
Tax on Proposed Dividend	23,08,253	57,70,632	23,08,253	57,70,632
Total	6,26,99,252	4,46,51,771	2,15,11,493	8,58,39,530

31. Disclosure required by Clause 32 of the Listing Agreement:

Loans and Advances to Subsidiary Companies	Outstanding as at		Maximum amount outstanding during the year ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
The Eimco-K.C.P.Ltd.	NIL	NIL	NIL	NIL
KCP Sugars Agricultural Research Farms Ltd.	NIL	NIL	5,79,500	85,748

32. Sale of Products and Services (including Excise Duty)

PRODUCTS / SERVICES	Units	2015-2016		2014-2015	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	1066454	2911476240	1076723	3303701077
Molasses	MTs	14427	89856638	20557	135312949
Bagasse	MTs	74010	131659059	77589	136167991
Industrial Alcohol	BLs	1117089	34855614	9812431	300832668
Anhydrous Alcohol	BLs	12360000	571422111	1043350	49328643
Bio Fertiliser	Qtls	152894	56757790	133185	58819598
Electrical Energy	Kwh	16021120	65539752	14546123	56268517
Others			39947280		34293267
TOTAL			3901514484		4074724710

Note: Sale of Products does not include the following inter unit transfers:

PRODUCTS / SERVICES	Units	2015-2016		2014-2015	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	2586	5269000	1415	3189050
Molasses	MTs.	44273	247352612	39563	213932767
Bagasse	MTs.	260010	431322769	232325	387629776
Electrical energy	KWH	25774160	145108520	23591167	126448655
Steam	MTs.	435080	362722312	407303	339570648
Filter Cake	MTs.	45045	450453	38106	381060
Sugarcane - Agricultural Produce	MTs.	3302	8336926	3263	8551229
Bio Gas	M3	1660767	664307	1970547	788219
TOTAL			1201226899		1080491404

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

33. Raw Materials Consumed

PARTICULARS	Units	2015-2016		2014-2015	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar - Sugarcane	MTs	1126691	3053285056	1095339	3032892660
Distillery - Molasses	MTs	46273	262313937	39563	241162066
Others			13411732		11847601
TOTAL			3329010725		3285902327
Less: Inter Divisional Transfers			261408992		226054106
Net Consumption			3067601733		3059848221

34. Opening Stock of Finished Goods

PARTICULARS	Units	As at 01.04.2015		As at 01.04.2014	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	766578	2028368022	827771	2465036264
Molasses	MTs	39676	208470180	47908	178992539
Industrial Alcohol	BLs	1200621	33664075	1869516	49517845
Anhydrous Alcohol	BLs	439650	13534887	150000	4174823
Bio Fertiliser	Qtls	3148	4204292	1448	1682001
Others			495071		3193889
Total			2288736527		2702597361

35. Closing Stock of Finished Goods

PARTICULARS	Units	As at 31.03.2016		As at 31.03.2015	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	754377	2311945567	766578	2028368022
Molasses	MTs	39323	227463862	39676	208470180
Industrial Alcohol	BLs	251816	6822405	1200621	33664075
Anhydrous Alcohol	BLs	32000	943268	439650	13534887
Bio Fertiliser	Qtls	11171	10662295	3148	4204292
Others			1317031		495071
Total			2559154428		2288736527

36. Particulars regarding Capacity and Production

PARTICULARS	Capacity			Actual Production	
	Licenced	Installed		2015-2016	2014-2015
	(as certified by the management)				
			Units		
a. Sugar					
(i) Vuyyuru Unit	7500	7500	Qtls	803576	782845
	(Tonnes of Cane crushed per day)				
(ii) Lakshmipuram Unit	4000	4000	Qtls	253263	234100
	(Tonnes of Cane crushed per day)				
b. Molasses (By-Product)			MT's	58347	51888
c. Industrial / Anhydrous Alcohol	50000	50000	BL per day	12773975	10623718
d. Bio Fertiliser			Qtls	160918	134884
e. Electrical Power					
(i) Incidental Co - Generation Power Plant. Vuyyuru	15 MW	15 MW	Kwh	38652575	35518368
(ii) Incidental Co - Generation Power Plant. Lakshmipuram	5 MW	5 MW	Kwh	7931110	7027556

37. Value of Imports made by the Company during the financial year calculated on C.I.F. basis:

	Particulars	2015- 2016 Rs.	2014 - 2015 Rs.
(i)	Raw Materials	Nil	Nil
(ii)	Components and Spare parts	160675	677981
(iii)	Capital Goods	NIL	Nil

38. Expenditure in Foreign Currency during the financial year on account of:

	Particulars	2015- 2016 Rs.	2014 - 2015 Rs.
(i)	Foreign Travel	NIL	227364
(ii)	Others (Spareparts)	160675	677981

39. Comparison between consumption of Imported and Indigenous raw materials, spare parts and components during the financial year:

	Particulars	2015- 2016 Rs.	%	2014 - 2015 Rs.	%
a)	Raw Materials:				
i)	Imported	NIL		NIL	
ii)	Indigenous	3067601733	100	3059848221	100
	Total	3067601733		3059848221	

b)	Spare parts and Components: (debited to respective heads)				
i)	Imported	160675	0.35	677981	0.34
ii)	Indigenous	45606809	99.65	199525334	99.66
	Total	45767484	100.00	200203315	100.00

40. Related Party Disclosures:

Amt. In Rs.				
(AS REQUIRED UNDER PARAGRAPHS 23 AND 26 OF ACCOUNTING STANDARD 18)				
(A). Names of related parties and description of relationship:				
1.Subsidiaries	a) The Eimco-K.C.P.Ltd., Chennai, India.			
	b) KCP Sugars Agricultural Research Farms Ltd. Chennai. India.			
2.Key Management Personnel	a) Shri. Vinod R. Sethi, Executive Chairman			
	b) Smt. Irmgard Velagapudi M Rao, Managing Director.			
	c) Smt. V. Kiran Rao, Executive Director.			
	d) Shri. R. Ganesan, Chief Financial Officer			
	e) Shri. S. Chidambaram, GM (Fin.) & Company Secretary			
(B). Transactions During the year				
Particulars	Subsidiaries		Key Management Personnel	
	2015 - 16	2014 - 15	2015 - 16	2014 - 15
Rent Received	270000	270000	1500000	1350000
Remuneration paid to Key Management Personnel			12516068	14300445
Advances given	579500	85748	-	-
Advances received back	579500	85748	-	-
Purchase of Spares		139058		
Interest on fixed deposit paid to Key Management Personnel			3116946	2811247
(C). Closing balances as on 31/03/2016				
Party				
(a) Share Capital held in Subsidiary Companies	28500000	28500000	-	-
(b) Share Capital held by key Management Personnel.	-	-	1882810	1882810
(c) Fixed deposit held by key Management Personnel.	-	-	30960000	30960000

41. Earnings in Foreign Currency during the financial year on account of:

Particulars	2015 - 2016 Rs.	2014 - 2015 Rs.
NIL	NIL	NIL

42. Purchase tax is payable at Rs.60/- per MT. on the sugarcane purchased. In this respect, the Govt. of Andhra Pradesh is used to notify the said levy for every sugar season separately. Considering the financial hardships faced by the sugarcane farmers, the Govt. of Andhra Pradesh has been directing the sugar mills to pay the said tax to the sugarcane suppliers as an 'incentive' instead of paying the same to the Govt. of Andhra Pradesh as was done in the recent years. A notification in this respect is still awaited from the Govt. The Company is of the firm belief that the similar gesture will be extended for the current season also. The accumulated purchase tax payable on the sugarcane purchased up to 31st March, 2016 amounting to the tune of Rs.6,53,85,683/- has been classified vide Note No.10(e) "Other Current Liabilities :- Statutory Liabilities".

43. Under Section 135 of The Companies Act, 2013 the company is required to spend Rs.47,71,092/- during the year under review towards Corporate Social Responsibility (CSR) activities as framed by the Company in its Corporate Social Responsibility program. However, the Company could spend Rs.10,00,000/- due to financial downtrend faced by the sugar industries on account of supply far exceeding the demand and consequential fall in sugar prices to un-remunerative levels. The said amount was spent towards improvement of living conditions and provision of basic amenities in the villages surrounding the Company's manufacturing units.

44. **Earnings per share (EPS)** – The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars		2015– 2016 Rs.	2014 – 2015 Rs.
Profit attributable to the Shareholders	A	87580826	-161729515
Basic / Weighted average number of Equity Shares outstanding during the year	B	113385050	113385050
Nominal value of Equity Shares		1.00	1.00
Basic / Diluted Earnings per share	A/B	0.77	-1.43

45. **General :**

Sundry debtors, creditors and loans and advances are subject to confirmation.

Paise have been rounded off.

Figures in brackets indicate those for the previous year.

Figures for the previous year have been regrouped, wherever necessary.

46. SEGMENT REPORTING :

(I) The Company has identified the reportable segments as on 31-03-2016 and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

AMT. IN RS.

PARTICULARS	PRIMARY SEGMENT									
	SUGAR		CHEMICALS		POWER & FUEL		OTHERS		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1 Segment Revenue										
External Revenue	3133422429	3578271211	645794513	381365384	65539752	56268517	56757790	58819598	3901514484	4074724710
Inter Segment Revenue	692731760	613683882	6309046	3086151	502186093	463721371	-	-	1201226899	1080491404
Total Revenues	3826154189	4191955093	652103559	384451535	567725845	519989888	56757790	58819598	5102741383	5155216114
2 Segment Results										
Profit before depreciation, finance cost and taxation	(69201026)	(304700984)	167366566	37381321	127593854	108287592	33038145	28851192	258797539	-130180878
Less : Finance Cost	61069090	38074499	6182319	3111132	639668	466506	553956	485444	68445033	42137582
Less: Depreciation and Amortizations	50561134	49605572	21381872	21479936	26600418	27594286	4006873	4426753	102550297	103106548
3 Unallocable Expenditure									-	-
Less : Tax									221383	-113695493
Total Profit									87580826	(161729515)
4 Capital Employed										
Segment Assets	3715110351	3262181513	249434255	269600495	226780924	269407192	40593807	40166008	4231919337	3841355208
Unallocable Assets									658599692	619313507
Segment Liabilities	2102121414	1857936497	22768771	6875944	3664265	2431591	7005914	3328436	2135560364	1870572469
Unallocable Liabilities									559747645	448349157
Capital Employed	13804831	59815680	5377216	10198336	-	4545402	117029	11247347	2195211020	2141747089
9 Capital Expenditure									19299076	85806765

Note:

- The operations of the company predominantly relate to manufacture of Sugar, Electrical Energy, Bio Fertilizers and Chemicals comprising mainly Industrial Alcohol, CO2 and Calcium Lactate.
- The Business segments that are disclosed under "Others" comprise Bio Fertilizers.
- Inter segment transfers are priced at market rates excepting Steam which has no market rate and hence valued at cost.

ii) Geographical Segment:

Particulars	Current Reporting Period	Previous Reporting Period
Sales within India	3901514484	4074724710
Sales outside India	-	-
Total	3901514484	4074724710

Note: Company does not own or operate any Business outside India.

Carrying Amounts of Geographical Assets and additions to tangible and intangible fixed assets:

Particulars	Carrying amounts of segment assets		Additions to fixed assets & Intangible assets	
	Current reporting period	Previous reporting period	Current reporting period	Previous reporting period
Located in India	4890519030	4460668716	19299076	85806765
Located outside India				
Total	4890519030	4460668716	19299076	85806765

In accordance with our report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.

Chartered Accountants
FRN 002808S

K.V.N.S. KISHORE

Partner
(Membership No.206734)

IRMGARD VELAGAPUDI M. RAO

Managing Director

Chennai **R.GANESAN** **S.CHIDAMBARAM**
26.05.2016 Chief Financial Officer General Manager (Finance) &
Company Secretary

V. KIRAN RAO **K.A. RANGASWAMY**
Executive Director Director

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS

	Amt. in Rs.	
	2015-2016	2014-2015
A. Cash Flow from Operating Activities:		
Net Profit before tax and Extraordinary Items	87802209	(275425008)
Adjustments for:		
Depreciation	102550297	103106548
Loss/(Profit) on Sale of Assets	(127648)	(860217)
Investments written off	790	-
Provision no longer required withdrawn	-	(3569092)
Dividend Income	(17837985)	(25896848)
Finance Cost	68445033	42137582
Loss /(Profit) Profit on Sale of Investments	(34978520)	(33989934)
Interest received	(18818553)	(3280361)
	99233414	77647678
Operating Profit before Working Capital Changes	187035623	(197777330)
Adjustments for :		
Trade and other Receivables	(171439147)	(46688978)
Inventories	(271846834)	404548740
Trade Payables	353531541	(15447171)
	(89754440)	342412591
Cash Generated from Operation	97281183	144635261
Refunds received from Income Tax	22567831	34953307
Cash Flow Before Extraordinary Items	119849014	109681954
Extraordinary items	-	-
Net Cash from Operating Activities	119849014	109681954
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(36808452)	142659292
Investments purchased	(124591820)	130902059
Increase in Capital Work in Progress	17509377	(56852526)
Sale of Investments	119742977	(110558166)
Sale of Fixed Assets	258333	(5045245)
Interest Received	18818553	(3280361)
Dividend Received	17837985	(25896848)
Net Cash Used in Investing Activities	12766953	71928205

		Amt. in Rs.
	2015-2016	2014-2015
C. Cash Flow from Financing Activities		
(Increase) / Decrease in Borrowings	(15650653)	(117837814)
Finance cost	(68445033)	42137582
Dividends and Tax on dividend Paid	(13646758)	112756614
Net Cash Used in Financing Activities	(97742444)	37056382
Net Increase in Cash and Cash Equivalents (A-B-C)	34873522	697367
Cash and Cash Equivalents at the beginning of the reporting period	109399818	108702451
Cash and Cash Equivalents at the end of the reporting period**	144273340	109399818

** Cash and Cash Equivalents includes Rs.6,94,95,748/- of unpaid dividend and margin money lying in various bank accounts.

In accordance with our report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.
Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO
Managing Director

K.V.N.S. KISHORE
Partner
(Membership No.206734)

Chennai **R.GANESAN** **S.CHIDAMBARAM**
26.05.2016 Chief Financial Officer General Manager (Finance) &
Company Secretary

V. KIRAN RAO **K.A. RANGASWAMY**
Executive Director Director

CERTIFICATE

To

The Members of

K.C.P. Sugar and Industries Corporation Limited

Chennai.

We have examined the attached Cash Flow Statement of K.C.P. Sugar and Industries Corporation Limited, for the year ended 31st March, 2016. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the National Stock Exchange and is based on and in agreement with the corresponding Statement of Profit and Loss and Balance Sheet of the Company covered by our Report dated 26-05-2016 to the Members of the Company.

Place : Chennai

Date : 26th May, 2016.

For B Purushottam & Co.

Chartered Accountants,

FRN 002808S

K.V.N.S. KISHORE

(M.No. 206734)

Partner

[illegible]



THE EIMCO-K.C.P. LTD

Forty Eighth Annual Report

2015 – 2016

BOARD OF DIRECTORS

Chairperson	Smt. Irmgard Velagapudi M.Rao
Vice Chairperson	Smt. V. Kiran Rao
Directors	Shri. J. Satyanarayana Shri. K.Kalyanaraman
Auditors	B. Purushottam & Co., Chartered Accountants, Flat No.3-D, “Pioneer Homes” 23/A, North Boag Road, T.Nagar, Chennai 600017.
Bankers	Axis Bank Limited Canara Bank Corporation Bank
Registered and Corporate Office	“Ramakrishna Buildings”, 239, Anna Salai, Chennai 600 006.
Works	11-A, 3 rd Main Road, Industrial Estate, Ambattur, Chennai 600 058.



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty Eighth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Wednesday, 21st day of September 2016 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016 and the Profit and Loss Account for the period ended on that date and consider the Reports of the Directors and Auditors.
- 2 To appoint a Director in place of Shri.J.Satyanarayana, who retires by rotation and is eligible for reappointment.
- 3 To appoint the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

// By Order of the Board //

For THE EIMCO-K.C.P. LIMITED

Place : Chennai
Date : 26.05.2016

IRMGARD VELAGAPUDI M. RAO
CHAIRPERSON

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

// By Order of the Board //

For THE EIMCO-K.C.P. LIMITED

Place : Chennai
Date : 26.05.2016

IRMGARD VELAGAPUDI M. RAO
CHAIRPERSON

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report for the year ended 31st March 2016 together with the Balance Sheet and the Profit and Loss Account for the year ended on that date.

REVIEW OF OPERATIONS

During the period under review the Company has received Orders totaling to Rs.3,715.11 lakhs as compared to Rs. 3,060.13 lakhs during the previous year. From the enclosed Annual Accounts it may be noted that the income earned from the sale of product and services by the Company for the year ended 31st March 2016 was Rs.3,141.11 lakhs as against Rs. 3,396.83 lakhs in the previous year. The Profit was at Rs.497.01 lakhs for the year under review as against profit of Rs. 273.95 lakhs for the previous year. After providing for current and deferred taxation, the net profit for the year was Rs.317.29 lakhs to which after adding the brought forward surplus of Rs.1,601.07 lakhs, the carry forward surplus to the next year amounted to Rs.1,918.36 lakhs.

DIVIDEND

Your Directors have not recommended any dividend for the Financial Year under review with a view to conserve profits.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION

This Industry is not energy intensive with maximum demand being much below 250 KVA. Consequently there is very little Scope of conservation of energy.

PARTICULARS OF EMPLOYEES

Information as per Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming a part of Director's Report for the year ended 31st March 2016 is not applicable as there was no employee covered by the same.

EXPORTS & FOREIGN EXCHANGE EARNINGS & OUTGO

Our Exports earnings during 2015-16 was Rs.1212.38 lakhs (P.Y.- Rs. 563.42 lakhs). During the period under review the Company has incurred expenditure in foreign currency amounting to Rs.127.52 lakhs towards foreign travel and import of components There are no specific areas in which Research and Development has been carried out by the Company.

DIRECTORS

At the forthcoming Annual General Meeting Shri.J.Satyanarayana retires by rotation and is eligible for re-appointment.

STAFF RELATIONS

Industrial Relations with Staff and Workers continue to be Cordial.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134 of the Companies Act 2013, your Directors certify as follows:

- i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there were no material departures there from;
- ii) that the Directors had selected such accounting policies and applied them consistently and 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 2016 and of the profit of the Company for that year.
- iii) that the Directors had taken proper and sufficient care for the Maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis;
- v) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

M/s. B.Purushottam & Co., Chartered Accountants, Chennai, retire at the conclusion of this Annual General Meeting and are eligible for reappointment. The Members approval is being sought to the reappointment of M/s.B. Purushottam & Co., as the Statutory Auditors and to authorize the Board of Directors, to determine the remuneration payable to the Auditors.

As required under the provisions of section 141(3) of the Companies Act, 2013, the Company has obtained a written certificate from them to the effect that their appointment, if made, would in conformity with the limits specified under the said section.

For and on behalf of the Board of Directors

IRMGARD VELAGAPUDI M.RAO
CHAIRPERSON



INDEPENDENT AUDITOR'S REPORT

To the members of THE EIMCO-K.C.P. LTD

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **THE EIMCO-K.C.P. LTD** ("the Company"), which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in Para 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and 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 it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 25 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there is no provision required for material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Chennai
Date : 26.05.2016

for B. Purushottam & Co
Chartered Accountants
FRN 002808S

K.V.N.S Kishore
Partner
(M. No. 206734)



Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of THE EIMCO-K.C.P. LTD on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has not made any loans, investments, guarantees and security covered under provisions of section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute, except the following amounts:

Sl.No.	Nature of the Dues	Name of the Statute	Amount Rs.	Pending before
1	Income Tax and Related demands (F.Y 2007-08)	Income Tax	19,28,609	Commissioner of Income Tax Appeals
2	Income Tax and Related demands (F.Y 2008-09)	Income Tax	6,64,880	Commissioner of Income Tax Appeals
3	TN VAT and Related demands (F.Y 2013-14)	Commercial Tax	3,00,948	Joint Commissioner of Commercial Tax

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year, accordingly Para 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place : Chennai
Date : 26.05.2016

for B. Purushottam & Co
Chartered Accountants
FRN 002808S

K.V.N.S Kishore
Partner
(M. No. 206734)



Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of THE EIMCO-K.C.P. LTD ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on

Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial

reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Chennai
Date : 26.05.2016

for B. Purushottam & Co
Chartered Accountants
FRN 002808S

K.V.N.S Kishore
Partner
(M. No. 206734)



Amt in Rs.			
Particulars	Note No.	As at end of Current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	6000000	6000000
(b) Reserves & Surplus	3	203137035	171408237
		209137035	177408237
2. Non - current liabilities			
(a) Long term provisions	5	45565812	56168859
3. Current liabilities			
(a) Trade payables	6	40198293	93382577
(b) Other current liabilities	7	91677148	69216425
(c) Short term provisions	8	13676384	6621280
		145551825	169220282
TOTAL		400254672	402797378
II ASSETS			
1. Non - current assets			
(a) Fixed Assets			
(i) Tangible assets	9	64173073	23168594
(ii) Intangible assets		147034	272875
(iii) Intangible assets under development		-	
(b) Deferred tax assets (Net)	4	2858449	2282102
(c) Long term loans and advance	10	3048861	2998959
(d) Other non current assets	11	23287964	21495451
		93515381	50217981
2. Current Assets			
(a) Current Investments	12	41888581	67134161
(b) Inventories	13	88686883	72979430
(c) Trade receivables	14	101194760	155096957
(d) Cash and bank balances	15	60008860	46636451
(e) Short term loans and advances	16	14960207	10732398
TOTAL		400254672	402797378

Significant accounting policies and notes on accounts-1

The notes attached form an integral part of the Financial Statement- 1-44

In accordance with our Report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.
Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO
Chairperson

K.V.N.S. KISHORE
Partner
M.No. 206734

V. KIRAN RAO
Vice-Chairperson

Chennai
26.05.2016

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2016

Amt in Rs..			
Particulars	Note No.	For the Current reporting period 2015-16	For the Previous reporting period 2014-15
I Revenue from Operations	17	314111324	339682605
Less: Excise duty		19699710	(20556780)
		294411614	319125825
II Other Income	18	38401748	18572591
Total revenue		332813362	337698416
III Expenses			
Cost of materials consumed	19	170441816	156132403
Changes in inventories of work in progress	20	(18606583)	(2027460)
Changes in inventories of finished goods	20	(5248730)	1886977
Employee benefits expense	21	55879443	50580286
Finance costs	22	3206276	2905823
Depreciation and amortization expense	23	4609575	6109483
Other expenses	24	72829661	94715992
Total Expenses		283111458	310303504
IV Profit/(Loss) before tax ((I+II)-III)		49701904	27394912
V Tax expense:			
(1) Current tax		18500000	9000000
(2) Deferred tax Asset/(Liability)		(576347)	(2259838)
(3) Rev. of excess provision for taxation relating to earlier years		49453	-
		17973106	6740162
VI Profit for the year		31728798	20654750
VII Earning per equity share:			
Basic / Diluted		52.88	34.42

The notes attached form an integral part of the Financial Statements 1-44

In accordance with our Report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.
Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO
Chairperson

K.V.N.S. KISHORE
Partner
M.No. 206734

V. KIRAN RAO
Vice-Chairperson

Chennai
26.05.2016



ACCOUNTING POLICIES

i. General

The Financial statements have been prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) to comply with the Accounting standards specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

ii. Fixed Assets :

- (a) Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of all freight, duties, taxes, incidental expenses relating to the cost of acquisition and the cost of installation/erection as applicable.
- (b) Modvat availed, if any, during the year on Fixed Assets, is not included in the cost of such Fixed Assets capitalized during the year.

iii. Depreciation :

Depreciation on all assets is provided on written down value method in accordance with the rules prescribed under part "C" schedule II to the Companies Act, 2013.

iv. Investments:

Long-term investments are carried at cost and provision for diminution in the value there of other than temporary in nature is accounted for.

Current Investments are stated at the lower of cost and fair value.

v. Inventories:

- a. Finished Goods are valued at lower of cost and net realizable value, as increased by excise duty thereon as applicable.
- b. Scrap is valued at net realizable value.
- c. Work in progress is valued at lower of cost or net realizable value of the finished goods duly adjusted according to the percentage of progress.
- d. Raw materials, Stores, Spare parts, Material in Transit, etc., are valued at cost, except when the net realizable value of the finished goods they are used in is less than the cost of the finished goods and if in such an event the replacement cost of such materials etc., is less than their holding cost, in which case they are valued at replacement cost. Cost is determined on the basis of weighted average method.

vi Revenue Recognition:

Revenue from the sale of goods is recognized as and when dispatches were made, as per the terms of the contract.

Sales are inclusive of excise duty recovered and net of discount and rebates.

Revenue from service related activities is recognized as and when the activity is completed under the terms of the contract.

vii Foreign Currency Transactions :

- a. Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately to capital or revenue, with the difference in the rate of exchange arising on actual receipt /payment during the year.
- b. At each Balance Sheet Date
 - i. Foreign currency monetary items are reported using the rate of exchange on that date
 - ii. 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 natures of hedges
 - i. Premium or discount on the contract is amortized over the term of contract
 - ii. Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

viii Research and Development Expenditure

In respect of approved Research and Development programmes, expenditure of capital nature is included in the Fixed Assets and the other expenditure is charge off to revenue, in the year in which such expenditure is incurred.

ix Employee Benefits:

- a. Defined Contribution Plans: Fixed contribution to provident fund and employees state insurance made on monthly basis with relevant authorities are absorbed in Profit and Loss Account.
- b. Defined Benefit Plans (Long term employee benefits)

Gratuity: Contributions to Gratuity Fund are made on the basis of Actuarial Valuation made by LIC using Projected Unit Credit Method. Gratuity Benefits is funded with LIC.

Leave Encashment: Provision is made in the accounts for the estimated liability towards leave encashment on retirement / cessation of the services of the staff, as per the rules of the company. In respect of workmen, unavailed leave wages is paid during the end of the calendar year and accounted on accrual basis.

Short Term employee benefits: Short-term employee benefits are absorbed as an expense as per the company's scheme based on expected obligation on undiscounted basis.

x 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 book and tax profits is accounted for under the liability method, at the current rate of tax.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

xi Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

xii Impairment of Assets

At the date of each Balance Sheet, the company evaluates internally, indications of the impairment if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realizable value and value in use, as considered appropriate. If the estimated realizable value is less than the carrying amount, an impairment loss is recognized.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

xiii Provisions, Contingent Liabilities, Contingent Assets, Warranty and Guarantee Claims.

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

Company's liability for performance warranties is recognized in the accounts in the year of claim by the customers. Liability in respect of delivery guarantees is recognized in accounts in the year in which delay occurs as per the contract.



Amt in Rs.

Particulars	Number	As at end of current reporting period 31-03-2016	Number	As at end of previous reporting period 31-03-2015
2 . SHARE CAPITAL				
Authorised :				
Equity shares of Rs.10 /- each	1000000	10000000	1000000	10000000
		10000000		10000000
Issued, subscribed and fully paid up:				
600000 Equity shares of Rs.10 /- each	600000	6000000	600000	6000000
		6000000		6000000
Reconciliation of number of shares				
At the beginning of the reporting period	600000	6000000	600000	6000000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	600000	6000000	600000	6000000

Rights, Preferences and Restrictions attached to shares

The Company has one class of equity shares having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding however no such preferential amounts exist currently.

Details of shares held by the holding company	No of Shares	Amount	No of Shares	Amount
K C P SUGARS & INDUSTRIES CORPORATION LTD	600000	6000000	600000	6000000
% of holding		100		100

3. Reserves and Surplus:

Particulars	General reserves	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period	11301382	160106855	171408237
Transferred from/to Profit & Loss Account		31728798	31728798
At the close of the reporting period	11301382	191835653	203137035
At the close of the previous reporting period	11301382	160106855	171408237

*Note: Transitional effect on account of recomputation of depreciation on various assets in terms of Part "C" schedule II of the Companies Act, 2013

4. Deferred tax liability:		Amt. In Rs.
Particulars	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
Deferred tax liability:		
a) On account of depreciation on fixed assets		
b) On account of timing differences in recognition of expenditure	-	255910
Total	-	255910
Deferred tax asset:		
a) On account of depreciation on fixed assets	859612	682871
b) On account of timing differences in recognition of expenditure	1998837	1855141
Total	2858449	2538012
Net Deferred tax liability/(asset)	(2858449)	(2282102)
5. Long term Provisions:		
Deferred tax liability:		
a) Provisions for employee benefits	4321760	3959483
b) Others - Provisions for Liquidated Damages	41244052	52209376
	45565812	56168859
6. Trade Payables:		
i) To Micro, Small and Medium Enterprises		
ii) Trade payable for Goods and Services	40198293	93382577
	40198293	93382577
7. Other current liabilities:		
i) Statutory Liabilities	3332658	1881881
ii) Accrued Salaries, Wages & Benefits payable	797275	834726
iii) Advance received from customers	87547215	66499818
	91677148	69216425
8. Short term provisions:		
a) Provision for employee benefits	1723780	1651445
b) Provision for Income Tax (Net)	11952604	4969835
	13676384	6621280



9. Fixed Assets

Amt. In Rs.

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK	
	As at beginning of current reporting period	Additions for the year	Deductions during the year	As at end of current reporting period	As at beginning of current reporting period	For the year	Deductions	As at end of current reporting period	As at end of previous reporting period
Tangible Assets									
Own assets									
Land	632110	42144871		42776981				42776981	632110
Buildings	17132869	1887154		19020023	8212483	775339		10032201	8920386
Plant & Machinery	35660150	322863		35983013	24911640	2649081		84222292	10748510
Furniture & Fixtures	3601529	-		3601529	3331784	61532		3393316	269745
Vehicles	2579698	-		2579698	1486927	306264		1793191	1092771
Office equipment	2814817	148500	91000	2872317	2028708	353103	87000	577506	786109
Computers	13738054	977825		14715879	13019091	327415	-	13346506	718963
	76159227	45481213	91000	121549440	52990633	4472734	87000	64173073	23168594
Intangible assets									
Softwares	2301606	11000	6700	2305906	2028731	136841	6700	147034	272875
Intangible assets under development									
	2301606	11000	6700	2305906	2028731	136841	6700	147034	272875
Total	78460833	45492213	97700	123855346	55019364	4609575	93700	64320107	23441469

Amt. In Rs.		
Particulars	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
10. Long term loans and advances:		
Unsecured considered good		
i) Security Deposits	641705	612872
ii) IT Refund Receivable	2407156	2386087
	3048861	2998959
11. Other non current assets:		
Unsecured considered good		
i) Interest Receivable	-	-
ii) Margin Money fixed deposits with Bank	23287964	21495451
	23287964	21495451
12. Current Investments:		
Investment in Mutual Funds (NAV as on 31.03.2016 Rs.41888581/-), PY 67134161	41888581	67134161
	41888581	67134161
13. Inventories:		
i) Raw materials	28388083	36524506
ii) Work in progress	50430268	31823685
iii) Finished goods	9345502	4096772
iv) Loose tools	523030	534467
	88686883	72979430
14. Trade receivables:		
Unsecured, considered good		
i) Trade receivables exceeding six months	44098591	11123253
ii) others	57096169	143973704
	101194760	155096957
15. Cash and cash equivalents:		
i) Balances with banks		
- in Current accounts	7563167	2949251
- in Fixed Deposits	52324011	43515291
ii) Cash on hand	121682	171909
	60008860	46636451
16. Short term loans and advances:		
Unsecured, considered good		
i) Advances for Supply of goods and rendering of services	3434924	2954680
ii) Loans and advances to Employees	37510	47335
iii) Prepaid Taxes and Expenses	11487773	7730383
	14960207	10732398



Particulars	For the current reporting period 2015-16	For the previous reporting period 2014-15
17. Revenue from operations:		
i) Sale of products		
Filters	60705855	34674530
Thickeners, Components, Spares, Bar Screens, etc.,	244446261	299692762
ii) Sale of services	8185900	3641405
iii) Other operating revenue	773308	1673908
	314111324	339682605
Less: Excise Duty	19699710	20556780
Total	294411614	319125825
18. Other Income:		
i) Interest income	4514788	5492675
ii) Miscellaneous Receipts	1229765	4064759
iii) Packing & Forwarding Charges	1674099	2969896
iv) Difference in Foreign Exchange	-	993928
v) Provision no longer required withdrawn	24130772	1026424
vi) Credit Balance Written Back	4587899	32246
vii) Dividend Income from Mutual Funds	2254420	3992663
viii) Profit on Sale of Assets	10005	-
Total	38401748	18572591
19. Cost of materials consumed:		
i) Consumption of raw materials		
Stainless Steel	18718754	10466862
Iron and Steel	21507794	34297795
ii) Consumption of stores and spare parts	130215268	111367746
	170441816	156132403
20. Changes in inventories of finished goods, work in progress and stock in trade:		
Stocks at the end of the year		
i) Work in progress	50430268	31823685
ii) Finished goods	9345502	4096772
Total	59775769	35920457
Stocks at the beginning of the year		
i) Work in progress	31823685	29796225
ii) Finished goods	4096772	5983749
Total	35920457	35779974
Change in stock of Work in Progress (a)	(18606583)	(2027460)
Change in stock of Finished Goods (b)	(5248730)	1886977
Net (a + b)	(23855312)	(140483)

Particulars	For the current reporting period 2015-16	For the previous reporting period 2014-15
21. Employee Benefit Expenses:		
i) Salaries and wages	49107302	44901857
ii) Contribution to provident and other funds	3823481	3291314
iii) Staff welfare expenses	2948660	2387115
	55879443	50580286
22. Finance Costs:		
i) Interest expense	3731	588935
ii) Bank Guarantee Commission and other charges	3202545	2316888
	3206276	2905823
23. Depreciation and amortization:		
Depreciation	4472734	5836607
Amortization of Intangible Assets	136841	272876
	4609575	6109483
24. Other expenses:		
i) Machining and fabrication charges	26799540	40228199
ii) Work Shop Maintenance	2030762	1918748
iii) Power and fuel	2763995	2688451
iv) Rent	307627	303372
v) Research , inspection and testing charges	105089	205393
vi) Repairs to machinery	395061	238462
vii) Repairs others	289986	261740
viii) Insurance	303289	255962
ix) Rates and taxes	315626	932353
x) Payment to the auditors		
- as auditor - Audit Fees	50000	50000
- for other services - Certification Fees	5000	5000
- Out of Pocket Expenses	4407	5492
xi) Selling expenses	15739094	19977658
xii) Performance and delivery guarantee claims	12059237	17109367
xiii) irrecoverable loans and advances written off	2083	604211
xiv) Legal and professional charges	937550	1498638
xv) Miscellaneous expenses	10721315	8432946
	72829661	94715992



25. CONTINGENT LIABILITIES:

- a). The Guarantees issued by the Company's Bankers in favour of the customers against advances from them and other obligations amounting to Rs.11,79,05,917/- (P.Y.Rs.11,92,48,416/-) are secured by hypothecation of entire current assets, both present and future, as primary security and entire fixed assets as collateral security.
- b) No provision has been made towards:-
- i) Disputed ESI demand raised by ESI authorities under ESI Act for the years 1990-91 to 1993-94 amounting to Rs.68233/-. Pending disposal of its appeal against the said demands the company paid Rs.15,000/- under protest, and the same is grouped under Loans and Advances.
- Disputed ESI demand raised by ESI authorities under ESI Act for the years 2000-01 to 2003-04 amounting to Rs.106256/-. Pending disposal of its appeal against the said demands the company paid Rs.26,564/- under protest, and the same is grouped under Loans and Advances.
- ii) Disputed Income Tax demand raised by Income Tax authorities under Income Tax Act for the years 2007-08(A.Y-2008-2009) amounting to Rs.19,28,609/- including interest. Pending disposal of its appeal against the said demands with Commissioner of Income Tax Appeals (III).
- Disputed Income Tax demand raised by Income Tax authorities under Income Tax Act for the years 2008-09(A.Y-2009-2010) amounting to Rs.6,64,880/- including interest. Pending disposal of its appeal against the said demands with Commissioner of Income Tax Appeals (III)
- iii) Disputed VAT demand raised by Tamil Nadu Commercial Tax authorities for the years 2013-2014 amounting to Rs.3,00,948/-. Pending disposal of its appeal against the said demands with Joint Commissioner of Commercial Tax (CT) Chennai Central Division. An amount of Rs.1,18,393/- has been paid under protest.

26. Sale of Products and services (including Excise Duty recovered).

		Current Reporting Period 2015 -16		Previous Reporting Period 2014 -15	
		Qty.	Value	Qty.	Value
			Rs.		Rs.
(I)	SALES:				
	Filters (in Nos)	6 Nos	60705855	7 Nos	34674530
	Thickeners, Components, Spares, Bar screens, etc. (Unit quantification not possible)		244446261		299692762
	Scrap		773308		1673908
	TOTAL		305925424		336041200
(II)	SERVICES:				
	Service Charges		3107900		3041405
	Design, Erection & Fabrication		5078000		600000
	TOTAL		314111324		339682605

27. Raw Materials Consumed (in MT)

	Current Reporting Period 2015 -16		Previous Reporting Period 2014 -15	
	MT	Rs.	MT	Rs.
Stainless Steel	110.31	18718754	49.55	10466862
Iron and Steel	526.18	21507794	790.36	34297795
TOTAL	636.49	40226548	839.91	44764657

Note : The above does not include of Rs 13,02,15,268/- (P.Y.Rs. 11,13,67,746/-) being the cost of Motors, Components, Pipes, Spares etc., consumed.

28. Opening and Closing Stock of Finished Goods.

	OPENING STOCK				CLOSING STOCK			
	Current reporting period 2015 -2016		Previous reporting period 2014 -2015		Current reporting period 2015 -2016		Previous reporting period 2014 -2015	
	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
Filters	-	-	-	-	-	-	-	-
Washers, Classifiers, Clarifiers, Components Spares etc (Unit Quantifi- cation not Possible)	-	4096772	-	5983749	-	9345502	-	4096772
Chemicals	-	-	-	-	-	-	-	-
Total		4096772		5983749		9345502		4096772

29. Purchase of Finished Goods - Qty Value(Rs.) Qty Value(Rs.)

Particulars	Current reporting period 2015 -2016		Previous reporting period 2014 -2015	
	Qty.	Value Rs.	Qty.	Value Rs.
Chemicals	NIL	NIL	NIL	NIL

30 Particulars regarding Capacity and Production : The Business carried on by the company does not require any Industrial Licence. Owing to the nature of the company's Business the installed Capacity cannot be quantified.

Actual Production : 6 Nos.(P Y.7Nos.) Filters, besides Washers, Classifiers, Clarifiers, Components, Spares etc.

31.Comparison between consumption of imported and indigenous raw materials, spares and Components during the financial year (debited to various accounts)

	Current reporting period 2015 -2016		Previous reporting period 2014 -2015	
	VALUE	%	VALUE	%
	Rs		Rs	
A) Raw materials:				
Imported	NIL	NIL	NIL	NIL
Indigenous	40226548	100.00	44764657	100.00
TOTAL	40226548	100.00	44764657	100.00
B) Spares and Components:				
Imported	11114915	6.65	7465232	10.99
Indigenous	119100353	93.35	103902514	89.01
TOTAL	130215268	100.00	111367746	100.00

32. Value of imports made by the company during the year calculated on CIF Basis.

	Current reporting period 2015-2016	Previous reporting period 2014-2015
	Rs.	Rs.
Components	11114915	7465232
Finished Goods- Chemicals	Nil	Nil
TOTAL	11114915	7465232



33. Expenditure incurred in Foreign Currency during the year.

	Current reporting period 2015-2016	Previous reporting period 2014-2015
	Rs.	Rs.
Foreign Travel Expenses	673473	806055
Commission paid on Export Sales	297048	3003764
Reimbursement of Expenses on Product Representation in abroad	666505	2176405
TOTAL	1637026	5986224

34. Earnings in Foreign Exchange from Export of Goods & Services, on FOB basis

	Current reporting period 2015-2016	Previous reporting period 2014-2015
	Rs.	Rs.
Export of Goods- FOB Value*	121237718	56342264
Total	1212237718	56342264

35. The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

36. Disclosure under Accounting Standard 15-Employee Benefits:

GRATUITY :

	31/03/2016	31/03/2015
1. Assumptions		
Discount Rate	8.0%	8.0%
Salary Escalation	5%	5%

	Rs.	Rs.
2. Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	7268936	5570115
Interest cost	575049	469609
Current Service Cost	615551	545585
Benefits Paid	(161637)	(184134)
Actuarial loss on obligation	1048063	567761
Present value of obligations as at end of year	9345962	7268936

3. Table showing changes in the fair value of Plan assets LIC FUND

	Rs.	Rs.
Fair value of plan assets at beginning of year	8042943	7194654.31
Expected return on plan assets	664970	670059.20
Contributions	700000	362362.57
Benefits paid	(161637)	(184134)
Actuarial gain on plan assets	67388	-
Fair value of plan assets at the end of year	9313664	8042942.79

4. Table showing fair value of plan assets

Fair value of plan assets at beginning of year	8042943	7194654.31
--	---------	------------

Actual return of plan assets	664970	670059.91
Contributions	700000	362362.57
Benefits Paid	(161637)	(184134)
Fair value of plan assets at the end of year	9313664	8042942.79
Funded status (Asset)	32298	774006.79
Excess of Actual over estimated return on plan assets	0	0
5. Actuarial Gain/Loss recognised		
Actuarial Gain on obligation	(1048063)	(567761)
Actuarial loss on plan assets	67388	-
Total Loss for the year	980675	567761
Actuarial Loss recognized in the year	980675	567761
6. The amounts to be recognized in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	9345962	7268936
Fair value of plan assets as at the end of the year	9313664	8042942.79
Funded status Liability	(32298)	774006.79
NET ASSET RECOGNIZED IN THE BALANCESHEET	(32298)	774006.79
7. Expenses Recognized in statement of Profit & Loss		
	Rs.	Rs.
Current Service Cost	615551	545585
Interest Cost	575049	469609
Expected return on plan assets	(664970)	(670059.9148)
Net Actuarial loss recognized in the year	980675	567761
Expenses recognized in the profit & loss	1506305	912895

37. The Company operates in a single segment hence there are no reportable segments as per the requirements of Accounting Standard 17 "Segment Reporting".

38. Related Party Disclosures – As per AS-18:

i) Name of related parties and description of relationship:

- Holding Company: KCP Sugar and Industries Corporation Ltd.,
- Key Management Personnel: Smt.Irmgard Velagapudi M.Rao
Smt.Kiran.V.Rao

ii) Transactions with related parties:

Particulars	Holding Company	Key Management Personnel
	Rs.	Rs
Rent Paid	307627 (P.Y303372)	NIL
Sale of Spares for Cane Mud Filter	Nil (P.Y.139058)	NIL

iii **Closing Balances with related parties:**

Particulars	As on 31.03.2016 Rs.	As on 31.03.2015 Rs.
Outstanding Balance Payable to Holding Company	NIL	NIL



39. Operating Lease Disclosures – As per AS-19:

Rent expenses of Rs. 307627/- (Previous year Rs.303372/-) in respect of obligation under operating leases have been recognized in the Profit and Loss Account.

There are no future obligations in respect of the operating leases

40. Earning per Share (EPS)- As per AS-20:

Particulars	2015-2016 Rs.	2014-2015 Rs.
Profit attributable to the Shareholders (A)	31728797	20654750
Basic / Weighted average number of Equity shares outstanding during the year (B)	600000	600000
Nominal Value of Equity Shares	10	10
Basic/ Diluted Earnings per Share (A / B)	52.88	34.42

41. Balances due to or from various parties are subject to confirmation by and reconciliation with such parties.

42. All figures in brackets indicate those of previous year.

43. Previous year figures have been regrouped wherever necessary.

44. Paise have been rounded off.

Signature to Schedules 1 to 44, Accounting Policies and Notes on Accounts.

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.
Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO
Chairperson

K.V.N.S. KISHORE
Partner
M.No. 206734

V. KIRAN RAO
Vice-Chairperson

Chennai
26.05.2016

PARTICULARS	Amount in Rs.			
	2015-2016		2014-2015	
A. Cash flows from operating activities				
Net Profit before tax and Extraordinary items:		49701904		27394912
Adjustments for:				
Depreciation and amortization expense	4609575		6109483	
Debit Balances Written off	2083		604211	
Excess Provision credited back	(24130772)		(1026424)	
Credit Balances written back	(4587899)		(32246)	
Interest Paid	3206276		2905823	
Interest received	(4514788)		(5492675)	
Profit on Sale of Asset	(10005)		-	
Dividends received	(2254420)	(27679950)	(3992663)	(924491)
Operating Profit Before Working Capital Changes		22021954		26470421
Adjustments for:				
Trade and other Receivables	47829890		(38531828)	
Inventories	(15707453)		(13580764)	
Trade Payables and others	(12535602)		75643151	
		19586835		23530559
Cash Generated from Operations		41608789		50000980
Direct taxes paid		(11566684)		(7992919)
Cash Flow before Extraordinary items		30042105		42008061
Extraordinary items		-		-
Net Cash from Operating Activities		30042105		42008061
B. Cash flows from investing activities				
Purchase of property, plant and equipment	(45492213)		(7831724)	
Proceeds from sale of property, plant and equipment	14005			
Purchase of investments			(3992663)	
Proceeds from sale of investments	27500000			
Interest received	4514788		5492675	
Dividend received			3992663	
Net cash used in investing activities		(13463420)		(2339049)
C. Cash flows from financing activities				
Repayment of short term borrowings	-		-	
Interest paid	(3206276)		(2905823)	
Net cash from financing activities		(3206276)		(2905823)
Net increase/(decrease) in cash and cash equivalents		13372409		36763189
Cash and cash equivalents at beginning of reporting period		46636451		9873262
Cash and cash equivalents at end of reporting period		60008860		46636451

Cash and Cash equivalents consists of cash on hand, balance with banks and margin money lying with Axis Bank, Chennai.

In accordance with our report attached

For B.PURUSHOTTAM & CO.
Chartered Accountants
FRN 002808S

K.V.N.S. KISHORE
Partner
M.No. 206734

Chennai
29.05.2016

For and on behalf of the Board
IRMGARD VELAGAPUDI M. RAO
Chairperson

V. KIRAN RAO
Vice-Chairperson

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KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED

Seventeenth Annual Report **2015-2016**

BOARD OF DIRECTORS

Chairperson	Smt. Irmgard Velagapudi M. Rao
Directors	Shri. Vinod R. Sethi Shri. R. Ganesan
Auditors	Messrs. B.Purushottam & Co. Chartered Accountants, Flat No.3-D, "Pioneer Homes" 23/A, North Boag Road, T.Nagar Chennai 600017.
Bankers	Corporation Bank
Registered and Corporate Office	"Ramakrishna Buildings" 239, Anna Salai, Chennai 600 006.
Farm	Thirupukuzhi and Melambi Villages Kanchipuram Dist, Tamil Nadu

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Wednesday, 21st day of September 2016 at 4.00 p.m.. to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016 and the Profit and Loss Account for the period ended on that date and consider the Reports of the Directors and Auditors.
- 2 To appoint a Director in place of Shri. R.Ganesan who retires by rotation and is eligible for reappointment.
- 3 To appoint Auditors and to authorise the Board of Directors and to authorize the Board to fix their remuneration.

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

// By Order of the Board //

For KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.

Place : Chennai
Date : 26.05.2016

IRMGARD VELAGAPUDI M. RAO
CHAIRPERSON

Your Directors have pleasure in presenting the Seventeenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2016.

REVIEW OF OPERATIONS:

During the year ended 31.03.2016 the turnover and other income decreased to Rs. 9.71 lakhs from Rs.27.50 lakhs. This has resulted in loss of Rs.2.73 lakhs as against profit of Rs. 15.68 lakhs in the previous year. After providing Rs.2.14 lakhs for Tax relating to earlier years, the loss was Rs.4.87 lakhs. The Reserves and Surplus as on 31.03.2016 was Rs.19.99 lakhs (P.Y.: Rs.24.86 lakhs), after adjusting the loss of Rs.4.87 lakhs

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits during the period under review.

DIRECTORS:

In accordance with the Companies Act 2013 and the Articles of Association of the Company, Shri. R. Ganesan, Director, retires by rotation and is eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT :

Your Directors confirm:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and 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 period ended 31st March 2016 and of the profit of the Company for that period;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.
- v. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY STATEMENTS:

The Statement containing Particulars of Employees required in terms of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been appended herewith as there is no employee covered by the same.

The statement pursuant to section 134(3)(m) of Companies Act, 2013, read with Companies (Disclosures of particulars in the Report of Directors) Rules, 1988, is not enclosed as the same does not apply to the Company.

AUDITORS:

M/s.B.Purushottam & Co., Chartered Accountants, Chennai 600017, who were appointed as the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Members' approval is being sought to the reappointment of M/s. B.Purushottam & Co., as the Statutory Auditors and to authorize the Board of Directors to determine the remuneration payable to them. As required under the provisions of section 141(3) of the Companies Act, 2013, the Company has obtained a written certificate from them to the effect that their appointment, if made, would be in conformity with the limits specified under the said section.

For KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.

Place : Chennai

IRMGARD VELAGAPUDI M. RAO

Date : 26.05.2016

CHAIRPERSON

To the members K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD ("the Company"), which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in Para 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and 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 it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there is no provision required for material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Chennai
Date : 26.05.2016

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (a) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has not made any loans, investments, guarantees and security covered under provisions of section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of income-tax is regular. In case of provident fund, employees state insurance, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess are not applicable to the company for the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.
- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not availed any loans from financial institutions, bank or debenture holders. Accordingly paragraph 3 (viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year, accordingly Para 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a

- nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
 - (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
 - (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
 - (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of K.C.P SUGARS AGRICULTURAL RESEARCH FARMS LTD ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on

Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Chennai
Date : 26.05.2016

As per our report of even date
for **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

K.V.N.S. KISHORE
Partner
M.No. 206734

KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD

BALANCE SHEET

AS AT MARCH 31, 2016

AMT IN RS.					
Particulars	Note No.	As at end of current reporting period 31-03-2016		As at end of previous reporting period 31-03-2015	
I EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2	22,500,000		22,500,000	
(b) Reserves & Surplus	3	1,998,870		2,485,717	
			24,498,870		24,985,717
2. Current Liabilities					
Other current liabilities	4		14,313		31,017
TOTAL			24,513,183		25,016,734
II ASSETS					
1. Non - current assets					
(a) Fixed Assets - Tangible assets	5	5,366,907		5,769,796	
(b) Non - current investments	6	14,449,288		14,449,288	
			19,816,195		20,219,084
2. Current Assets					
(a) Current Investments	7	-		4,275,163	
(b) Inventories	8	176,643		58,372	
(c) Cash and Cash equivalents	9	4,052,077		76,669	
(d) Short term loans and advances	10	468,268		387,446	
			4,696,988		4,797,650
TOTAL			24,513,183		25,016,734

The notes numbers 1 to 17 attached form an integral part of Financial Statements

As per our report of even date
for **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S
K.V.N.S. KISHORE
Partner
M.No. 206734

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI M.RAO
Chairperson

Chennai
26.05.2016

R.GANESAN
Director

STATEMENT OF PROFIT AND LOSS

FOR YEAR ENDED MARCH 31, 2016

AMT IN RS.					
	Note No.	Current reporting period 2015-16		Previous reporting period 2014-15	
I Revenue from Operations	11	481,494		422,712	
II Other Income	12	489,915		2,327,454	
III Total revenue (I + II)		971,409		2,750,166	
IV Expenses					
Changes in inventories	13	(118,271)		(43,452)	
Employee benefits expense	14	205,464		220,629	
Finance costs	15	1,477		962	
Depreciation	5	446,254		440,227	
Other expenses	16	709,317		563,935	
Total Expenses		1,244,241		1,182,301	
V Profit before tax (III-IV)		(272,832)		1,567,865	
VI Tax expense:					
(1) Current tax		-		200,377	
(2) Deferred tax					
(3) Tax pertaining to Earlier Years		214,015	214,015	200,377	
VII Profit for the year		(486,847)		1,768,242	
VIII Earning per equity share:					
Basic & Diluted	17	(0.22)		0.79	

The notes numbers 1 to 17 attached form an integral part of Financial Statements

As per our report of even date
for **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S
K.V.N.S. KISHORE
Partner
M.No. 206734

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI M.RAO
Chairperson

Chennai
26.05.2016

R.GANESAN
Director

1. MAJOR ACCOUNTING POLICIES:**i. General:**

The Financial statements have been prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) to comply with the Accounting standards specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

ii. Fixed Assets:

Fixed Assets are stated at cost less depreciation. Cost of acquisition of fixed assets is inclusive of all freight, duties, taxes, incidental expenses relating to the cost of acquisition and the cost of installation/erection as applicable.

iii. Depreciation:

Depreciation is provided under straight line method except in respect of assets appearing in the books of the Registered Office of the Company, which are depreciated under written down value method, in accordance with the rules prescribed under part "C" of Schedule II to the Companies Act, 2013. Assets costing less than Rs.5000/- are depreciated within the year of acquisition.

iv. Investments :

Long term Investments are stated at cost, less provision for other than temporary diminution in value Current investment are stated at the lower of cost or market value.

v. Inventories:

Standing crops at the year end is valued at cost.

Finished goods at the year end is valued at cost or market value whichever is lower.

As the company is engaged in agricultural and research activities quantitative particulars are not furnished.

2. Payment of gratuity Act, Provident Fund & ESI Acts are not applicable to the Company.
3. Previous years figures have be regrouped whenever necessary.
4. Contingent Liabilities not provided for : NIL
5. Foreign exchange Income & Outgo : NIL

2 . SHARE CAPITAL**Amt. In Rs.**

Particulars	Number	As at end of current reporting period 2015 - 16	Number	As at end of previous reporting period 2014 - 2015
Authorised :				
Equity shares of Rs.10 /- each	5000000	50000000	5000000	50000000
Issued, subscribed and fully paid up:				
Equity shares of Rs.10 /- each				
At the beginning of the reporting period	2250000	22500000	2250000	22500000
Issued during the reporting period				
Bought back during the reporting period				
At the close of the reporting period	2250000	22500000	2250000	22500000

The company has one class of equity shares having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding, however no such preferential amounts exist currently.

Particulars of Equity share holders holding more than 5% of the total number of preference share capital.

K.C.P Sugar and Industries Corporation Ltd	2250000	22500000	2250000	22500000
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3. Reserves and Surplus:

Particulars	Amt. In Rupees		
	General reserves	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period 01.04.2015		2485717	2485717
Transferred from/to Profit & Loss Account		(486847)	(486847)
At the close of the reporting period 31.03.2016		1998870	1998870
At the close of the previous reporting period		2485717	2485717

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
4. Other Current liabilities:		
Outstanding liabilities for expenses	14313	31017

5. Fixed Assets

Amt. In Rs.

Description	Gross Block (At Cost)				Depreciation				Net Block	
	Cost upto 31.03.2015	Additions during the year	Deletions during the year	Cost upto 31.03.2016	upto 31.03.2015	For the year	On Deletions	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Land (Incl Devt)	3686503			3686503					3686503	3686503
Fencing	306424			306424	291103			291103	15321	15321
Building	925160			925160	73396	16585		89981	835179	851764
Plant & Machinery	2232214	45940	51510	2226644	1028357	427102	48935	1406524	820120	1203857
Vehicles	29510			29510	17159	2567		19726	9784	12351
Total	7179811	45940	51510	7174241	1410015	446254	48935	1807334	5366907	5769796

6. Non Current Investments

Company	Opening Balance as on 01-04-2015		Purchased during the year		Sold during the year		Closing Balance as on 31-03-2016	
	No of Shares	Book Value in Rs.	No of Shares	Book Value in Rs.	No of Shares	Book Value in Rs.	No of Shares	Book Value in Rs.
Long Term Investments - at cost								
Others (Quoted)								
Investment in Equity Shares								
1 Asian Paints Ltd (Face value of Re.1/- each)	2000	232837					2000	232837
2 Blue Star Ltd. (Face value of Rs.2/- each)	5800	2364753					5800	2364753
3 Container Corporation of India Ltd.	1050	1421590					1050	1421590
4 Geodesic Information Systems Ltd (Face value of Rs.2/- each)	400	80458					400	80458
5 Gujarat Gas (Face value of Rs.2/- each)	3100	2038180					3100	2038180
6 Indraprastha Gas Ltd.	8000	3471281					8000	3471281
7 Kaya Ltd. (Formerly Marico Kaya Enterprises Ltd.)	70	-					70	-
8 Marico Limited (Face value of Re.1/- each) (Includes 1:1 Bonus shares received during the year)	3500	222814					7000	222814
9 Nucleus Soft	200	38058					200	38058
10 Yuken India Ltd.	100	20137					100	20137
11 Savita Oil Technologies Ltd	8165	4489223					8165	4489223
12 Precision Wire India Ltd (Face value Rs.10/- each, split in to Rs.5/- each)	500	69957					1000	69957
TOTAL		14449288						14449288

NOTE:

- The Face Value of the above Equity Shares is Rs. 10/- each, unless otherwise mentioned.
- Aggregate Quoted Investments:

At Cost	14449288	14449288
At Market Value	16346582	17391752

Amt. In Rs.		
Particulars	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
7. Current Investments: Investments in Mutual Funds : Valued at Cost or NAV whichever is lower SBI Magnum Insta Cash Fund - Daily Dividend option. (No of units :NIL) Unquoted (PY: 298.663) and SBI Magnum Insta Cash fund Regular Plan (No of Units NIL) Unquoted (PY: 2253.627)	-	4,275,163
8. Inventories: Standing crops / Others	176643	58372
9. Cash and cash equivalents: i) Balances with banks - in Current accounts ii) Cash on hand iii) Fixed deposit	211602 16472 3824003 4052077	25396 48774 2499 76669
10. Short term loans and advances: Income tax paid in advance Dividend Receivable	389743 78525 468268	387446 387446
Particulars	For the current reporting period 2015-2016	For the previous reporting period 2014-2015
11. Revenue from operations: Sale of agricultural products	481494	422712
12. Other Income: i) Interest income - long term investments ii) Dividend Income - from long term investments - from current investments iii) Miscellaneous Receipts iv) Net gain/loss on sale of long term investments	24129 239533 209373 16880 -	236 264378 223004 - 1839836
	489915	2327454
13. Changes in inventories of finished goods, work in progress and stock in trade: Stocks at the end of the year Standing Crops Brick work Less: Stocks at the beginning of the year Standing Crops	137668 38975 176643 58372	58372 - 58372 14920
Net	(118271)	(43452)

KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD

Amt. In Rs.

	For the current reporting period 2015-2016	For the previous reporting period 2014-2015
14. Employee Benefit Expenses:		
i) Salaries and wages	193000	213000
ii) Staff welfare expenses	12464	7629
	205464	220629
15. Finance Costs:		
Other borrowing costs	1477	962
16. Other expenses:		
i) Repairs others	24735	28933
ii) Rates and taxes	6115	9050
iii) Payment to the auditors	14313	14045
iv) Legal and professional charges	26903	47022
v) Cultivation expenses	52470	76167
vi) Labour charges	331460	236345
vii) Pesticides / Fertilizers	112244	80444
viii) Tractor Maintenance	85422	59701
ix) Loss on sale of Fixed Asset	576	-
x) Brick work expenses	38975	-
xi) Miscellaneous expenses	16104	12228
	709317	563935
17. Earnings per share:		
Profit attributable to the Shareholders	(486847)	1768242
Basic /Weighted average number of Equity Shares	2250000	2250000
Nominal value of Equity Shares	10.00	10.00
Basic / Diluted Earnings per share	(0.22)	0.79

for **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

K.V.N.S. KISHORE
Partner
M.No. 206734
Place : Chennai
Date : 26.05.2016

For and on behalf of the Board of Directors
IRMGARD VELAGAPUDI M.RAO
Chairperson

R.GANESAN
Director

Particulars	Amt. in Rs.			
	Current reporting period 2015-2016		Previous reporting period 2014-2015	
Cash flows from operating activities				
Profit before taxation		(272832)		1567865
Adjustments for:				
Depreciation and amortization expense	446254		440227	
Loss/ Profit on Sale of Assets	576		(236)	
Interest received	(24129)		(1839836)	
Profit on Sale of Investment	-		-	
Dividends received	(448906)		(487381)	
		(26205)		(1887226)
		(299037)		(319361)
Increase / decrease in trade and other receivables	(80823)		-	
Increase / decrease in inventories	(118271)		(43452)	
Increase/ decrease in trade payables & others	(16704)		562	
		(215798)		(42890)
		(514835)		(362251)
Income taxes paid		214015		-
Net cash from operating activities		(728850)		(362251)
Cash flows from investing activities				
Purchase of fixed assets	(45940)		-	-
Purchase of investments	-		(4107774)	
Sale of Fixed Assets	2000		-	
Sale of investments	4275163		3995148	
Interest received	24129	-	236	-
Dividend received	448906	-	487381	-
Net cash from investing activities		4704258		374991
Net increase/(decrease) in cash and cash equivalents		3975408		12740
Cash and cash equivalents at beginning of reporting period		76669		63929
Cash and cash equivalents at end of reporting period		4052077		76669

for **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

K.V.N.S. KISHORE
Partner
M.No. 206734
Place : Chennai
Date : 26.05.2016

For and on behalf of the Board of Directors

IRMGARD VELAGAPUDI M.RAO
Chairperson

R.GANESAN
Director

Consolidated Financial Statements

of

K.C.P. Sugar and Industries Corporation Limited

and

its Subsidiaries

2015 - 2016

CONSOLIDATED FINANCIAL STATEMENTS

CIN: L15421TN1995PLC033198

					Amt. in Rs.
Particulars	Note No.	As at end of current reporting period 31-03-2016		As at end of previous reporting period 31-03-2015	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	2	113385050		113385050	
(b) Reserves and Surplus	3	2286961875		2202255993	
			2400346925		2315641043
(2) Non - current liabilities					
(a) Long term borrowings	4	424683000		537504000	
(b) Deferred tax liabilities (Net)	5	71073354		53614343	
(c) Other long term liabilities	6	19088089		7706098	
(d) Long term provisions	7	86943919		94133791	
			601788362		692958232
(3) Current Liabilities					
(a) Short term borrowings	8	549658565		452488218	
(b) Trade payables	9	1169433518		1063928081	
(c) Other current liabilities	10	504563259		302799551	
(d) Short term provisions	11	46185202		29885601	
			2269840544		1849101451
TOTAL			5271975831		4857700726
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	12	1036022585		1076960427	
(ii) Capital work in progress	13	6078214		6647738	
(iii) Intangible Assets	12	15541061		-	
(iv) Intangible Assets under development		-		16939853	
		1057641860		1100548018	
(b) Non - current investments	14	423693130		383866558	
(c) Long term loans and advances	15	11663461		8761502	
(d) Other non current assets	16	23287964		21495451	
			1516286415		1514671529
(2) Current Assets					
(a) Current Investments	17	41888581		71409323	
(b) Inventories	18	2763591324		2475918767	
(c) Trade receivables	19	543253904		383303493	
(d) Cash and bank balances	20	208334277		156112938	
(e) Short term loans and advances	21	198621330		256284676	
TOTAL			3755689416		3343029197
			5271975831		4857700726

The note nos. 1 to 33 attached form an integral part of Financial Statements

In accordance with our report attached

For and on behalf of the Board of Directors

For **B.PURUSHOTTAM & CO.**Chartered Accountants
FRN 002808S**IRMGARD VELAGAPUDI M. RAO**

Managing Director

K.V.N.S. KISHOREPartner
(Membership No.206734)

Chennai

R.GANESAN

26.05.2016 Chief Financial Officer

S.CHIDAMBARAMGeneral Manager (Finance) &
Company Secretary**V. KIRAN RAO**

Executive Director

K.A. RANGASWAMY

Director

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Amt. in Rs.					
Particulars	Note No.	Current reporting period 31-03-2016		Previous reporting period 31-03-2015	
I. Revenue from Operations		5417334201		5495321431	
Less: Inter Divisional Transfers		1201226899		1080491404	
		4216107302		4414830027	
Less: Excise duty		196636227		150132014	
			4019471075		4264698013
II Other Income	22		128851110		109999209
III Total revenue (I + II)			4148322185		4374697222
IV Expenses					
Cost of materials consumed	23	3607668079		3551373085	
Less: Inter Divisional Transfers		261408992		226054106	
			3346259087		3325318979
Changes in inventories of work in progress	24	(26254095)		(14995753)	
Changes in inventories of finished goods	24	(275666631)		415747811	
			-301920726		400752058
Employee benefits expense	25	381701537		370551076	
Finance costs	26	71652786		45044367	
Depreciation and Amortisation	12	107606126		109656258	
Other expenses	27	405792094	966752543	369836713	895088414
Total Expenses			4011090904		4621159451
V Profit before tax (III-IV)			137231281		-246462229
VI Tax expense:					
(1) Current tax		18500000		9000000	
(2) Deferred tax		17459012		(116240210)	
(3) Provision for taxation relating to earlier years		(17550508)		84502	
			18408504		(107155708)
VII Profit for the year			118822777		(139306521)
VIII Earning per equity share:					
Basic & Diluted (Facevalue of Re.1/- each)			1.05		(1.23)

The note nos. 1 to 33 attached form an integral part of Financial Statements

In accordance with our report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.

Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO

Managing Director

K.V.N.S. KISHORE

Partner
(Membership No.206734)

Chennai

R.GANESAN

26.05.2016 Chief Financial Officer General Manager (Finance) &
Company Secretary

S.CHIDAMBARAM

V. KIRAN RAO

Executive Director

K.A. RANGASWAMY

Director

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**a. SYSTEM OF ACCOUNTING:**

Financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting practices.

BASIS OF CONSOLIDATION:

- The consolidated financial statements relate to K.C.P. Sugar and Industries Corporation Ltd., hereinafter referred to as 'the company', and its wholly-owned subsidiary companies, viz., The Eimco-K.C.P.Ltd., and KCP Sugars Agricultural Research Farms Ltd. The consolidated financial statements have been prepared on the following basis, in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India:
- The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the Book Values of like items of Assets, Liabilities, Income and Expenses.
- The intra group balances and intra group transactions resulting in unrealized profits or losses have been fully eliminated from the related Assets, Liabilities, Income and Expenses.
- The investments in the Equity Shares of the Subsidiary Companies have been fully eliminated from the Share Capital of Subsidiary Companies and investments in parent Company.

b. FIXED ASSETS

- i. Fixed assets are stated at the values at which they are acquired, less accumulated depreciation. The value at which fixed assets are acquired includes all related expenses upto the date of putting them to use.
- ii. Intangibles will be amortised over a period of five years.
- iii. Cenvat Credit availed on acquisition of Fixed Assets is reduced from the cost of the concerned assets.

c. DEPRECIATION

Depreciation is provided under straight line method except in respect of assets appearing in the books of the Registered Office of the Company, and The Eimco-K.C.P. Ltd., which are depreciated under written down value method in accordance with the rules prescribed under part "C" Schedule II to the Companies Act, 2013.

d. INVESTMENTS

Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments are stated at the lower of cost or market value.

e. INVENTORIES

- i) i. Finished goods are valued as follows and increased by Excise Duty thereon as applicable.
 - All finished goods are valued at lower of cost or market value.
 - Molasses, a byproduct is valued at estimated net realisable value.
- ii) Stock of Scrap is not valued and therefore not recognised in the accounts. Sale of Scrap, as and when made, is accounted for. In the case of The Eimco-K.C.P.Ltd., the same is valued at net realizable value and recognized in the accounts.
- iii) Crops under cultivation are valued at cost.
- iv) Work in progress is valued at lower of cost or net realisable value of the finished goods duly adjusted according to the percentage of progress.
- v) Raw materials, stores, spares, materials in transit are valued at cost, except when the net realisable value of the finished goods they are used in, is less than the cost of the finished goods and if in such an event the replacement cost of such materials etc. is less than their holding cost, they are valued at replacement cost.

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f. SALES AND OTHER EARNINGS

- i) Sales are inclusive of excise duty, freight, insurance etc. recovered thereon and net of sales tax.
- ii) Power generated in Power Plant Units and supplied to the other units of the Company is accounted for at which the Company purchases power from APSEB.

g. WARRANTY AND GUARANTEE CLAIMS

Company's liability for performance warranties is recognized in the accounts in the year of claim by the customers. Liability in respect of delivery guarantees is recognized in accounts in the year in which delay occurs as per the Contract.

h. FOREIGN EXCHANGE TRANSACTIONS

- i. 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.
- ii) 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
- iii. 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

i. EXPENDITURE ON RESEARCH AND DEVELOPMENT

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

j. EMPLOYEE BENEFITS

- (i) Long-term Employee Benefits
- (a) Defined Contributions Plans

The Company has Defined Contribution Plans for post employment benefits for employees in the form of Superannuation Fund which is recognised by the Income Tax authorities and administered through Trustees and Life Insurance Corporation of India (LIC) and Provident Fund for all employees. These plans constitute insured benefits, as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred

- (b) Defined Benefit Plans

- (i) Gratuity - The Company has Defined Benefit Plan for post employment benefit for all employees in the form of Gratuity. For certain employees the post employment benefits in the form of Gratuity is funded with Life Insurance Corporation of India, which is recognised by the Income Tax authorities and administered through Trustees. Liability for Defined Benefit Plan is provided on the basis of valuation carried out by LIC of India with regard to the employees for whom the same is funded with LIC. In the case of other employees, the same is provided on the basis of the valuation carried out by an independent actuary as at the Balance Sheet date. The actuarial valuation method used for measuring the liability is the Projected Unit Credit Method
- (ii) Leave Encashment – Entitlement to annual leave and sick leave are recognised when they accrue to employees. The Company determines the liability for such accumulated leaves at each Balance Sheet date and the same is charged to revenue accordingly.

k. 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 book and tax profits is accounted for under the liability method, at the current rate of tax.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

l. IMPAIRMENT OF ASSETS

At the date of each Balance Sheet, the company evaluates internally, indications of the impairment if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realizable value and value in use, as considered appropriate. If the estimated realizable value is less than the carrying amount, an impairment loss is recognized.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

m. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT 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. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. SHARE CAPITAL

Particulars	Number	As at end of current reporting period 31-03-2016	Number	As at end of previous reporting period 31-03-2015
Authorised :				
Equity shares of Re.1 /- each	250000000	250000000	250000000	250000000
		250000000		250000000
Issued, subscribed and fully paid up:				
Equity shares of Re.1 /- each	113385050	113385050	113385050	113385050
		113385050		113385050
Reconciliation of No. of. Shares				
At the beginning of the reporting period	113385050	113385050	113385050	113385050
Changes during the year	-	-	-	-
At the closing of the reporting period	113385050	113385050	113385050	113385050

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3. Reserves and Surplus:

Particulars	Amt. In Rupees				
	Capital redemption reserve	Investment allowance reserve utilised	General reserves	Surplus i.e. balance in Statement of Profit & Loss	Total
At the beginning of the reporting period 01.04.2015	15545110	4505000	1131822938	1050382945	2202255993
Transferred from/to Profit & Loss Account				118822777	118822777
Proposed Dividends				28346263	28346263
Provision towards dividend distribution tax				5770632	5770632
At the close of the reporting period 31.03.2016	15545110	4505000	1131822938	1135088827	2286961875
At the close of the previous reporting period 31.03.2015	15545110	4505000	1131822938	1050382945	2202255993

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
4. Long term Borrowings		
Secured Loans:		
Term Loan from Bank	181700000	286800000
Unsecured Loans:		
Fixed Deposits	242983000	250704000
	424683000	537504000
5. Deferred tax liabilities (Net)		
i) Deferred tax liability:		
On account of depreciation on fixed assets	167788486	171656395
ii) Deferred tax asset:		
On account of timing differences in recognition of expenditure	96715132	118042052
Net Deferred tax liability	71073354	53614343
6. Other Long term liabilities		
Interest accrued but not due on fixed deposits	13479779	6236098
Security Deposit	5608310	1470000
	19088089	7706098
7. Long term Provisions		
Provision for employee benefits	45699867	43394415
Provision for liquidated damages	41244052	50739376
	86943919	94133791
8. Short term Borrowings		
Secured Loans:		
Loans repayable on demand		
From banks	391287565	372760218
Unsecured Loans:		
Fixed Deposits maturing within one year.	158371000	79728000
	549658565	452488218
9. Trade Payables		
a) To Micro, Small and Medium Enterprises	-	-
b) Trade payables to Suppliers and service providers	1169433518	1063928081
	1169433518	1063928081

Note :

The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the Act have not been given.

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Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
10. Other current liabilities:		
a) Current maturity for long term debt	94800000	-
b) Interest accrued but not due on borrowings	20282012	28378945
c) Advances received from customers	91028419	68024700
d) Unpaid dividends	12980343	14007355
e) Unclaimed matured deposits and interest accrued thereon	6734443	5721791
f) Statutory Liabilities	240785338	160259126
g) Outstanding Liabilities for Expenses	37051090	19898067
h) Earnest Money and Other Deposits	901614	6509567
	504563259	302799551
11. Short term provisions:		
a) Provision for employee benefits	12068307	11269008
b) Provision for Dividend	28346263	11338505
c) Provision for tax on distributed profits	5770632	2308253
d) Provision for Income Tax (Net)	-	4969835
	46185202	29885601

12. FIXED ASSETS

Description	GROSS BLOCK AT COST				DEPRECIATION					NET BLOCK		Amt in Rs.
	Cost upto 31.03.2015	Additions during the Year	Deductions during the Year	Cost upto 31.03.2016	Upto 31.03.2015	For the Year	Adjusted against General Reserve	On Deductions	upto 31.03.2016	As at 31.03.2016	As at 31.03.2015	
Lands	89547873	42636171		132184044						132184044	89547873	
Buildings												
Own Buildings	349945536	16885997		366831533	101601552	13371840			114973392	251858141	272631078	
Leasehold Buildings	112189			112189	112189				112189			
Plant & Machinery	1888220147	3150614	51510	1891319251	1200037802	78658157		48935	1278647024	612672227	663895253	
Tramways & Railway sidings	23097214			23097214	14519989	859752			15379741	7717473	8577225	
Furniture and Fixtures	13337398			13337398	10569487	868257			11437744	1899654	2767911	
Computers and Office Equipments	92365441	1705170	1519538	92551073	80028556	4857445		1515385	83370616	9180457	12336885	
Vehicles	78629340		1476732	77152608	51698011	6290208		1346201	56642018	20510590	26931326	
TOTAL	2535255138	64377952	3047780	2596585310	1458567586	104905659		2910521	1560562724	1036022586	1076687551	
previous year	2419630430	150541767	32380451	2537791746	1339189235	109656258	40181250	28195423	1460831320	1076960426	1080441197	
Intangible Assets												
Computer Software	2536606	17968653	6700	20498559	2263731	2700468		6700	4957499	15541060	272875	
K.C.P. Sugar and Industries Corporation Ltd.	2451916100	36808452	2905270	2485819282	1404166938	102550298		2774586	1503942650	981876632	1047749160	
The EIMCO-K.C.P. Ltd.	78695833	45492213	97700	124090346	55254364	4609575		93700	59770239	64320107	23441469	
KCP Sugars Agricultural Research Farms Ltd.	7179811	45940	51510	7174241	1410015	446254		48935	1807334	5366907	5769797	
Total	2537791744	82346605	3054480	2617083869	1460831317	107606127		2917221	1565520223	1051563646	1076960426	

Amt in Rs.

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Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
13. Capital work in progress:		
a) Plant and Machinery	3085786	82281
b) Building under Construction	2992428	6565457
	6078214	6647738
14. Non Current Investments:		
Investments in Equity Instruments:		
Quoted - Fully paid up	421493130	381666558
Unquoted - Fully paid up	2200000	2200000
	423693130	383866558
Note : Aggregate value of quoted investments at cost	421493130	381666558
Aggregate of quoted investments at market value	317245826	292940353
15. Long term loans and advances:		
Unsecured, considered good		
Security Deposits	11663461	8761502
16. Other Non current assets		
Margin money fixed deposits with bank	23287964	21495451
17. Current investments		
Investments in mutual funds (Cost or NAV whichever is lower)	41888581	71409323
18. Inventories:		
i) Raw materials	29002561	36958025
ii) Work in progress	116573437	90319342
iii) Finished goods	2568499930	2292833299
iv) Stores and spares	48992366	55273634
vi) Loose tools	523030	534467
	2763591324	2475918767
19. Trade receivables:		
Trade receivables exceeding six months - Unsecured		
Considered good	180479972	21153885
Doubtful	3590987	3590987
Others - Unsecured considered good	362773932	362149608
	546844891	386894480
Less: Provision for doubtful debts	3590987	3590987
	543253904	383303493

CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2016	As at end of previous reporting period 31-03-2015
20. Cash and Bank balances		
Cash and cash equivalents:		
i) Balances with Banks		
- in Current accounts	81122988	55339746
- in Fixed Deposits	52324011	43515291
ii) cash on hand	1567527	2053101
Other balances with Bank		
i) - in unpaid dividend accounts	19714785	19729146
ii) - in margin money, security for borrowings, guarantees and other commitments	49780963	35475654
iii) - in Fixed Deposits	3824003	-
	208334277	156112938
21. Short term loans and advances:		
Unsecured considered good		
i) Advances to suppliers and service providers	176119702	224715544
ii) Advances to employees	3610298	1059239
iii) Advance taxes, duties etc (Net)	18891330	30509893
	198621330	256284676

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Particulars	For the current reporting period 2015 - 16	For the previous reporting period 2014 - 15
22. Other Income:		
i) Interest income	23357470	8773272
ii) Dividend Income		
- from long term investments	6250030	4361528
- from current investments	14291281	26015365
iii) Rent Received	6016306	5963414
iv) Miscellaneous Receipts	12505782	17994682
v) Profit on sale of fixed assets (Net)	137653	860217
vi) Profit on sale of Investments (Net)	34978520	35829770
vii) Unclaimed Balance credited back	4641567	614777
viii) Claims Received	563066	1026844
ix) Provision no longer required withdrawn	24435336	4595516
x) Packing and forwarding charges	1674099	2969896
xi) Foreign exchange variation	-	993928
	128851110	109999209
23 Cost of materials consumed:		
i) Consumption of raw materials	3369237273	3330666984
Less: Inter Divisional Transfers	261408992	226054106
	3107828281	3104612878
ii) Consumption of stores and spare parts	238430806	220706101
	3346259087	3325318979
24. Changes in inventories of finished goods, work in progress and stock in trade:		
Stocks at the end of the year		
i) Work in progress	116573437	90319342
ii) Finished goods	2568499930	2292833299
	2685073367	2383152641
Stocks at the beginning of the year		
i) Work in progress	90319342	75323589
ii) Finished goods	2292833299	2708581110
	2383152641	2783904699
Changes in work in progress (a)	(26254095)	(14995753)
Changes in Finished Goods (b)	(275666631)	415747811
Changes in inventories (a) + (b)	(301920726)	400752058

CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the current reporting period 2015 - 16	For the previous reporting period 2014 - 15
25. Employee Benefit Expenses:		
i) Salaries and wages	311611090	299293104
ii) Contribution to provident and other funds	33726104	31728786
iii) Remuneration to whole time directors	10266068	11120445
iv) Staff welfare expenses	26098275	28408741
	381701537	370551076
26. Finance Costs:		
i) Interest expense	60070322	40457491
ii) Other borrowing costs	11582464	4586876
	71652786	45044367
27. Other expenses:		
i) Power and fuel	964270278	876914140
Less: Inter Divisional Transfers	939817907	854437298
	24452371	22476842
ii) Rent	93427	239003
iii) Repairs to buildings	10643050	18496092
iv) Repairs to machinery	81814646	114092244
v) Repairs others	10192384	8930424
vi) Insurance	3385202	3434149
vii) Payment to the auditors	718355	698135
viii) Selling expenses	59493836	48970917
ix) Irrecoverable loans and advances written off	2083	623082
x) Donations	10000	6901450
xi) Corporate Social Responsibility (CSR)	1000000	1500000
xii) Legal and professional charges	7456928	6604018
xiii) Directors sitting fees	1270000	1220000
xiv) Testing Charges	105089	205393
xv) Machine Fabrication charge	26799540	40228199
xvi) Performance and delivery guarantee claim	12059237	17109367
xvii) Workshop Maintenance	2030762	1918748
xviii) Miscellaneous expenses	164265184	76188650
	405792094	369836713

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28. Contingent liabilities:

Particulars	Amt. in Rs.	
	31.03.2016	31.03.2015
Share Transmission	11,05,851	11,05,851
ESI Cases (Net of amount paid under protest)	1,32,925	1,32,925
Case on Captive Power Generation	2,61,69,375	2,61,69,375
Bank Guarantees	15,79,94,455	15,05,78,854
Disputed Income Tax	25,93,489	25,93,489
Disputed VAT	1,18,393	-
Labour Cases	63,97,338	30,26,987
TOTAL	19,45,11,826	18,36,07,481

29 Purchase tax is payable at Rs.60/- per MT. on the sugarcane purchased. In this respect, the Govt. of Andhra Pradesh is used to notify the said levy for every sugar season separately. Considering the financial hardships faced by the sugarcane farmers, the Govt. of Andhra Pradesh has been directing the sugar mills to pay the said tax to the sugarcane suppliers as an 'incentive' instead of paying the same to the Govt. of Andhra Pradesh as was done in the recent years. A notification in this respect is still awaited from the Govt. The Company is of the firm belief that the similar gesture will be extended for the current season also. The accumulated purchase tax payable on the sugarcane purchased up to 31st March, 2016 amounting to the tune of Rs.6,53,85,683/- has been classified vide Note No.10(e) "Other Current Liabilities :- Statutory Liabilities".

30. Employee Benefits

Disclosure under Accounting standard 15 (AS 15): Defined benefit plans

	Gratuity	2015-16	2014-15
(I)	Change in Benefit Obligation		
	Liability at the beginning of the year	139448037	134419782
	Interest Cost	11053215	10861747
	Current Service Cost	6921017	6709467
	Benefit Paid	-11595771	-11973407
	Actuarial (gain)/loss on obligations	-1242501	-569554
	Liability at the end of the year	144583997	139448035
(II)	Fair value of Plan Assets		
	Fair value of plan assets at the beginning of the year	121477611	111567632
	Expected Return on Plan Assets	10580347	9942172
	Contributions	4018587	11941213
	Benefit Paid	-11595771	-11973407
	Actuarial gain /(loss) on Plan Assets	67388	0
	Fair Value of plan assets at the end of the year	124548162	121477610
III)	Actual Return on Plan Assets		
	Expected Return on Plan Assets	10580347	9942172
	Actuarial gain/(loss) on plan Assets	0	0
	Actual Return on Plan Assets	10580347	9942172
(IV)	Amount Recognised in the Balance Sheet		
	Liability at the end of the year	144583997	139448035
	Fair value of Plan Assets at the end of the year	124548162	121477610
	Difference (Unfunded)	20035835	17970425
	Amount Recognised in the Balance Sheet	20035835	17970425
(V)	Expenses Recognised in the Income Statement		
	Current Service Cost	6921017	6709467
	Interest Cost	11053215	10861747
	Expected Return on Plan Assets	-10580347	-9942172
	Net Actuarial (Gain)/ loss to be recognised	-1242501	-569554
	Expenses Recognised in P & L	6151384	7059488
(VI)	Actuarial Assumptions : For the Year		
	Discount Rate Current (in %)	8.00%	8.00%
	Salary Escalation Current (in %)	6% & 5%	6% & 5%
	Expected rate of return on plan assets	9.30%	9.30%
	L I C Mortality rate 1994- 1996 ultimate		

Provident fund:

The Company manages Provident fund plan through a Provident Fund Trust for certain employees, which is permitted under The Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer & employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The Guidance Note on implementing AS-15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB) states that provident fund set up by employers, which require interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed inability to reliably measure the Provident fund liability. However, there is no deficit in the fund in this regard."

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31. RELATED PARTY DISCLOSURES:

(As Required under paragraphs 23 and 26 of Accounting Standard 18)

(A). Names of related parties and description of relationship:

- | | |
|-----------------------------|--|
| 1. Key Management Personnel | a) Shri. Vinod R. Sethi, Executive Chairman
b) Smt. Irmgard Velagapudi M Rao, Managing Director
c) Smt.V. Kiran Rao, Executive Director
d) Shri. R. Ganesan, Chief Financial Officer
e) Shri S. Chidambaram, GM (Fin.) & Company Secretary |
|-----------------------------|--|

(B). Transactions During the year

Particulars	Subsidiaries / Key Management Personnel	
	2015-16	2014-15
Rent received	1500000	1350000
Remuneration paid	12516068	11120445
Interest on fixed deposits	3116946	2811247
Share capital held	1882810	1872810
Fixed deposits held	30960000	30960000

32. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars		For the current reporting period	For the previous reporting period
		2015-16 Rs.	2014-15 Rs.
Profit attributable to the Shareholders	A	11,88,22,777	(139306521)
Basic / Weighted average number of Equity Shares	B	11,33,85,050	11,33,85,050
Nominal value of Equity Shares		1.00	1.00
Basic / Diluted Earnings per Share	A/B	1.05	(1.23)

33. SEGMENT REPORTING :

(I) The Company has identified the reportable segments as on 31-03-2016 and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

Particulars	Primary Segment						Amt. in Rs.
	Sugar	Chemicals	Power & Fuel	Engineering	Others	Total	
Segment Revenue							
External Revenue	3133422429	645794513	65539752	314111324	57239284	4216107302	
Inter Segment Revenue	692731760	6309046	502186093		0	1201226899	
Total Revenues	3826154189	652103559	567725845	314111324	57239284	5417334201	
Segment Results							
Profit before depreciation, finance cost and taxation	(69418085)	167322192	127589262	57787755	33209069	316490193	
Less : Finance Cost	61069090	6182319	639668	3206276	555433	71652786	
Less: Depreciation and Amortizations	50561134	21381872	26600418	4609575	4453127	107606126	
Unallocable Expenditure							-
Less : Tax							18408504
Total Profit							118822777
Capital Employed							
Segment Assets	3715110351	249434255	226780924	385443618	65106991	4641876139	
Unallocable Assets							630099692
Segment Liabilities	2102121414	22768771	3664265	176306583	7020226	2311881259	
Unallocable Liabilities							559747645
Capital Employed							2400346925
Capital Expenditure	13804831	5377216		45492213	162969	64837229	

Note:

1. The operations of the parent company and its subsidiaries predominantly relate to manufacture of Sugar,Electrical Energy, Engineering Equipments,Bio Fertilizers and Chemicals comprising mainly Industrial Alcohol, CO2 and Calcium Lactate
2. The Business segments that are disclosed under "Others" comprise Bio Fertilizers and Agricultural Produce.
3. Inter segment transfers are priced at market rates excepting Steam which has no market rate and hence valued at cost.

ii) Geographical Segment:

Particulars	Current Reporting Period 2015-2016	Previous Reporting Period 2014-2015
Sales within India	4094869584	4358487763
Sales outside India	121237718	56342264
Total	4216107302	4414830027

Note: Company does not own or operate any business outside India

Carrying Amounts of Geographical Assets and additions to tangible and intangible fixed assets:

Particulars	Carrying amounts of segment assets	Additions to fixed assets & Intangible assets
	Current reporting period	Current reporting period
Located in India	5271975831	64837229
Located outside India	-	-
Total	5271975831	64837229

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

Cash Flow Statement Annexed to Financial Statements

	AMT IN RS.	
	2015-16	2014-15
A. Cash Flow from Operating Activities:		
Net Profit before tax and Extraordinary Items	137231281	(246462229)
Adjustments for:		
Depreciation	107606127	109656259
Loss/(Profit) on Sale of Assets	(137077)	(860217)
Assets written off	2083	-
Provision no longer required withdrawn	(24130772)	(4595516)
Bad debts and debit balances written off	-	604211
Dividend Income	(20541311)	(30376892)
Loss/(Profit) on Sale of Investments	(34978520)	(35829770)
Investment written off	790	
Interest and Finance cost	71651309	45043405
Interest received	(23357470)	(8773272)
Credit balances written back	(4587899)	(32246)
	71527260	74835962
Operating Profit before Working Capital Changes	208758541	(171626267)
Adjustments for :		
Trade and other Receivables	(123690081)	(85220807)
Inventories	(287672557)	390924524
Trade Payables	340979234	60196540
	(70383404)	365900257
Cash Generated from Operation	138375137	194273990
Direct Taxes Paid	10787132	(42946226)
Cash Flow Before Extraordinary Items	149162269	151327764
Extra ordinary items	-	-
Net Cash from Operating Activities	149162269	151327764
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(82346605)	(150491016)
Investments purchased	(124591820)	(139002496)
Increase/(Decrease) in Capital Work in Progress	17509376	56852526
Sale of Investments	151518140	114553314
Sale of Fixed Assets	274338	5045245
Interest Received	23357470	8773272
Dividend Received	18286891	30376891
Net Cash Used in Investing Activities	4007790	73892263
C. Cash Flow from Financing Activities		
Repayment of Borrowings	(15650653)	(117837814)
Interest and Finance cost	(71651309)	45043405
Dividends and Tax on dividend Paid (Including Interim)	(13646758)	112756614
Net Cash Used in Financing Activities	(100948720)	39962205
Net Increase in Cash and Cash Equivalents (A-B-C)	52221339	37473296
Cash and Cash Equivalents beginning of the year	156112938	118639642
Cash and Cash Equivalents at the end of the year	208334277	156112938

* Cash and Cash Equivalents include Rs. 6,94,95,748 on account of unpaid dividend and interest warrants and margin money lying in various bank accounts.

In accordance with our report attached

For and on behalf of the Board of Directors

For B.PURUSHOTTAM & CO.

Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO

Managing Director

K.V.N.S. KISHORE

Partner
(Membership No.206734)

Chennai

R.GANESAN

26.05.2016 Chief Financial Officer General Manager (Finance) &
Company Secretary

S.CHIDAMBARAM

V. KIRAN RAO

Executive Director

K.A. RANGASWAMY

Director

[illegible]

ELECTRONIC CLEARING SERVICE (E C S) MANDATE FORM

From (Please fill name and address of first holder) Date :

..... FOLIO NO :

.....

.....

.....

.....

.....

Dear Sir,

Sub: Payment of Dividend thro' Electronic Clearing Service (ECS)

I hereby give my mandate to credit my dividend on the Shares held by me directly to my Bank account through the Electronic Clearing Service (ECS). As desired, I give below the particulars of my Bank account :

1.	NAME OF BANK										
2.	BRANCH NAME AND ADDRESS										
3.	ACCOUNT NO (as appearing on cheque book)										
4.	ACCOUNT TYPE (please tick)	<input type="checkbox"/> 10 - Savings <input type="checkbox"/> 11 - Current Account <input type="checkbox"/> 13 - Cash credit									
5.	LEDGER FOLIO NO OF THE BANK A/C (if appearing on cheque book)										
6.	9-DIGIT CODE NUMBER OF THE BANK & BRANCH APPEARING ON THE MICR CHEQUE ISSUED BY THE BANK <small>(please attach a xerox copy of the cheque or bank cheque of your bank duly cancelled for ensuring the accuracy of the bank's name branch name and code number)</small>	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									

I hereby declare that the particulars given above are correct and complete. If any transactions are delayed or not effected at all for reasons of incompleteness or correctness of information supplied as above, the Company will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by the Company, for payment of dividend to me.

I further undertake to inform the Company about any change in my Bank/Branch and account number.

DATE :

.....
(Signature of First holder)

* * * * FOR OFFICE USE ONLY * * * *	
ECS REF NO.	

**K.C.P. SUGAR AND INDUSTRIES
CORPORATION LIMITED**
No.239, Anna Salai,
Chennai -600 006.

(Detail's overleaf)

PAYMENT OF DIVIDEND THRO' ELECTRONIC CLEARING SERVICE (ECS)

The Securities and Exchange Board of India (SEBI) has made it mandatory for all listed company to offer ECS facilities. This facility has **several benefits including :**

1. **Instant credit** of the dividend amount directly to your designated bank account electronically.
2. **Prevents** in-transit interception of the warrant or its fraudulent encashment.
3. **Eliminates** the scop for loss/delay in receipt of the warrant.
4. **No extra** cost to the payee.

Instead of the earlier practice of issue of printed warrants being sent to the Shareholders, this mode of payment provides for direct credit dividend to the existing Bank account of the Shareholder(s) by electronic mode. The concerned Bank branch will credit your account and indicate the entry as "ECS" in your pass book/statement.

This mode of payment is optional and you have a right to withdraw the instructions or change them by giving us an advance notice of atleast eight weeks before the data of payment. The information furnished by you will be kept confidential and utilised only for the purpose of effecting the payment of dividend as may be applicable. The Company will not be liable for any credit/s made to any other account other than the Sharholders account because of the incorrect information given.

The facility of ECS is (RBI Centres) available in 15 cities as follows :

Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram,

Though the facility is available only to a limited number of cities, we request all the Shareholders to provide us the details in the enclosed form, which would enable us to serve you better once the facility is extended to your city.

We would **request you to avail this facility by completing the relevant details in the ECS Mandate form printed on the reverse and return to us at the earliest alongwith a cancelled or photocopy or your cheque** pertaining to your account to which the dividend amount is to be credited.

In case you are holding shares in demat form, kindly advise your Depository participant directly to take note of your Bank account particulars/ECS mandate.

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies
(Management and Administration) Rules, 2014]

K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED

CIN:L15421TN1995PLC033198

“Ramakrishna Buildings”, No.239, Anna Salai, Chennai 600006 – Tel: 91 44 28555171-176 / Fax: 914428546617

Investorservices@kcpsugar.com / www.kcpsugar.com

21st Annual General Meeting – September 21,, 2016

Name of the Member(s)

Registered address

Email

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Folio No. / Client ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

DP ID

I / We, being the member(s) of shares of the above named company,
hereby appoint

Name : Email:

Address:

..... Signature: _____

or failing him / her

Name : Email:

Address:

..... Signature: _____

or failing him / her

Name : Email:

Address:

..... Signature: _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 21st Annual General meeting
of the Company, to be held on Wednesday, 21st September 2016 at 10.00 AM at “Sadguru Gnanananda Hall”,
Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, and at any adjournment thereof in respect of such
resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
ORDINARY BUSINESS				
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended 31st March 2016 - Ordinary Resolution.			
2.	Approval of dividend for the financial year ended 31st March 2016 - Ordinary Resolution.			
3.	To appoint a Director in place of Smt.V.Kiran Rao (DIN: 00106598) who retires by rotation, and being eligible, offers herself for reappointment - Ordinary Resolution.			
4.	Ratification of Appointment of M/s. B.Purushottam & Co, Chartered Accountants, Chennai as the Auditors of the Company - Ordinary Resolution.			
SPECIAL BUSINESS				
5.	Payment of Commission to Non-whole-time Directors during their balance tenure (Financial years 2016-17 to 2018-19.) - Special Resolution.			
6.	Ratification of Remuneration of Cost Auditor for the financial year 2016-17 - Ordinary Resolution.			

Signed this..... day of2016.

..... /

Signature of member / Signature of the proxy holder

Affix
Revenue
Stamp of
Re. 1/-

Notes:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
3. As per section 105 of the Companies Act, 2013, a person appointed as proxy shall act on behalf of such member or no. of members not exceeding fifty.

INSTRUCTIONS FOR REMOTE E-VOTING

Registered Folio No. / DP ID No. / Client ID No.	Number of shares held:
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Dear Member,

Sub: Instructions for e-voting

Pursuant to provisions of section 108 of the Companies Act, 2013 and Regulation 44 of SEBI (LODR) Regulation, 2015 read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended on 19.03.2015, the Company is pleased to offer e-voting facility for the members to cast their votes using an electronic system from a place of their choice other than the venue of AGM, on all resolutions set forth in the Notice convening the 21st Annual General Meeting to be held on Wednesday, 21st September 2016 at 10.00 a.m. IST. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>

The electronic voting particulars are set out below:

EVEN (e-voting event number)	User ID	Password

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
September 18, 2016 at 9.00 a.m. IST	September 20, 2016 at 5.00 p.m. IST E-voting module will be disabled by NSDL for voting after 5.00 p.m. IST

The cut-off date for determining the eligibility of Members for e-voting has been fixed as 16th day of September 2016.

Please read the instructions printed below before exercising your vote.

Steps for e-voting

- ❖ Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
- ❖ Click on Shareholder-Login
- ❖ If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
- ❖ If you are logging in for the first time, please enter the User ID and Password provided in this document.
- ❖ The Password Change Menu will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of the two. Please take utmost care to keep your Password confidential.
- ❖ Once the e-voting home page opens, click on e-voting>Active Voting Cycles.
- ❖ Select the EVEN (E-voting Event Number) of K.C.P.Sugar and Industries Corporation limited (the number is provided in this document). Once you enter the number, the Cast Vote page will open. Now you are ready for e-voting.
- ❖ Cast your vote by selecting your favoured option and click Submit. Also click Confirm when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified.
- ❖ Institutional shareholders (i.e. members other than individuals, HUF, NRIs, etc) are required to send a scanned copy (PDF / JPG format) of the relevant board resolution / authority letter, etc, together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorised to vote, to the Scrutinizer via email at: maheshvenki@vmacs.co.in with a copy marked to evoting@nsdl.co.in.
- ❖ In case of any queries, please refer to the Frequently Asked Questions (FAQs) for members and the e-voting user manual for members available in the 'Downloads' section of <https://www.evoting.nsdl.com>. You can also contact NSDL via e-mail at evoting@nsdl.co.in.

B. VOTING BY BALLOT FORM AT THE AGM VENUE:

- ❖ The Company also offers facility for voting through polling paper at the venue of the Annual General Meeting.
- ❖ The members as on the cut-off date (16th September 2016), attending the Annual General Meeting are entitled to exercise their voting rights in case they had not already cast their vote through remote e-voting.

- ❖ Members who have cast their vote through e-voting are entitled to attend the Annual General Meeting if they so desire, but cannot cast their vote at the venue of AGM.
- ❖ The Chairman of the AGM will fix the time for voting at the meeting. The shareholders present in person or by proxy can vote at the venue of the meeting.

C. GENERAL INSTRUCTIONS:

- ❖ The e-voting period commences on 18th September 2016 (9.00 a.m.IST) and ends on 20th September 2016 (5.00 p.m.IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) - 16th September 2016, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- ❖ The cut-off date for remote e-voting has been fixed as Friday, the 16th day of September 2016. Members holding shares as on this cut-off date can cast their vote in any one of the two modes (Remote E-voting / Voting by ballot at AGM venue).
- ❖ In case of shareholders who have acquired shares and become members of the Company after the despatch of AGM Notice, the Company would be despatching the 21st Annual Report for the Financial Year 2015-16 to them as and when they become members. In addition, the Annual Report is also available in the Company's website. The said members may also follow the same procedure for voting.
- ❖ Voting rights of shareholders shall be in proportion to their shareholding in the Company as on the cut-off date (16th September 2016).
- ❖ In case a shareholder by an inadvertence or otherwise has voted under more than one option, his voting by only one mode through remote E-voting, or voting at the AGM venue will be considered in that seriatim.
- ❖ M/s.V.Mahesh & Associates, Practicing Company Secretaries, Chennai, have been appointed as Scrutinizer for both the two options for voting (Remote E-voting / Voting at AGM venue by ballot paper).
- ❖ The Scrutinizer will after conclusion of voting at the AGM venue –
 - First count the votes cast at the meeting through polling paper.
 - Then unblock the votes cast through remote E-voting.

All the above will be done in the presence of two witnesses not in the employment of the Company.

The Scrutinizer will make a consolidate report (integrating the votes cast at the meeting, through remote e-voting) of the total votes cast in favour or against, if any, to the Chairman of the Meeting, not later than three days from the conclusion of the meeting.

- ❖ Voting Results: The Chairman or a person authorised by him in writing, shall declare the result of the voting based on the Scrutinizer's report.
- ❖ The results declared along with the Scrutinizer Report will be placed on the Company's website www.kcpsugar.com and on the website of NSDL immediately on declaration of result and also communicated to NSE and BSE.
- ❖ Subject to receipt of requisite number of votes, the resolution shall be deemed to have been passed on the date of AGM.
- ❖ These details and instructions form an integral part of the Notice for the Annual General meeting to be held on 21st September 2016.

All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection at the Registered office of the Company during business hours on all working days upto the date of declaration of the result of the 21st Annual General meeting of the Company.

Registered Office
'Ramakrishna Buildings'
No.239, Anna Salai,
Chennai 600006.

By order of the Board of Directors
for K.C.P.SUGAR AND INDUSTRIES
CORPORATION LIMITED

Chennai
May 26, 2016

Vinod R. Sethi
Executive Chairman

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This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

