

# 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/2017-18

31.10.2017

**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 31.03.2017

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 Second Annual Report*  
**2016 - 2017**

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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 (upto 21.09.2016)
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
Shri K.R.Adivarahan	00019844	Additional Director (from 21.09.2016)

**Board Committees**

<b>Audit Committee</b>	<b>Nomination &amp; Remuneration Committee</b>	<b>Stakeholders Relationship Committee</b>	<b>C S R Committee</b>
<b>Chairman</b> Shri.M.S.V.M.Rao  <b>Members</b> Shri. Vinod R. Sethi, Dr.Vithal Rajan Shri.K.A.Rangaswamy, (upto 21.09.2016) Shri K.R.Adivarahan, (from 21.09.2016) Shri.Prathap K.Moturi Shri. Ranvir R.Shah	<b>Chairman</b> Dr. Vithal Rajan  <b>Members</b> Shri. Vinod R. Sethi Shri. Ranvir R.Shah Shri.K.A.Rangaswamy (upto 21.09.2016) Shri.K.R.Adivarahan (from 21.09.2016)	<b>Chairman</b> (upto 21.09.2016) Shri. K.A. Rangaswamy (from 21.09.2016) Shri.K.R.Adivarahan  <b>Members</b> Smt.Irmgard Velagapudi M.Rao, Smt.V.Kiran Rao,	<b>Chairperson</b> Smt.Irmgard Velagapudi M.Rao  <b>Members</b> Shri.Vinod R.Sethi Shri.K.A.Rangaswamy, (upto 21.09.2016) Shri.M.S.V.M.Rao Shri.K.R.Adivarahan (from 21.09.2016)

**Chief Financial Officer**

Shri.R. Ganesan

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

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

**Auditors**

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.

**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 Registry Management Services Private 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.integratedindia.in

**FINANCIAL HIGHLIGHTS**

Rs. in Lakhs – except Ratios

Particulars	Year Ended									
	31.03.2017	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
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	22,764.10	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
Net Worth	23,897.95	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
Fixed Assets (Net)	10,135.12	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
Gross Income	43,696.63	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
Gross Profit / (Loss)	6,439.11	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
Depreciation	918.32	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
Finance Cost	847.67	684.45	421.38	455.47	567.58	*634.16	*500.57	319.62	360.18	459.93
Profit / (Loss) before Tax	4,673.12	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
Profit / (Loss) after Tax	3,174.05	875.81	(1,617.00)	2,766.45	3,876.13	2,642.50	1,183.23	2,374.37	1,132.88	710.97
Earnings per Share (Rs.)	2.80	0.77	(1.43)	2.44	3.42	2.33	**1.04	**2.09	**0.999	**0.63
Cash Earnings per Share (Rs.)	3.61	1.68	(0.52)	**3.42	**4.38	**3.29	**2.01	**3.03	**1.96	**1.56
Book Value per Share (Rs.)	**21.08	**19.36	**19.01	**20.78	**19.33	**17.09	**15.57	**15.05	**13.83	**13.65
Dividends on Equity %	90.00	25.00	10.00	85.00	100.00	70.00	45.00	75.00	70.00	50.00
Long term Debt Equity Ratio (excluding working capital borrowings)	0.23	0.21	0.26	0.21	0.09	0.26	0.26	0.25	0.25	0.22

\* Finance cost in FY 2012-13, 2011-12 &amp; 2010-11 consists Interest and other borrowing costs as per Revised Sch. VI. Rest of the Financial Years, it represents only Interest.

\*\* 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	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>SUGAR UNIT, VUYYURU</b>										
Cane Crushed in MTS	5,06,541	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
Sugar bagged in QTLS	4,73,740	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
Recovery ( % )	9.38	9.49	9.49	10.24	10.10	9.88	10.25	9.50	10.45	10.85
<b>SUGAR UNIT, LAKSHMI-PURAM</b>										
Cane Crushed in MTS	1,40,649	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
Sugar bagged in QTLS	1,14,241	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
Recovery ( % )	8.12	8.90	8.67	9.62	9.11	8.87	9.09	8.58	9.05	9.80

**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 29, 2017

Dear Member,

You are cordially invited to attend the 22<sup>nd</sup> Annual General Meeting of the members of K.C.P.Sugar and Industries Corporation Limited ("the Company") to be held on Friday, 15th September 2017 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 22<sup>nd</sup> Annual General Meeting
2. Instruction for e-voting
3. Proxy form
4. Attendance slip.

**NOTICE** is hereby given that the Twenty second 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 Friday, September 15, 2017 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, 2017 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.Irmgard Velagapudi (DIN: 00091370), who retires by rotation, and being eligible, offers herself for reappointment.
4. Appointment of Statutory Auditors in place of M/s. B.Purushottam & Co., Chartered Accountants, under rotation of Auditors as per section 139 of the Companies Act, 2013.

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, and pursuant to the recommendations of the Audit Committee, M/s. Suri & Siva, Chartered Accountants (Firm's Regn.No.004284S), be appointed as Statutory Auditors of the Company in place of retiring Auditors, M/s. B.Purushottam & Co., Chartered Accountants (Firm Regn.No.002808S) to hold office from the conclusion this 22<sup>nd</sup> Annual General Meeting till the conclusion of 27<sup>th</sup> Annual General Meeting (AGM) to be held in the year 2022, subject to ratification by members at every AGM, 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 appoint Shri. K.R. Adivarahan, as an Independent Director, to hold office for a period of five years from the conclusion of 22<sup>nd</sup> Annual General Meeting till the conclusion of 27<sup>th</sup> Annual General meeting, not liable to retire by rotation during the said tenure, and to pass the following Resolution as an **Ordinary Resolution**:

*"RESOLVED that Shri. K.R. Adivarahan be and is hereby appointed as an Independent Director of the Company pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, (the "Act") read with schedule IV of the Companies Act, 2013, and Article 110 of the Articles of Association of the Company, to hold office of the Director for a period of five years from the conclusion of 22<sup>nd</sup> Annual General meeting till the conclusion of 27<sup>th</sup> Annual General meeting, not liable to retire by rotation during the said tenure."*

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

*"RESOLVED that pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof, and Article 147 and 148 of the Articles of Association of the Company, the reappointment of Smt.V. Kiran Rao be and is hereby reappointed as Executive Director of the Company, for a period of five years i.e. from 29<sup>th</sup> July 2017 to 28<sup>th</sup> July, 2022, not liable to retire by rotation and on the terms and conditions as to remuneration, recommended by the Board, as hereunder:*

- i. *Salary : Rs.3,00,000/- (Rupees three lakhs only) per month, within the ceiling prescribed under section 196, 197 and 198, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013.*
- ii. *Perquisites : Provision of car with driver for use on Company's business and telephone at the residence and cell phone (including payment for local calls and long distance official calls). Personal long distance calls on telephone and use of car for private purposes shall be charged to the Executive Director; Rent free furnished residential accommodation; Personal accident insurance; Contribution to provident fund and gratuity; Electricity to be valued as per Income Tax Rules. These perquisites shall be in accordance with the Company's practice, rules and regulations in force, from time to time as may be applicable to her.*

- iii. Commission : *Remuneration by way of commission on net profits in addition to salary such that the amount of salary and commission in aggregate is subject to an overall ceiling of 3 % of the net profits of the Company in a particular financial year as laid down in Section 198 , 197 and 198 read with Sch.V of the Companies Act, 2013.*
- iv. Minimum Remuneration: *Notwithstanding anything to the contrary herein contained, where in any financial year during her said tenure, the Company has no profits or its profits are inadequate, the Company will pay to her as minimum monthly remuneration the salary mentioned in (i) and the perquisites mentioned in (ii) above, however not exceeding the limits specified under Section II of Part II of Schedule V of the Act and she shall not be entitled to any commission.*

RESOLVED FURTHER THAT *in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule V of the Act, the Board of Directors be and are hereby authorized to vary or increase the remuneration within the prescribed limits.*

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

**7. 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 SRR Associates, Cost Accountants, Chennai (FRN 000992) for conducting the audit of cost records of the Company for the financial year ending 31<sup>st</sup> March 2018.”*

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

**Place :** Chennai

**Date :** 29.05.2017

**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, read with Rule 19 of the Companies (Management and Administration) Rules, 2014 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 8<sup>th</sup> day of September 2017 to 15<sup>th</sup> day of September 2017, both days inclusive, for the purpose of payment of dividend for the financial year ended March 31, 2017 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 15.09.2017 but within the stipulated time of 30 days from the date of declaration:
- to those Members whose names appear on the Register of Members of the Company as on 15<sup>th</sup> September 2017 or to their Mandates; and
  - 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 Registry Management Services Pvt. 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 Registry Management Services Pvt. Ltd, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants:
- 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 Registry Management Services Private 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.Chcrian Crescent, Chennai – 600 008 at the earliest with a copy marked to the Registrar. New share certificates of this Company will be despatched after receipt of confirmation from The K.C.P.Ltd.
- 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.

- 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 of this Notice)* :

NAME OF DIRECTOR	SMT.Irmgard Velagapudi M.Rao
Date of Birth	18.09.1936
Nationality	German (Holder of Person of Indian Origin Card)
Date of appointment on the Board	11.09.2000
Qualifications	Diploma in Commerce
Expertise in specific functional area	Rich experience in managing the corporate affairs of the company.
No. of shares held in the Company	15,83,280
List of Directorships held in other Companies	***
Chairman / Member in the Committees of the Boards of Companies in which she / he is a director.	***
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. Item No. 4 –**

M/s. B.Purushottam & Co., Chartered Accountants, were first appointed as Statutory Auditors of the Company at the 11<sup>th</sup> Annual General Meeting held on 12.10.2006. In terms of their appointment made at the 21<sup>st</sup> AGM held on 21.09.2016, they are holding office of Statutory Auditors of the Company upto the conclusion of the 22<sup>nd</sup> Annual General Meeting and hence would retire at the conclusion of the ensuing 22<sup>nd</sup> AGM.

As per third proviso to section 139(2) of the Companies Act, 2013, a transition period of 3 years from the commencement of the Companies Act, 2013 is provided to appoint a new Auditor when the existing Auditor's firm has completed tenure of eight years as on the date of commencement of the Companies Act, 2013. Accordingly, the Board of Directors recommends to the members the appointment of M/s. Suri & Siva, Chartered Accountants (FRN 004284S) as the Statutory Auditors of the Company for a period of five years from the conclusion of this 22<sup>nd</sup> AGM, subject to ratification by members at every AGM.

M/s. Suri & Siva, Chartered Accountants (FRN 004284S), have consented to the said appointment as statutory auditors of the Company and confirmed that the appointment, if made, would be within the limits specified under section 141(3)(g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as statutory auditors of the Company in terms of the provisions of the proviso to section 139(1), section 141(2) and section 141(3) of the Companies Act, 2013 read with the provisions of the Companies (Audit & Auditors) Rules, 2014.

None of the directors / key managerial personnel of the Company and their relatives are concerned or interested financially or otherwise in the resolution set out at item No.(4) of the Notice.

The Board recommends the resolution set forth item No.4 of the Notice for approval of the Members.

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

**i. Item No. 5 – Appointment of Shri.K.R.Adivarahan as an Independent Director:**

Shri.K.R.Adivarahan, aged 55 years,(DIN: 00019844) is a practising Chartered Accountant with over two decades of rich experience in handling the accounts/audits and taxation of various public limited companies and is a Director in a few Private Limited Companies. He was co-opted on the Board of the Company on 21.09.2016 as an Additional Director to hold Office upto the date of Twenty second Annual General Meeting of the Company.

The Company has received notice in writing from a Member along with a deposit of Rs.1,00,000/- proposing the candidature of Shri.K.R.Adivarahan for the office of Director at the 22<sup>nd</sup> Annual General Meeting under the provisions of Section 149 and 152 of the Companies Act, 2013, Hence this resolution.

A written consent to act as Director and also a Declaration that the criteria of independence as provided in section 149(6) of the Companies Act, 2013 are met and compliance with Regulation 25 of SEBI (LODR) Regulations, 2015 have been obtained from Shri. K.R.Adivarahan.

The Directors recommend the appointment of Shri.K.R.Adivarahan as an Independent Director.

None of the Directors other than Shri.K.R.Adivarahan may be deemed to be concerned or interested in this resolution.

Information required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to item No.5 of the Notice given below:

<i>DIN</i>	<i>00019844</i>
<i>Date of Birth</i>	<i>14.05.1962</i>
<i>Nationality</i>	<i>Indian</i>
<i>Date of appointment in the Board</i>	<i>21.09.2016</i>
<i>Relationship to other Directors</i>	<i>NIL</i>
<i>Qualification</i>	<i>Chartered Accountant</i>
<i>Expertise</i>	<i>Over two decades of rich experience in handling the Audit / Taxation of various public limited companies.</i>
<i>No. of Shares held in the Company</i>	<i>1,060</i>
<i>Directorships in other Public Limited Companies.</i>	<i>NIL</i>
<i>Chairman / Member of the Committees of Board of other Public Limited Companies</i>	<i>NIL</i>

**Explanatory statement pursuant to section 102(1) of the Companies Act, 2013 with respect to item No.6 of the Notice:**

**ii. Item No. 6 – Reappointment of Smt.V.Kiran Rao as Executive Director:**

Smt. V.Kiran Rao, alias Kiran Velagapudi, was appointed as Executive Director of the Company for a period of five years from 29.07.2002 to 28.07.2007 and her appointment was approved by the shareholders at the Seventh Annual General Meeting held on 11.09.2002. On expiry of the term, she was reappointed as Executive Director for a further period of five years from 29.07.2007 to 28.07.2012, as recommended by the Remuneration Committee and approved by the shareholders at the Twelfth Annual General Meeting held on 27.09.2007. Again, she was reappointed as Executive Director for a third term, for a further period of five years from 29.07.2012 to 28.07.2017, as recommended by the Remuneration Committee and approved by the shareholders at the Seventeenth Annual General Meeting held on 28.09.2012. Smt.V.Kiran Rao, aged 52 years, is a German National, an Anthropologist, Historian, and a Graduate from the University of London and had worked in various assignments in Europe and the United Kingdom. As Executive Director, she was instrumental in maintaining cordial relations with the cane growers and ensuring their continued support to the Company. In recognition of Smt.V.Kiran Rao's efforts in the management of the affairs of the Company, based on the recommendation of the Remuneration Committee, the Board of Directors have proposed to reappoint her for a further period of

five years with effect from 29.07.2017 during which term of office she shall not be liable to retirement by rotation, on the terms and conditions as stated in the resolution.

The Board recommends this resolution for approval of the members.

Memorandum and Articles of Association and relevant resolutions passed by the Remuneration Committee and the Board, are available for inspection by Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day.

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

#### Memorandum of Interest

Smt. V.Kiran Rao is interested in this resolution which pertains to her reappointment and remuneration payable to her. Smt.Irmgard Velagapudi M.Rao, and Shri.Vinod R.Sethi, being relatives of Smt.V.Kiran Rao, may be deemed to be concerned or interested in this resolution. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in this Resolution.

Details of Director seeking reappointment at the 22<sup>nd</sup> Annual General Meeting in pursuance of Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to Item No.6:

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 in History and Anthropology, London University
Expertise in specific functional area	Rich experience in managing the corporate affairs of the company.
No. of shares held in the Company	2,65,820
List of Directorships held in other Companies	***
Chairman / Member in the Committees of the Boards of Companies in which she / he is a director.	***
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).	

#### iii. Item 7 – Remuneration of Cost Auditor:

The Board of Directors, on the recommendations of Audit Committee, has approved the appointment and remuneration of M/s. SRR & Associates, Cost Accountants, Chennai (FRN 000992) as Cost Auditors to conduct the audit the cost records of the Company for the financial year ending 31.03.2018. The Firm has confirmed that its appointment is within the limits of section 148 of the Companies Act, 2013 and has also certified that the Firm 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 Firm certifying its 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:

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

<b>Product</b>	<b>Factory</b>
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 :** 29.05.2017

**VINOD R. SETHI**  
**EXECUTIVE CHAIRMAN**

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report and the audited financial statements for the year ended 31<sup>st</sup> March 2017.

### 1. FINANCIAL RESULTS:

	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Physical Performance		
Cane crushed – in Tonnes	7,40,826	11,26,691
Sugar bagged – In Quintals	6,83,988	10,56,839
<b>Financial Performance – Rs. Crores</b>		
Turnover	519.29	510.27
Other Income	7.94	9.02
Profit Before Tax	46.73	8.78
Surplus from Previous Year	94.08	88.74
Amount available for appropriation	125.82	97.50
<b>Appropriations</b>		
Transfer to General Reserve	4.00	--
Proposed Dividend	10.20	2.83
Tax on proposed Dividend	2.08	0.58
Carried forward	109.54	94.09

### 2. PERFORMANCE:

During the financial year under review your Company recorded a Turnover of Rs. 519.29 crores (Prev. Year: Rs. 510.27 cr.) including Excise Duty of Rs. 22.33 crores (Prev. Year: Rs. 17.69 cr.) and Inter-divisional transfers of Rs. 90.27 crores (Prev. year: Rs. 120.12 cr.). The profit before finance cost and depreciation is Rs. 64.39 crores. Profit before tax is Rs. 46.73 crores and after adjustments relating to payment of Income Tax pertaining to earlier years and Deferred Tax, the Profit after tax is Rs. 31.74 crores.

### 3. DIVIDEND:

The Board of Directors recommends a dividend of Re. 0.90 per equity share of face value of Re.1/- each on the Paid-up Equity Capital for the year ended 31.03.2017 as against Re.0.25 per equity share, approved for the previous year ended 31.03.2016. 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. The General Reserve as at 01.04.2016 was Rs.112.09 crores and after transferring from Net Profits a sum of Rs.4.00 crores to the General Reserve for the year ended 31.03.2017, the General Reserve stood at Rs.116.09 crores as on 31.03.2017. The total Reserves and Surplus has increased to Rs.227.64 crores as on 31.03.2017 as against Rs.208.18 crores as on 31.03.2016.

### 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.

**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 as 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 there-from;
- 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 financial year ended 31st March 2017 and of the Profit of the Company for that year;
- iii. that the Directors have 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 have 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 have 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 2016-17. 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. Disclosure of particulars of contracts / arrangements entered into by the Company with the related parties in pursuance of section 188(1) of the Companies Act in Form AOC-2, forms part of the Board's Report. (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:**

#### Director retiring by rotation:

Smt.Irmgard Velagapudi M.Rao, Director, who retires by rotation at this AGM and 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.

#### Appointment of Shri.K.R.Adivarahan as an Independent Director:

Shri.K.R.Adivarahan was coopted as an Additional Director at the Board Meeting held on 21.09.2016, to hold office upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from a Member along with a deposit of Rs.1,00,000/- proposing the candidature of Shri.K.R.Adivarahan for the office of Director at the 22nd Annual General Meeting under the provisions of Section 149 and 152 of the Companies Act, 2013. A written consent to act as Director and also a Declaration that the criteria of independence as provided in section 149(6) of the Companies Act, 2013 are met and compliance with Regulation 25 of SEBI (LODR) Regulations, 2015 have been obtained from Shri. K.R.Adivarahan. None of the directors other than Shri.K.R.Adivarahan / key managerial personnel of the Company and their relatives are concerned or interested financially or otherwise in his appointment as Independent Director. The Board recommends the appointment of Shri.K.R.Adivarahan as an Independent Director.

#### Reappointment of Smt.V.Kiran Rao, as Executive Director:

The term of office of Smt.V.Kiran Rao as Executive Director, ends on 28.07.2017 and her reappointment for a period of five years from 29.07.2017, not liable to retire by rotation, was considered at the Board Meeting based on the recommendations of the Nomination & Remuneration Committee, held on 29.05.2017, and was decided to recommend her reappointment to the members at the ensuing 22nd Annual General Meeting.

### **18. AUDITORS:**

M/s. B.Purushottam & Co., Chartered Accountants, were first appointed as Statutory Auditors of the Company at the 11th Annual General Meeting held on 12.10.2006. In terms of their appointment made at the 21st AGM held on 21.09.2016, they are holding office of Statutory Auditors of the Company upto the conclusion of the 22nd Annual General Meeting and hence would retire at the conclusion of the ensuing 22nd AGM.

As per second proviso to section 139(2) of the Companies Act, 2013, a transition period of 3 years from the commencement of the Companies Act, 2013 is provided to appoint a new Auditor when the existing Auditor's firm has completed tenure of eight years as on the date of commencement of the Companies Act, 2013.

M/s. Suri & Siva, Chartered Accountants (FRN 004284S), have consented to the said appointment as statutory auditors of the Company and confirmed that the appointment, if made, would be within the limits specified under section 141(3)(g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as statutory auditors of the Company in terms of the provisions of the proviso to section 139(1), section 141(2) and section 143(3) of the Companies Act, 2013 read with the provisions of the Companies (Audit & Auditors) Rules, 2014.

None of the directors / key managerial personnel of the Company and their relatives are concerned or interested financially or otherwise in the resolution set out at item No..(4) of the Notice.

The Board recommends the resolution set forth item No.4 of the Notice for approval of the Members.

#### 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 CO<sub>2</sub> for the financial year 2016-17, and his remuneration was ratified by the members at the 21st Annual General Meeting held on 21.09.2016. The Cost Audit reports for 2015-16 were e-filed with the Ministry of Corporate Affairs, New Delhi, vide, SRN G-10010262 dt. 26.08.2016. The Cost Audit Reports for 2016-17 are due for submission on or before 27.09.2017.

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 M/s. SRR & Associates, Cost Accountants, Chennai, (FRN 000992) as the Cost Auditors to conduct the Cost Audit of Sugar, Industrial Alcohol, Electricity, Fertilizer, Calcium Lactate and CO<sub>2</sub>, for the financial year ending 31st March 2018. M/s SRR & Associates confirmed that its appointment is within the limits of section 148 of the Companies Act, 2013 and has also certified that the Firm 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 Firm of Cost Auditors certifying its 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 09.02.2017 appointed M/s. V.Mahesh & Associates, Company Secretaries in practice, as Secretarial Auditor for the financial year 2016-17 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 submission of 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 2017-18. 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) for long term bank facilities and reaffirmed 'CARE A1' (A One) for short term bank facilities and for Fixed Deposit it is CARE A (FD) [Single A (Fixed Deposit)] assigned to your Company for the current year. The ratings for the financial year 2017-18 are awaited on this date. Measured through industry yardstick these ratings are considered to be having adequate degree of safety 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 31.03.2017 your Company had held deposits of Rs. 50.98 crores as against Rs.40.13 crores as on 31.03.2016. As at 31.03.2017, there were matured and unclaimed deposits amounting to Rs. 0.69 crores in respect of 98 deposits. As on the date of this report, amount of unclaimed deposits is Rs.0.68 crores.

In compliance with the provisions of Investors Education and Protection Fund constituted under Section 124 of the Companies Act, 2013, the Company has transferred 2 deposits amounting to Rs.1.98 lakhs which remained unclaimed beyond the period of seven years from the date of maturity to the Investor Education and Protection Fund.

**25. DETAILS OF SPECIFIED BANK NOTES**

Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 as per clause (x) in Part I Division 1 of Schedule III to the Companies Act, 2013 are furnished in Note No.42 to financial statements.

**26. CEO/CFO CERTIFICATION**

CEO/CFO Certification to the Board of Directors Regarding the Financial Statements for the Financial Year 2016-17 is furnished in Annexure VIII of the Boards Report.

**27. STATEMENT OF SUBSIDIARIES:**

Statement containing the salient features of the Financial Statements of the Company's two wholly owned subsidiaries ( The EIMCO KCP Limited and KCP Sugars Agricultural Research Farms Limited) is furnished in Annexure X of the Board's report in Form AOC-I, in pursuance of section 129 of the Companies Act 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014.

**28. 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

Place : Chennai

Date : 29.05.2017

**VINOD R. SETHI**  
EXECUTIVE CHAIRMAN

## Annexure I to Board's Report

### 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	
	2016-17	2015-16	2016-17	2015-16
Crushing commenced on	10.12.2016	06.12.2015	20.12.2016	15.12.2015
Crushing completed on	02.03.2017	28.04.2016	21.02.2017	20.03.2016
No. of days	84	140	63	97
Cane crushed (in MT)	5,06,541	8,98,654	1,40,649	2,84,686
Sugar Bagged (in qtls)	4,73,740	8,53,870	1,14,241	2,53,263
Recovery (%)	9.38%	9.49%	8.12%	8.90%

**FINANCIAL YEARWISE**

UNIT/YEAR ENDED DETAILS	VUYYURU		LAKSHMIPURAM	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
2015-16 Season – From - To		06.12.2015 to 31.03.2016		15.12.2015 to 20.03.2016
2016-17 Season - From / To	06.12.2016 to 02.03.2017	01.04.2016 to 24.04.2016	20.12.2016 to 21.02.2017	**
No. of days	140	112	63	98
Cane crushed (in MT)	6,00,177	8,42,005	1,40,649	2,84,686
Sugar Bagged (in qtls)	5,69,747	803,576	1,14,241	2,53,263
Recovery (%)	9.49%	9.54%	8.12%	8.90%

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

Vuyyuru Distillery Unit produced 118.67 lakh litres during the year ended 31.03.2017 as against 127.74 lakh litres during the previous financial year. As against this, the said Unit sold 103.41 lakh litres valued at Rs. 47.45 crores during the year under review as against 134.77 lakh litres valued at Rs. 60.63 crores during the previous year.

The Bio-fertilizer unit at Vuyyuru sold about 1.70 lakh Qtls valued at Rs. 6.28 crores as against 1.53 lakh qtls valued at Rs. 5.68 crores during the previous year.

Cogeneration Unit at Vuyyuru produced 26,710 MW of power during the financial year under review as against 38,653 MW in the previous year, and the Lakshmipuram Unit produced 3,898 MW of power as against 7,931 MW in the previous year. In all, total export of electrical energy was 9,152 MW resulting in a turnover of Rs. 3.67 crores as against 16,021 MW at a turnover of Rs. 6.55 crores during the previous year. The Calcium Lactate plant contributed Rs. 3.41 crores towards its turnover of the Company as against a turnover of Rs. 3.04 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 842 employees, including non-seasonal employees at the sugar units, as on 31.03.2017. 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 2014 by Ministry of Labour, Government of India – Under Scheme III – Based on Lowest Average frequency Rate in Industry (Sugar Factory) – Lakshmipuram Unit.
- ❖ RUNNER – NATIONAL SAFETY AWARD for Year 2014 by Ministry of Labour, Government of India – Under Scheme IV – Based on accident-free year (Sugar Factory) – Lakshmipuram Unit.
- ❖ BEST CANE MANAGEMENT AWARD –awarded at SISSTA ANNUAL CONVENTION held at Chennai 2016 – Vuyyuru Unit.
- ❖ BEST TECHNICAL EFFICIENCY AWARD –awarded at SISSTA ANNUAL CONVENTION held at Chennai 2016 – Vuyyuru Unit.
- ❖ BEST DISTILLERY PERFORMANCE AWARD –awarded at SISSTA ANNUAL CONVENTION held at Chennai 2016 – Vuyyuru Unit.
- ❖ v BEST COGENERATION AWARD –awarded at SISSTA ANNUAL CONVENTION held at Chennai 2016 – Vuyyuru Unit.
- ❖ BEST COO OF SUGAR MILLS AWARD – awarded by Bharathiya Sugar, Pune, at Shivaji University, Kohlapur, to Mr. G.Venkateswara Rao, COO.
- ❖ BEST CANE MANAGER OF SUGARS MILLS AWARD - awarded by Bharathiya Sugar, Pune, at Shivaji University, Kohlapur, to Mr. V.V.Punna Rao, General Manager (Cane), Vuyyuru.
- ❖ SHRAMA SAKTHI AWARD – presented by the Hon'ble Chief Minister, Andhra Pradesh, on May Day, 2016 to Mr.A.Balasubrahmanyam, Workers Union President.

**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 to Board's Report

### 1. Company's philosophy on Code of 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	Attend- ance at the last AGM On 21.09.2016	**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	5	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	5	Yes	--	--	--
Shri.K.A.Rangaswamy DIN 00020891	Non-Wholetime Director (till 21.09.2016)	2	No	--	--	--



Name of Director	Category of Directorship	No. of Board Mtgs. attended	Attend- ance at the last AGM On 21.09.2016	**No. of Directorships, Committee Membership / Chairmanship in other public companies		
				Directorship	Committee Membership	Committee Chairmanship
Shri.Ranvir R. Shah DIN 00041398	Non-Wholetime Independent Director	4	No	--	--	--
Dr.Vithal Rajan DIN 00021571	Non-Wholetime Independent Director	5	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	--	--	--
Shri.K.R.Adivarahan DIN 00019844	Non-Wholetime Independent Director (from 21.09.2016)	3	NA	--	--	--

\*\* 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 and regulation 25 of SEBI (LODR) Regulations, 2015.
- ❖ 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 2016 - 17 on the following dates, and there was not a gap of 120 days between two consecutive Board Meetings:

1.	26.05.2016	2.	28.07.2016	3.	21.09.2016	4.	04.11.2016	5.	09.02.2017
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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 09.02.2017 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.

The Performance Evaluation of Independent Directors is done by the entire Board of Directors, excluding the Director being evaluated.

❖ **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), Shri.K.A.Rangaswamy, Non-wholetime Director (upto 21.09.2016), Shri.Ranvir R.Shah, Non-wholetime Director (from 28.07.2016) and Shri.K.R. Adivarahan, Non-wholetime Director (from 21.09.2016), 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 26.05.2016, 28.07.2016, 04.11.2016, and 09.02.2017. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Shri.K.A.Rangaswamy (upto 21.09.2016)	2
Shri. Vinod R.Sethi	4
Dr Vithal Rajan	4
Shri.M.S.V.M.Rao	4
Shri. Prathap K. Moturi	4
Shr. Ranvir R.Shah (from 28.07.2016)	3
Shri. K.R.Adivarahan (from 21.09.2016)	2

#### 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 (upto 21.09.2016) , Shri. Ranvir R.Shah an Independent Director, and Shri.K.R.Adivarahan (from 21.09.2016). 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 2016-17 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	--	1.04	--	14.48
Smt.Irmgard Velagapudi M.Rao	48.00	--	--	0.00	--	48.00
Smt.V.Kiran Rao	36.00	4.32	--	1.28	--	41.60

The Committee did not meet during the financial year 2016 – 17.

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 2016-17 to 2018-19, in terms of the approval granted by the Shareholders at the Twenty first Annual General Meeting held on 21.09.2016.

The details of the remuneration paid to the Non- Executive Directors during the year 2016 - 17 are given below:

(Rs. in Lakhs)

Directors	Commission	Sitting Fees	Total
Shri.K.A.Rangaswamy (upto 21.09.2016)	0.00	2.20	2.20
Shri. Ranvir R.Shah	0.00	2.00	2.00
Dr.Vithal Rajan	0.00	2.50	2.50
Shri.M.S.V.M.Rao	0.00	2.50	2.50
Shri.Prathap K. Moturi	0.00	2.50	2.50
Shri K.R. Adivarahan (from 21.09.2016)	**	2.10	2.10
<b>Total</b>	<b>0.00</b>	<b>13.80</b>	<b>13.80</b>

#### 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 (upto 21.09.2016)	100
Shri. Ranvir R. Shah	3,97,642
Dr.Vithal Rajan	Nil
Shri.M.S.V.M.Rao	10
Shri.Prathap K. Moturi	Nil
Shri.K.R. Adivarahan (from 21.09.2016)	1060

#### 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 (upto 21.09.2016), a Non-Wholetime Director, and Shri. K.R.Adivarahan (from 21.09.2016) 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.

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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 (upto 21.09.2016)	5
Shri.K.R. Adivarahan (from 21.09.2016)	5
Smt.Irmgard Velagapudi M.Rao	7
Smt.V.Kiran Rao	10

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 31.03.2017	
	Received	Attended to
Non-receipt of Certificates	0	0
Non-receipt of Interest / Dividend Warrants/ Cheques / Drafts	25	25
Issue of Duplicate Share Certificates	3	3
Issuance of Duplicate Dividend Warrant / Cheque / Drafts / Revalidation	80	80
Correction in Share Cert./Dividend Warrant / Cheque / Drafts	16	16
Non-Receipt of Annual Report	1	1
General queries-request for change of address, procedure for transmission of shares/procedure for loss of share certificates/ Nomination	147	147
<b>TOTAL</b>	<b>272</b>	<b>272</b>

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 (upto 21.09.2016), Shri.M.S.V.M.Rao, and Shri.K.R.Adivarahan (from 21.09.2016), Non-wholetime 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.

The CSR Committee met on 04.11.2016 and 09.02.2017 to review Company's CSR activities in the specified areas.

**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
31.03.2014	11.09.2014 at 11.00 a.m.	--	730	6
31.03.2015	20.08.2015 at 10.30 a.m.	4	659	8
31.03.2016	21.09.2016 at 10.30 a.m.	1	567	10

- All the three AGMs were held at "Sathguru Gnanananda Hall", Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai 600018.
- 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:****❖ 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 29.05.2017.

**❖ Related Party Transactions:**

All transactions entered into by the Company with Related Parties during the financial year 2016-17 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 30.06.2016, 30.09.2016, 31.12.2016 and 31.03.2017. 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.



**Details of Compliance as per Regulation 27 of SEBI (LODR) Regulations, 2015:**

Particulars	Regulation No. `	Compliance Status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'.	16(1)(b) & 25(6)	Yes
Board Composition	17(1)	Yes
Meeting of Board of Directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees / Compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for Related Party Transactions	23(1),(5),(6),(7),(8)	NA - There is no material related party transactions as per regulation 23(1).
Prior or Omnibus approval of Audit Committee for all Related Party Transactions	23(2),(3)	Yes – Approval of Audit Committee & Board is obtained for routine related party transactions within the threshold limit.
Approval for material related party transactions	23(4)	NA
Composition of Board of Directors of unlisted material subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5), & (6)	24(2),(3),(4) – Yes 24(5) & (6) - NA
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel.	26(3)	Yes
Disclosure of shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of Directors and Senior Management Personnel.	26(2) & 26(5)	Yes

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

**BSE Listing Centre**

Quarterly Reports are also filed with the Bombay Stock Exchange Ltd through BSE Listing Centre.

**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](http://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 2016-17. 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.

**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](http://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](http://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 3<sup>rd</sup> proviso to section 136(1).

- Separate audited accounts in respect of subsidiaries as per the 4<sup>th</sup> 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) & Regulation 22 of SEBI (LODR), Regulations, 2015..
- 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 whistle 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 2016-17.

## 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:** 22<sup>nd</sup> Annual General Meeting – on 15<sup>th</sup> day of September 2017 at 10.00 a.m. at "Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T.T.K.Road, Chennai 600018.

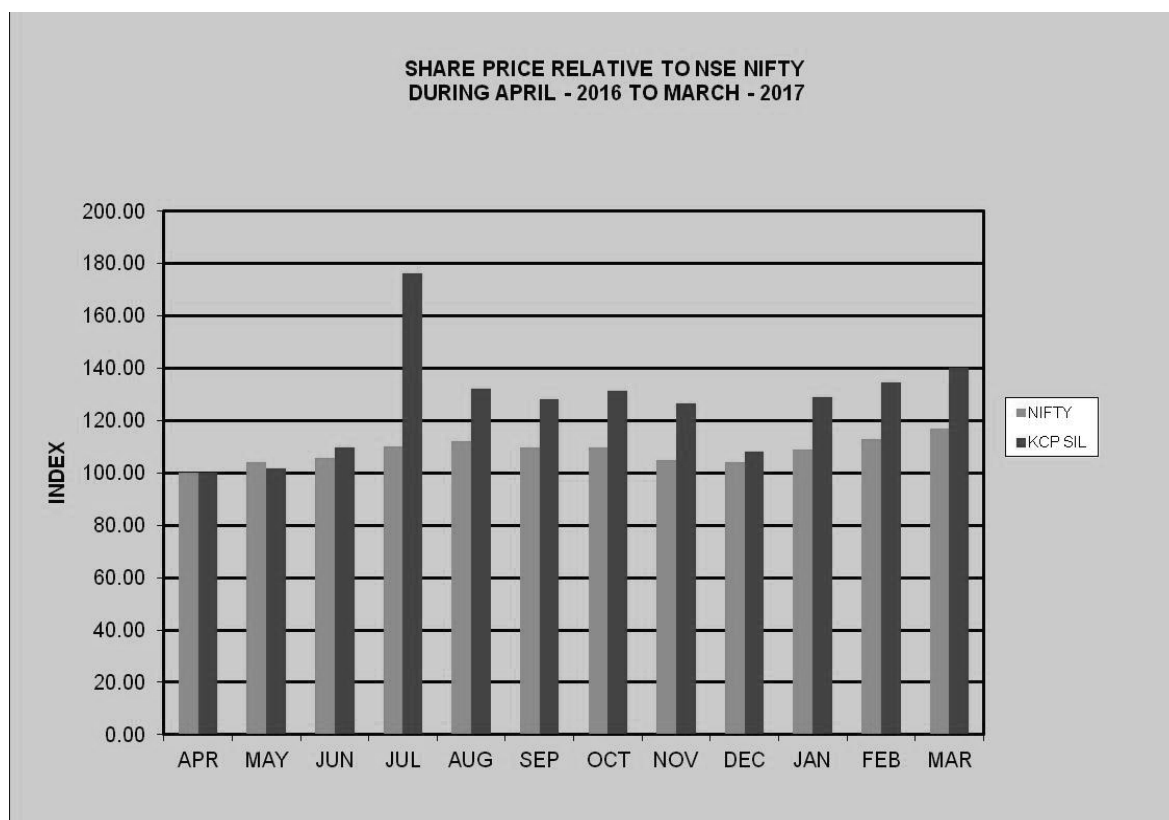
❖ **Date of Book Closure**

For the year ended 31.03.2016	Book Closure Date (s)	Dividend paid / payable
Dividend Payment date	08.09.2017 to 15.09.2017 (both dates inclusive)	The Board of Directors at their Meeting held on 29.05.2017 has recommended a dividend of Re.0.90 per equity share of face value Re.1/-, subject to the approval of Shareholders at the ensuing Annual General Meeting. On approval thereat, this dividend will be paid to the Shareholders on or after 15.09. 2017 but within the statutory time limit.

- ❖ **Tentative Financial calendar** : i Financial Year – 1<sup>st</sup> April to 31<sup>st</sup> March.
- ii. First Quarter Results on or before 14.08.2017.
- iii. Half-yearly Results on or before 14.11.2017.
- iv. Third Quarter Results before 14.02.2018.
- v. Results for the year ending 31.03.2018 on or before 30.05.2018.
- ❖ **Listing on Stock Exchanges** : National Stock Exchange of India Ltd and The Bombay Stock Exchange Ltd.
- Annual listing fees have been paid to the National Stock Exchange and Bombay Stock Exchange. There is no amount outstanding as on date.
- ❖ **Custodial Charges** : The Company has already paid Custodial Charges to NSDL and CDSL for the financial year 2017-18.
- 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 2016 – 17 is furnished below:

(Rs. per share)

Period	High		Low		Period	High		Low	
	NSE	BSE	NSE	BSE		NSE	BSE	NSE	BSE
April '16	30.60	30.60	24.50	24.70	October '16	34.95	35.20	31.00	30.90
May '16	30.90	30.95	25.05	25.00	November '16	32.60	32.30	26.70	26.30
June '16	44.60	44.60	26.75	26.90	December '16	31.00	30.95	26.60	25.50
July '16	40.95	45.90	38.30	38.35	January '17	35.20	35.00	31.70	29.80
August '16	42.70	42.75	32.10	32.00	February '17	42.85	42.90	32.65	32.85
Sept '16	35.85	35.85	31.80	30.50	March '17	39.65	39.75	34.60	34.60



**Registrar /Transfer Agents/**

: Integrated Registry Management Services Pvt. 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 31.03.2017.

❖ **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.

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

## ❖ Distribution of Shareholding and shareholding pattern as on 31.03.2017:

## a. By number of Shares held:

No of shares held	No. of Shareholders	% of Shareholders	Aggregate shares held	% of Shareholding
Upto 5000	26964	94.50	16604925	14.65
5001 – 10000	739	2.59	5521020	4.87
10001 – 20000	382	1.34	5570845	4.91
20001 – 30000	150	0.53	3709131	3.27
30001 – 40000	80	0.28	2809349	2.48
40001 – 50000	54	0.19	2494329	2.20
50001 – 100000	80	0.28	5516095	4.86
100001 and above.	84	0.29	71159356	62.76
<b>TOTAL</b>	<b>28533</b>	<b>100.00</b>	<b>11,33,85,050</b>	<b>100.00</b>

## b. By ownership:

NAME OF THE COMPANY : K.C.P SUGAR AND INDUSTRIES CORPORATION LIMITED									
Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)									
(i) Category-wise Shareholding									
Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2016)				No. of shares held at the end of the year (as on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>								
(1)	Indian								
a	Individual/Hindu Undivided Family	1881310	0	1881310	1.660	1882110	0	1882110	1.660
b	Central Government								
c	State Government								
d	Bodies Corporate	43734156	0	43734156	38.570	43734156	0	43734156	38.570
e	Financial Institutions/Banks	0		0					
f	Any other(specify)	0		0					
	<b>SUB TOTAL A(1)</b>	45615466	0	45615466	40.230	45616266	0	45616266	40.230
(2)	Foreign	0		0					
a	Individual(Non resident/foreign)	0		0					
b	Bodies corporate	0		0					
c	Institutions	0		0					
d	Qualified Foreign Investor	0		0					
e	Any other(specify)	0		0					
	<b>SUB TOTAL A(2)</b>	0	0	0	0.000	0	0	0	0.000

	<b>Total Shareholding of promoter and Promoter Group (A)=A(1)+A(2)</b>	45615466	0	45615466	40.230	45616266	0	45616266	40.230	0.000
<b>B</b>	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
a	Mutual funds/UTI	4750	6470	11220	0.010	4750	6470	11220	0.010	
b	Financial Institutions/Banks	15500	21340	36840	0.030	255685	21340	277025	0.240	
c	Central Government	500	0	500	0.000	500	0	500	0.000	
d	State Government(s)									
e	Venture Capital Funds									
f	Insurance Companies									
g	Foreign Institutional Investors	0	500	500	0.000	0	500	500	0.000	
h	Foreign Venture Capital Investors									
i	Qualified Foreign Investor									
j	Any other(specify) FOREIGN PORTFOLIO INVESTOR	0		0		316608	0	316608	0.280	
	<b>SUB TOTAL B(1)</b>	<b>20750</b>	<b>28310</b>	<b>49060</b>	<b>0.040</b>	<b>577543</b>	<b>28310</b>	<b>605853</b>	<b>0.530</b>	<b>0.490</b>
(2)	<b>Non-Institutions</b>									
a	<b>Bodies Corporate</b> (Indian/ foreign/ (Overseas)	14149537	386510	14536047	12.820	11553857	386510	11940367	10.530	
b	<b>Individuals</b> (Resident/NRI/ Foreign National)	0		0						
(i)	Individual sharehodlers holding Nominal share Capital upto Rs.1 Lakh	28993231	6120235	35113466	30.970	32928867	5832113	38760980	34.190	
(ii)	Individual sharehodlers holding Nominal share Capital above Rs.1 Lakh	16171012	1451180	17622192	15.540	13777484	1451180	15228664	13.430	

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

C	Any other(specify)									
	Clearing Member	380549	0	380549	0.340	1191250	0	1191250	1.050	
	LLP	39500	0	39500	0.030	12900	0	12900	0.010	
	TRUST	28770	0	28770	0.030	28770	0	28770	0.030	
	SUB TOTAL B(2)	59762599	7957925	67720524	59.730	59493128	7669803	67162931	59.230	-0.500
	<b>Total Public Share Holding (B)=B(1)+B(2)</b>	59783349	7986235	67769584	59.770	60070671	7698113	67768784	59.770	0.000
	<b>TOTAL (A) + (B)</b>	105398815	7986235	113385050	100.000	105686937	7698113	113385050	100.000	0.000
C	Shares held by Custodians and against which Depository Receipts have been issued									
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>105398815</b>	<b>7986235</b>	<b>113385050</b>	<b>100.000</b>	<b>105686937</b>	<b>7698113</b>	<b>113385050</b>	<b>100.000</b>	<b>0.000</b>

(ii) Shareholding of Promoters								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			% Change during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	DURGAMBA INVESTMENT PRIVATE LIMITED	43734156	38.571	0	43734156	38.571	0	0.00
2	SMT. IRMGARD VELAGAPUDI	1583280	1.396	0	1583280	1.396	0	0.00
3	SMT.KIRAN VELAGAPUDI	265020	0.234	0	265820	0.234	0	0.00
4	MR. VINOD SETHI	33010	0.029	0	33010	0.029	0	0.00
	TOTAL	45615466	40.23	0	45616266	40.23	0	0.00

(iii) Change in Promoters Shareholding					
Sl. 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
	Date wise Increase / Decrease in Promoters Share holding during the year				
1	SMT. KIRAN VELAGAPUDI				
	PAN :AFDPK3995G				
	Opening Balance as on 01/04/2016	265020	0.234	265020	0.234
	12/08/2016	800	0.000	265820	0.234
	Closing Balance as on 31/03/2017			265820	0.234



## (iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1	SI No.1 Name: <b>V. R. K. GRANDSONS INVESTMENT PRIVATE LTD.</b>				
	PAN :AAACV3678A				
	Opening Balance as on 01/04/2016	9578330	8.448		
	Closing Balance as on 31/03/2017			5726605	5.051
2	SI No.2 Name: <b>Indian Syntans Investments (P) Ltd</b>				
	PAN :AAAC11775K				
	Opening Balance as on 01/04/2016	950000	0.838		
	Closing Balance as on 31/03/2017			950000	0.838
3	SI No.3 Name: <b>PADMINI RAJAN</b>				
	PAN :ACOPR5427J				
	Opening Balance as on 01/04/2016	893000	0.788	893000	0.788
	Closing Balance as on 31/03/2017				
4	SI No.4 Name: <b>SAKUNTHALA DEVI BOPPANA</b>				
	PAN :AFWPB3847H				
	Opening Balance as on 01/04/2016	870100	0.767		
	Closing Balance as on 31/03/2017			858600	0.757
5	SI No.5 Name: <b>BOPPANA VINAY KUMAR</b>				
	PAN :AFXPB0044B				
	Opening Balance as on 01/04/2016	855250	0.754		
	Closing Balance as on 31/03/2017			855250	0.754
6	SI No.6 Name: <b>HAROON MAHMUD ADAM</b>				
	PAN :AABPA0755F				
	Opening Balance as on 01/04/2016	796500	0.702		
	Closing Balance as on 31/03/2017			358000	0.316
7	SI No.7 Name: <b>KOGANTY SRIHARI RAO</b>				
	PAN :ASNPK3180C				
	Opening Balance as on 01/04/2016	541113	0.477		
	Closing Balance as on 31/03/2017			541113	0.477
8	SI No.8 Name: <b>RANI S B</b>				
	PAN :APXPS6609D				
	Opening Balance as on 01/04/2016	509060	0.449		
	Closing Balance as on 31/03/2017			509060	0.449
9	SI No.9 Name: <b>RADHAKISHAN DAMANI</b>				
	PAN :AAGFD5938A				
	Opening Balance as on 01/04/2016	500000	0.441		
	Closing Balance as on 31/03/2017			0	0.000
10	SI No.10 Name: <b>CHINMAY G PARIKH</b>				
	PAN :ADVPC9973G				
	Opening Balance as on 01/04/2016	1396874	1.232		
	Closing Balance as on 31/03/2017			105000	0.093
11	SI No.11 Name: <b>RANVIR R SHAH</b>				

(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):					
Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
	PAN :AAMPS5511Q				
	Opening Balance as on 01/04/2016	370242	0.327		
	Closing Balance as on 31/03/2017			370232	0.327
12	SI No.12 Name: <b>PINETREE PROPERTIES PVT LTD</b>				
	PAN :AACCP4985G				
	Opening Balance as on 01/04/2016	499000	0.440		
	Closing Balance as on 31/03/2017			0	0.000
13	SI No.13 Name: <b>V L INDIRA DUTT</b>				
	PAN :AAPD6756A				
	Opening Balance as on 01/04/2016	325000	0.287		
	Closing Balance as on 31/03/2017			325000	0.287
14	SI No.14 Name: <b>MALINI L NARASIMHAN</b>				
	PAN :AAPN8023G				
	Opening Balance as on 01/04/2016	310120	0.274		
	Closing Balance as on 31/03/2017			310120	0.274
15	SI No.15 Name: <b>DINESH H TOLANI</b>				
	PAN :AWIPT2152Q				
	Opening Balance as on 01/04/2016	391000	0.345		
	Closing Balance as on 31/03/2017			0	0.000
16	SI No.16 Name: <b>PREMIER INVESTMENT FUND LIMITED</b>				
	PAN :AACCP9387L				
	Opening Balance as on 09/04/2016	6633	0.006		
	Closing Balance as on 31/03/2017	200000	0.176	316608	0.279
17	SI No.17 Name: <b>BHARADHWAJAN.V.J</b>				
	PAN :ADKPV0066C				
	Opening Balance as on 01/04/2016	499462	0.441		
	Closing Balance as on 31/03/2017			0	0.000
18	SI No.18 Name: <b>CHARU D SHAH</b>				
	PAN :AAJPC2173K				
	Opening Balance as on 11/02/2017	425000	0.375		
	Closing Balance as on 31/03/2017			425000	0.375
19	SI No.19 Name: <b>INDIA INFOLINE LIMITED</b>				
	PAN :AAACI7397D				
	Opening Balance as on 01/04/2016	28127	0.025		
	Closing Balance as on 31/03/2017	1697603	1.497	1705518	1.504
20	SI No.20 Name: <b>DIWAN BAHADUR P.S.G. RANGASWAMY NAIDU</b>				
	PAN :R00053				
	Opening Balance as on 01/04/2016	468270	0.413		
	Closing Balance as on 31/03/2017			468270	0.413

**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.	V.R.K. Grandsons Investment Pvt. Ltd.	5726605	5.05					
	<b>Total</b>	<b>5726605</b>	<b>5.05</b>					

**(I) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the company**

1	V.R.K. Grandsons Investment Pvt. Ltd.	5726605	5.05					
	<b>Total</b>	<b>5726605</b>	<b>5.05</b>					

**I (d) Statement showing details of locked-in shares Quarter Ended 31.03.2017**

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)					

NOT APPLICABLE

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

Sl 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				
	<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>				

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

Sl 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				
	<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>				
	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				
	<b>Total</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>				
	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				

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

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

## ❖ Shares in Physical and Electronic form:

Shareholders in	No.of Shareholders	(%)	No.of Shares	%
<b>Physical Mode</b>	3842	13.47	7698113	6.79
- Sub-Total	<b>3842</b>	<b>13.47</b>	<b>7698113</b>	<b>6.79</b>
<b>Electronic Mode:</b>				
- NSDL	16265	57.00	86264422	76.08
- CDSL	8426	29.53	19422515	17.13
- Sub-Total	<b>24691</b>	<b>86.53</b>	<b>105686937</b>	<b>93.21</b>
<b>GRAND TOTAL</b>	<b>28533</b>	<b>100.00</b>	<b>113385050</b>	<b>100.00</b>

- ❖ 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 31.03.2017:

Sl. No	Name of the Shareholder	Shares	% to Capital
1	Padmini Rajan	893000	0.79
2	Sakunthala Devi Boppana	858600	0.76
3	Boppana Vinay Kumar	855250	0.75
4	Koganty Srihari Rao	541113	0.48
5	Rani S.B.	509060	0.45
6	Diwan Bahadur PSG Rangaswamy Naidu	468270	0.41
7	Charu D. Shah	425000	0.37
8	Haroon Mahmud Adam	358000	0.32
9	V.L.Indira Dutt	325000	0.29
10	Malini L.Narasimhan	310120	0.27
		<b>5543413</b>	<b>4.89</b>

## ❖ 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 200 folios comprising of 225860 equity shares of face value of Re.1/- each, which were unclaimed as on 31.03.2017. 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 31.03.2017 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 01-04-2016 shares in the suspense account lying as on 01-04-2016	200	225860
Number of shareholders who approached the company for transfer of shares from suspense account during the period	Nil	Nil
Number of shareholders to whom the shares were transferred from the suspense account during the period	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31-03-2017	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 31.03.2009 had been transferred to IEPF during the financial year 2016-17. Dividend for the financial year ended 31<sup>st</sup> March, 2010 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
31.03.2010	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
31.03.2016	21.09.2016	20.09.2023	19.10.2023

Members are informed that the dividend for the financial year 2009-10 shall become due for transfer to IEPF on 22.08.2017. 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 15.08.2017. 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, CO<sub>2</sub>, Calcium Lactate units at Vuyyuru; Sugar and Incidental Cogeneration units at Lakshmipuram, 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](mailto:kcpsugar@vsnl.com). An exclusive e-mail ID [investorservices@kcpsugar.com](mailto: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 : 29.05.2017

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

### DECLARATION

[Pursuant to Para D of Schedule V of the SEBI (LODR) 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 2016-17.

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

Place : Chennai  
Date : 29.05.2017

**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 of conditions of Corporate Governance by **K.C.P. Sugar and Industries Corporation Ltd, (the company)** for the year ended 31st March, 2017 as per regulations 17-27, clauses (b) - (i) of regulation 46(2) and paragraphs C and D of Schedule V the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations 2015 (Listing regulations).

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.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for special purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of Code of Ethics issued by Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) – 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information and other Assurance and Related Services Engagements.

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 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.

Restrictions on use:

This certificate is issued solely for the purpose of Complying with the aforesaid Regulations and may not be suitable for any other purposes.

Place : Chennai.

Date : 29.05.2017

**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 Registry Management Services Pvt.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 TO BOARD'S REPORT****FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March 2016.**

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

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L15421TN1995PLC033198
Registration Date	11 <sup>th</sup> 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: <a href="mailto:Kcpsugar@vsnl.com">Kcpsugar@vsnl.com</a> Website: <a href="http://www.kcpsugar.com">www.kcpsugar.com</a></p>
Whether Listed Company [Yes / No]	YES
Name, Address and Contract details of Registrar and Transfer Agent, if any.	<p>M/s. Integrated Registry Management Services Private Limited 2<sup>nd</sup> 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: <a href="mailto:corpseerv@integratedindia.in">corpseerv@integratedindia.in</a> Website: <a href="http://www.iepindia.com">www.iepindia.com</a></p>

**II. 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	80.80%



**III. 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)

**IV. 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		
<b>i. Category-wise Shareholding</b>										
<b>A. PROMOTERS</b>										
<b>1 INDIAN</b>										
a.	Individual / Hindu Undivided Family	1881310	**	1881310	1.66	1882110	**	1882110	1.66	0.00
b.	Central Government / State Govt.	**	**	**	**					**
c.	Bodies Corporate	43734156	**	43734156	38.57	43734156	**	43734156	38.57	0.00
d.	Financial Institutions / Banks	**	**	**	**	**	**	**	**	**
e.	Any other (specify)	**	**	**	**	**	**	**	**	**
	<b>SUB TOTAL A (1)</b>	<b>45615466</b>	<b>**</b>	<b>45615466</b>	<b>40.23</b>	<b>45616266</b>	<b>**</b>	<b>45616266</b>	<b>40.23</b>	<b>0.00</b>
<b>2 FOREIGN</b>										
a.	Individual (Non-Resident / Foreign)	**	**	**	**	**	**	**	**	**
b.	Bodies Corporate	**	**	**	**	**	**	**	**	**
c.	Institutions	**	**	**	**	**	**	**	**	**
d.	Qualified Foreign Investor	**	**	**	**	**	**	**	**	**
e.	Any other (Specify)	**	**	**	**	**	**	**	**	**
	<b>SUB-TOTAL A (2)</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
	<b>Total shareholding of Promoter and Promoter Group (A) = A(1) + A(2)</b>	<b>45615466</b>	<b>**</b>	<b>45615466</b>	<b>40.23</b>	<b>45616266</b>	<b>**</b>	<b>45616266</b>	<b>40.23</b>	<b>0.00</b>
<b>B PUBLIC SHAREHOLDING</b>										
<b>1 Institutions</b>										
a.	Mutual Funds / UTI	4750	6470	11220	0.01	4750	6470	11220	0.01	0.00
b.	Financial Institutions / Banks	15500	21340	36840	0.03	255685	21340	277025	0.24	+0.21
c.	Central Government / State Govt.	500	**	500	**	500	**	500	**	0.00
d.	Venture Capital Funds	**	**	**	**	**	**	**	**	**

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

e.	Insurance Companies	0	0	0	0	0	0	0	0	**
f.	Foreign Institutional Investors	500	0.00	500	0.00	0	500	500	0.00	0.00
g.	Foreign Venture Capital Investors	**	**	**	**	**	**	**	**	**
h.	Qualified Foreign Investor	**	**	**	**	**	**	**	**	**
i.	Any Other (specify)	**	**	**	**	316608	**	316608	0.28	+0.28
	<b>SUB TOTAL B (1)</b>	<b>21250</b>	<b>27810</b>	<b>49060</b>	<b>0.04</b>	<b>578043</b>	<b>27810</b>	<b>605853</b>	<b>0.53</b>	<b>+0.49</b>
<b>2</b>	<b>Non-Institutions</b>									
a.	Bodies Corporate (Domestic)	14536047	**	14536047	12.82	11220697	386510	11607207	10.24	-2.58
b.	Individuals (Resident / NRI / Foreign National)	**	**	**	**	576163	20290	596453	0.53	+0.53
(i).	Individual shareholders holding Nominal Share Capital upto Rs.2 lakhs	33078769	6679655	39758424	35.06	37362299	6371243	43733542	38.57	+3.51
(ii).	Individual shareholders holding Nominal Share Capital above Rs.2 lakhs.	12085474	891760	12977234	11.45	8767889	891760	9659649	8.52	-2.93
c.	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d.	<b>Any other</b>									
(i).	Clearing Member	380549	0	380549	0.34	0	1191250	1191250	1.05	+0.71
(iii).	Limited Liability Partnership	39500	0	39500	0.03	12900	**	12900	0.01	-0.02
(iv).	Trust	28770	0	28770	0.03	28770	**	28770	0.03	0.00
(v).	NBFCs Regd with RBI	**	**	**	**	107300	0	107300	0.09	+0.09
(v).	KCP Sugar (unclaimed shares)	**	**	**	**	225860	**	225860	0.20	+0.20
	<b>SUB TOTAL B (2)</b>	<b>60149109</b>	<b>7571415</b>	<b>67720524</b>	<b>59.73</b>	<b>58301878</b>	<b>8861053</b>	<b>67162931</b>	<b>59.23</b>	<b>-0.49</b>
	Total Public share holding (B) = B(1)+B(2)	<b>60170359</b>	<b>7599225</b>	<b>67769584</b>	<b>59.77</b>	<b>58879921</b>	<b>8888863</b>	<b>67768784</b>	<b>59.77</b>	<b>0.00</b>
	<b>TOTAL (A) + (B)</b>	<b>105785825</b>	<b>7599225</b>	<b>113385050</b>	<b>100.00</b>	<b>104496187</b>	<b>8888863</b>	<b>113385050</b>	<b>100.00</b>	<b>0.00</b>
C.	Shares held by Custodians and against which Depository Receipts have been issued:	NOT APPLICABLE								
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>105785825</b>	<b>7599225</b>	<b>113385050</b>	<b>100.00</b>			<b>113385050</b>	<b>100.00</b>	<b>0.00</b>
ii.	<b>Shareholding of Promoters</b>									
1	Smt Irmgard Velagapudi	1435780	0	1435780	1.27	1435780	0	1435780	1.27	0.00
2	Durgamba Investment Private Limited	43734156	0	43734156	38.57	43734156	0	43734156	38.57	+0.03
3	Smt Kiran Velagapudi	265020	0	265020	0.23	265820	0	265820	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
	<b>TOTAL</b>	<b>45615466</b>	<b>0</b>	<b>45615466</b>	<b>40.23</b>	<b>45615466</b>	<b>0</b>	<b>45616266</b>	<b>40.23</b>	<b>0.00</b>

## 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
	Date-wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/ bonus/sweat equity, etc):				
	<b>DURGAMBA INVESTMENTS PVT.LTD.</b> (Promoter Body Corporate)	By market purchase			
	At the beginning of the Year	43734156	38.57	43734156	38.57
	<b>At the end of the year</b>	<b>43734156</b>	<b>38.57</b>	No change in No. of shares during the year	No change in % of shareholding during the year
	<b>Ms.Kiran Velagapudi</b> )Promoter – Individual)	265020	0.23	265820(800 shares purchased on 09.08.2016)	0.23
	<b>Smt.Irmgard Velagapudi</b>	1435780	1.27	1435780	1.27
	<b>Smt.Irmgard Velagapudi</b>	147500	0.13	147500	0.13
	<b>Shri.Vinod R.Sethi</b>	33010	0.03	33010	0.03
		<b>1881310</b>	<b>1.66</b>	<b>1882110</b>	<b>1.66</b>

## 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	<b>7329629</b>	<b>6.46</b>		
1.	Padmini Rajan	893000	0.79	893000	0.79
2.	Sakunthala Devi Boppana	870100	0.77	858600	0.76
3.	Boppana Vinay Kumar	855250	0.75	855250	0.75
4.	Haroon Mahmud Adam	796500	0.70	358000	0.32
5.	Koganty Srihari Rao	541113	0.48	541113	0.48
6.	Rani S.B.	509060	0.45	509060	0.45
7.	Radhakrishnan Dhamani	500000	0.44	0	0
8.	Bharadhwajan V.J.	499462	0.44	0	0
9.	Diwan Bahadur PSG Rangaswamy Naidu	468270	0.41	468270	0.41
10.	V.L. Indira Dutt	**	**	325000	0.29
11.	Malini L. Narasimhan	**	**	310120	0.27
12.	Charu D.Shah	**	**	425000	0.37
	<b>At the end of the year (31.03.2017)</b>			<b>5543413</b>	<b>4.89</b>

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## 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	372512	0.33		
	i. <b>Directors:</b>				
1.	Sri.K.A.Rangaswamy (upto 21.09.2016)	600	0.00	100	0.00
2.	Sri. Ranvir R.Shah	370242	0.33	397632	0.35
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
6.	Sri.K.R. Adivarahan (from 21.09.2016)	NA	NA	1060	0.00
	<b>TOTAL</b>	<b>370852</b>	<b>0.33</b>	<b>398802</b>	<b>0.35</b>
	ii. <b>Key Managerial Personnel</b>				
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	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	0.00	0.00	1.60	1.60
<b>TOTAL (i + ii + iii)</b>	<b>66.78</b>	<b>0.00</b>	<b>41.73</b>	<b>108.51</b>
Change in Indebtedness during the financial year				
• Addition →	25.05	0.34	10.51	35.90
• Reduction →	0.00	0.00	0.00	0.00
<b>Net Change</b>	<b>25.05</b>	<b>0.34</b>	<b>10.51</b>	<b>35.90</b>
Indebtedness at the end of the financial year:				
i. Principal Amount	91.83	0.00	50.98	142.81
ii. Interest due but not paid	0.00	0.00	0.00	0.00
iii. Interest accrued but not paid	0.00	0.34	1.26	1.60
<b>TOTAL (i + ii + iii)</b>	<b>91.83</b>	<b>0.34</b>	<b>52.24</b>	<b>144.41</b>

**VII. Remuneration of Directors and Key Managerial Personnel:****A. Remuneration to Managing Director, Whole-time Directors:**

Sl.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	1.04	1.28	2.32
	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
	<b>TOTAL (A)</b>	<b>48.00</b>	<b>14.48</b>	<b>41.60</b>	<b>104.08</b>
	<i>Ceiling as per the Act</i>	<i>10% of Nett Profit</i>			<i>102.66</i>

**B. Remuneration to Other Directors:**

Sl. No	Particulars of Remuneration	Name of Directors						Total Amt – Rs./Lakhs
		Sri.K.A.Ranga swamy (upto 21.09.2016)	Dr.Vithal Rajan	Sri.Ranvir R.Shah	Sri.M.S.V.M. Rao	Sri.Prathap K.Moturi	Sri. K.R. Adivarahan (from 21.09.2016)	
1.	Independent Directors							
	• Fee for attending Board /Committee Meetings		2.50	2.00	2.50	2.50		9.50
	• Commission		0.00	0.00	0.00	0.00		0.00
	• Others							
	<b>Total (1)</b>		<b>2.50</b>	<b>2.00</b>	<b>2.50</b>	<b>2.50</b>		<b>9.50</b>
2.	Other Non-Executive Director							
	• Fee for attending Board /Committee Meetings	2.20					2.10	4.30
	• Commission	0.00					0.00	0.00
	• Others							
	<b>Total (2)</b>	<b>2.20</b>					<b>2.10</b>	<b>4.30</b>
	<b>Total B=(1) + (2)</b>	<b>2.20</b>	<b>2.50</b>	<b>2.00</b>	<b>2.50</b>	<b>2.50</b>	<b>2.10</b>	<b>13.80</b>
	Total Managerial Remuneration	<b>2.20</b>	<b>2.50</b>	<b>2.00</b>	<b>2.50</b>	<b>2.50</b>	<b>2.10</b>	<b>13.80</b>
	Overall Ceiling as per the Act	<b>1% of Net profit</b>	<b>1% of Net profit</b>	<b>1% of Net profit</b>	<b>1% of Net profit</b>	<b>1% of Net profit</b>	<b>1% of Net profit</b>	

**C. Remuneration to Key Managerial Personnel other than MD/WT/Manager:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total – Rs./Lakhs
		C F O	Company Secretary	
1.	Gross salary	15.96	13.23	29.19
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.			
	(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
	<b>TOTAL</b>	<b>15.96</b>	<b>13.23</b>	<b>29.19</b>

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

-NONE -

## ANNEXURE IV TO BOARD'S REPORT

**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. Upgradation of Cogen DCS software from CS 1000 to CENTUM VP.
2. 50% power saving by introduction of UTP Vanadium 500 spool-welding for mill roller arcing and man-hours reduced to 60%.
3. 10 KWH Power saving by replacing belt drive coupling with direct drive high efficiency and higher capacity ID Fan at 10 TPH Boiler.
4. 2 x 2 KVA new UPS installed to avoid failure of boiler DCS and plant shut downs.
5. Installation of LED lights in place of MV and SV lamps to save 91,000 units per annum..
6. VFD was installed to A-light molasses pump motor and 10% power saving was observed.
7. Technology upgradation of DC drives to reduce down-time and maintenance cost and improve overall machinery efficiency.
8. Bore-well motor water delivery was directly connected to overhead tank instead of ground tank. 40 HP motor used in place of 75 HP motor.
9. Relocation of 33 KV incoming termination at sub-station to avoid grid interruptions.
10. Modification in the evaporator configuration – TEVC + QUINTAPLE to TEFC+CONCENTRATOR and First Vapour TEFC first effect was bled to concentrator instead of exhaust.
11. Raw Juice heating was done in 4 stages – two stage heating from hot condensate and other two stages from bleed vapour to Evaporator.
12. Utilisation of FIRST VAPOUR for clear juice first stage heating from 95 – 112 deg.C.
13. Utilisation of first vapour at sugar melter for sugar melting in place of exhaust.
14. Utilisation of first vapour for quadruple set soda boiling instead of exhaust.
15. Utilisation of second vapour for pans body wash instead of first vapour / exhaust.
16. Utilisation of first vapour for batch and continuous pans sight glass washing instead of water.
17. 3 Nos. new and high efficiency machines replaced 6 Nos old and low efficiency centrifugal machines.
18. Use of filtrate juice at sugar dryer station – direct pumping by gravity was arranged and pump is eliminated.
19. 10 x 10 screw pump with VFD was arranged for pumping melt and hence 2 pumps of 8 x 8 pumps were avoided.
20. Diversion of pan condensate water to flash system saved 0.262 T/Hr of steam.
21. Installation of vibro screen for filtrate juice helped in achieving 88% of bagacillo removal.
22. Installation of 50W LED lights for power house lighting and godown lighting helped in reduction in power consumption.

**Additional proposals for redeuction of Energy consumption:**

**At VUYYURU:**

- ❖ Installation of LED lights in place of MV and SV lamps to reduce power consumption.
- ❖ Replacement of low efficient rewinding motors with IE3 efficiency motors in a phased manner.

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- ❖ Technology upgradation of DC drives to reduce down time / maintenance cost and improvement of overall machine efficiency.
- ❖ Installation of Capacitors for improvement in power factor and reduction in losses.
- ❖ Installation of solar invertors at AGT Farm for reduction in power consumption.
- ❖ Installation of MCC at curing house for reduction of maintenance cost and losses.
- ❖ Installation of VFD to Cogen Cooling Tower water pump.
- ❖ Replacement of high efficiency mixed juice in place of low efficiency pumps in mills area.
- ❖ Installation of moisture control unit at last mill in No.1 Mill Tandem.
- ❖ On/Off controller for Cogen cooling tower fans with respect to temperature.
- ❖ To promote additional power export of 300 KWH to grid by running of electrical driven pumps in place of mechanical driven feed water pump for boilers.

**At LAKSHMIPURAM:**

- ❖ VFDs are to be kept for vacuum filter drums to regulate the speed according to mud level.
- ❖ Suitable size super heated wash water unit is to be provided to enable exhaust for heating wash water and thereby eliminating 7 kg/cm<sup>2</sup>.
- ❖ Pan condensate is to be diverted to flash recovery system with suitable 6-lines.
- ❖ Direct contact heater to raise the inhibition water temperature by using waste heat from vent vapours.

**FUTURE PLANS –**

**AT VUYYURU UNIT:**

- ❖ Installation of 1.2 MW TG set for distillery and ancillary units.
- ❖ Replacement of steam driven turbines by AC drive motors to reduce specific power consumption and more fuel saving.
- ❖ Replacement of transmission gears with high efficient planetary gears for mills for improved mill efficiencies and to promote more power export.

**AT LAKSHMIPURAM UNIT:**

- ❖ Chemical cleaning to remove foreign particles in Calandria to increase efficiency of existing bodies and steam saving.

**ANNEXURE – FORM A**

(See Rule 2)

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

	SUGAR UNITS AT			
	VUYYURU		LAKSHMIPURAM	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>A) Power and Fuel Consumption</b>				
<b>Electricity</b>				
<b>a. Purchased</b>				
Units KWH	10,48,896	6,96,007	6,81,220	5,59,530
Total Amount Rs.	76,62,100	58,87,386	51,76,385	44,98,323
Rate / Unit Rs.	7.30	8.46	7.60	8.04



	SUGAR UNITS AT			
	VUYURU		LAKSHMIPURAM	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>b. Own Generation</b>				
<b>i. Through Diesel Generator :</b>				
Units KWH	21,970	6,924	10,224	9,654
Unit per ltr. Of Diesel Oil	3.13	2.99	2.84	3.38
Cost / Unit Rs.	17.00	16.40	20.58	16.31
<b>ii. Through SteamTurbine/ Generator :</b>				
Unit KWH	2,68,41,200	3,90,93,400	39,12,872	79,58,802
KWH per tonne of bagasse	261.19	275.25	183.42	196.30
Cost / Unit	2.79	2.64	4.85	2.21
<b>B. Consumption per unit of production</b>				
Electricity KWH (per Tonne)	254.11	234.10	315.27	251.91

**B. TECHNOLOGY ABSORPTION:**

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

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

- ❖ 35 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.
- ❖ Trichogramma sp. Bio control agent for ESB and INB (biological parasite) was released in 8000 Acres of sugar cane fields. This has effectively controlled ESB and INB.
- ❖ Company had supplied 10 lakh single bud raised seedlings to growers. These seedlings were planted in 100 acres of area. For 2017-18, the Company is planning to supply 50 lakhs seedlings to cane growers.

**Benefits derived:**

- ❖ Two sugar cane varieties were released for commercial cane cultivation during 2017-18 planting season.
- ❖ The Bio control agent Trichogramma has effectively controlled ESB and INB in the fields. Cane growers benefitted economically by getting more yield and savings in chemical spraying cost.
- ❖ The fields planted with single bud raised seedlings have synchronized tillering as well as good cane girth. The cost of planting and seed material cost was reduced significantly.

**Lakshmipuram Unit:**

- ❖ Fertilizer trials with eight treatments with three replications was conducted at CDC farm. It is found that due to depleting soil fertility year after year, 150% of recommended dose of fertilizer along with bio-fertilizers and micro nutrients produced best cane yield and sugar recovery. Advocating the farmers from 2017-18 season to follow the research results.
- ❖ 22 new varieties were tested at CDC farm out of which 2008V257, 2007V127, 2009V127, VS103102, IRM3 were found suitable to this area.
- ❖ 9 new varieties were tested at Mopidevi farm out of which 2007V127, 2008V257, 2005V96, VS103102, KCP-8 were found suitable to this area.
- ❖ 8 pre-released varieties from Tirupathi were tested out of which 2006T3, 2009T5, 2010T144 were found better and further trials are under way.

**RESEARCH PROJECTS IN PROGRESS:**

- Varieties testing suitable to saline conditions.
- .Application of Nano growth enhancers to improve cane yield and sugar recovery.

**Benefits derived:**

- ❖ New varieties were identified and released for further multiplication in farmer field.
- ❖ Optimum fertilizer doses found to reduce cost of cultivation and to maintain sugar recovery. Excess and untimely fertilizer application increasing the sugarcane production cost and juice sucrose percent also decreasing.

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

a. Capital	..	..	..	---
b. Recurring	..	..	..	2,46,807
c. Staff Cost	..	..	..	37,24,137
d. Total	..	..	..	39,70,944

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

0.08 %

**4. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange Earnings	..	..	Rs. NIL
Foreign Exchange outgo	..	..	Rs. 7,60,075

**For and on behalf of the Board of Directors****Place :** Chennai**VINOD R. SETHI****Date :** 29.05.2017**EXECUTIVE CHAIRMAN**

## ANNEXURE V TO BOARD'S REPORT

### 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> <ol style="list-style-type: none"> <li>1. Promoting health care including preventive health care and sanitation and making available safe drinking water;</li> <li>2. Promoting education and employment enhancing vocational skills;</li> <li>3. Eradication of poverty and ensuring better living conditions;</li> <li>4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water;</li> <li>5. Conducting relief operations in natural disaster hit areas and contrition to Government Disaster Relief Fund.</li> <li>6. Joining hands with NGSs and Registered Trusts to achieve a balance of economic, environment and social imperatives.</li> </ol>
2.	The Composition of the CSR Committee	<p>Smt.Irmgard Velagapudi M.Rao – Chairperson  Sri.Vinod R.Sethi – Member  Sri.K.A.Rangaswamy – Member (upto 21.09.2016)  Sri.M.S.V.M.Rao – Member.  Sri.K.R.Adivarahan – Member (from 21.09.2016)</p>
3.	Average net profit of the Company for last three financial years (Amount in Lakhs)	Rs.562.24 lakhs
4.	Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above) (Amt in Lakhs)	Rs.11.24 Lakhs
5.	Details of CSR spent during the financial year.	
	(a) Total amount spent for the F.Y.	Rs..27.58 Lakhs
	(b) Amount unspent, if any;	**
	(c) Manner in which the amount spent during the financial year.	Environmental sustainability & Promotion of Education.

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	NIL	NIL	NIL	--
2.	Environmental sustainability	Ensuring pollution-free environment	Vuyyuru, Krishna Dist., Andhra Pradesh	7.00	7.30	22.30	Direct
3.	Promotion of Education and enhancement of vocational skills.	Education.	Vuyyuru, Krishna Dist., Andhra Pradesh	20.00	20.28	20.28	Direct
4.	Eradication of poverty and ensuring better living conditions.	Economic and social equality.	Vuyyuru, Krishna Dist., Andhra Pradesh	NIL	NIL	10.00	..

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.

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 TO BOARD'S REPORT

(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 2016-17.

b.

S.No.	Particulars	Ratio
1	Managing Director	8:1
2.	Executive Director	6:1
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
		2016-17	2015-16	
	<b>DIRECTORS</b>			
1.	Smt.Irmgard Velagapudi M.Rao	48.00	48.00	NIL
2.	Shri.Vinod R.Sethi	14.48	13.67	No commission on adjusted Net profit was paid in the FY 2016-17 in view of inadequacy of profits.
3.	Smt.V.Kiran Rao	41.60	40.99	
4.	Shri.K.A.Rangaswamy (upto 21.09.16)	2.20	4.20	
5.	Dr.Vithal Rajan	2.50	2.20	
6.	Shri. Ranvir R.Shah	2.00	1.30	
7.	Shri. M.S.V.M. Rao	2.50	2.50	
8.	Shri.Prathap K. Moturi	2.50	2.50	
9.	Shri.K.R.Adivarahan (from 21.09.16)	2.10	**	
	<b>C F O / C S</b>			
1.	Shri.R.Ganesan, C F O	15.96	16.24	Ex-gratia was not paid in FY 2015-16.
2.	Shri.S.Chidambaram, C.S.	13.23	12.45	

d. The percentage increase in the median remuneration of employees in the financial year 2016-17.

Six (6) per cent

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

842

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.

*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.*

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- 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 31.03.2017	AS ON 31.03.2016	VARIATION
<i>Closing rate of Share at NSE</i>	<i>Rs..</i>	<i>34.40</i>	<i>29.40</i>	<i>5.00</i>
<i>EPS Consolidated</i>	<i>Rs.</i>	<i>3.00</i>	<i>1.05</i>	<i>1.95</i>
<i>Market Capitalisation</i>	<i>Rs./Lakhs</i>	<i>39004.46</i>	<i>33335.20</i>	<i>5669.26</i>
<i>Price Earnings Ratio</i>	<i>Ratio</i>	<i>11.47</i>	<i>28</i>	<i>16.53</i>

- 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.

*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.*

- 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. Necessary provision has been made towards commission on profits as computed in accordance with section 198 of the Companies Act, 2013.*

*In respect of Non-Wholetime Directors, Members at the 21<sup>st</sup> Annual General Meeting held on 21.09.2016 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, 2013, subject to a limit of Rs.1,75,000/- per director for each of the three financial years ending with 31<sup>st</sup> March 2019. Necessary provision has been made towards commission on profits in accordance with section 197 of the Companies Act, 2013.*

- 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

### FORM MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017

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

To,

The Members,

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

CIN: L15421TN1995PLC033198

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

Anna Salai, Chennai- 600 006

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, 2016 to 31st March, 2017) covering the financial year ended on 31st March 2017 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 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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 in the manner provided under the Act and Secretarial Standards (SS- 1), 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 pursuant to clause 109 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015 and have made the necessary compliance.

**For V. Mahesh & Associates**

V. Mahesh  
Practicing Company Secretary

Place: Chennai

M. No. F 4162

Date: 16.05.2017

C.P No. : 2473



**ANNEXURE – A**

To,

The Members,

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

CIN: L15421TN1995PLC033198

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

Anna Salai, Chennai- 600 006

Our Secretarial Audit report dated Tuesday, 16th May 2017 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 have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
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

Place: Chennai

M. No. F 4162

Date: 16.05.2017

C.P No. : 2473

**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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March 2017 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.

Place: Chennai

Date : May 29, 2017

**IRMGARD VELAGAPUDI M.RAO  
MANAGING DIRECTOR****R. GANESAN  
CHIEF FINANCIAL OFFICER**

## 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 3<sup>RD</sup> PROVISIO THERETO.

**1. Details of Contracts or Arrangements or Transactions**

not at Arms Length basis. .. N I L

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

1.	<b>Name of Related Party and nature of relationship</b>	<b>The Eimco-K.C.P.Limited</b> (wholly-owned subsidiary)	<b>KCP Sugars Agricultural Research Farms Ltd.</b> (wholly-owned Subsidiary)	<b>M/s. Amethyst Cafe Pvt. Ltd.</b> (Entity in which Directors of the Company are interested)	<b>M/s. Outhouse</b> (Entity in which Directors of the Company are interested)
2.	<b>Nature of Contract / Arrangement / Transaction</b>	Leasing of Property	Advance given.	Leasing of Property	Leasing of Property
3.	<b>Duration of Contract / Arrangement / Transaction</b>	11 Months	Given in tranches during the financial year.	11 Months	11 Months
4.	<b>Salient Terms of the Contract / Arrangement / Transaction</b>	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.	<b>Date of approval by the Audit Committee / Board</b>	<b>20.08.2015</b> (period covered: 01.10.2015 to 31.08.2016) <b>28.07.2016</b> (period covered: 01.09.2016 to 31.07.2017)	Omnibus approval by Audit Committee / Board on 29.05.2015.	<b>29.05.2015</b> (period covered: 01.07.2015 to 31.05.2016) <b>26.05.2016</b> (period covered: 01.06.2016 to 30.04.2017)	<b>20.08.2015</b> (period covered: 01.09.2015 to 31.07.2016) <b>26.05.2016</b> (period covered: 01.08.2016 to 30.06.2017)
6.	<b>Amount paid as Advance, if any.</b>	NIL	N.A.	Rs.3.00 Lakhs	Rs.1.25 lakhs

Place: Chennai

Date: 29.05.2017

**VINOD R. SETHI**  
EXECUTIVE CHAIRMAN

**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**

(Amt – Rs./Lakhs)

S.No.	PARTICULARS	THE EIMCO-K.C.P.LTD	KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.
1.	Sl. No.	1	2
2.	Reporting period for the subsidiary concerned	01.04.2016 to 31.03.2017	01.04.2016 to 31.03.2017
3.	Reporting Currency	Indian Rupees	Indian Rupees
4.	Share Capital	60.00	225.00
5.	Reserves & Surplus	2263.00	10.54
6.	Total Assets	3775.98	235.69
7.	Total Liabilities	3775.98	235.69
8.	Investments	602.04	124.11
9.	Turnover	3539.32	8.27
10.	Profit before taxation	381.96	-9.45
11.	Provision for taxation	150.33	0.00
12.	Profit / Loss after taxation	231.63	-9.45
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 Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2017, 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 manners or 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 28 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.
  - iv. the Company has provided requisite disclosure in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 42 to the standalone financial statements.

Place : Chennai

Date : 29.05.2017

### Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of **K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED** on the standalone financial statements for the year ended 31st March 2017, 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 Companies Act, 2013 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 accounts 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 No.44 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 31st March, 2017 for a period of more than six months from the date they became payable.

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

- 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, except the following amounts:

Name of the Statute	Nature of the Dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	13,66,538	April 2009 to October 2013	Sales Tax Appellate Tribunal, Vizag
Central Excise Act, 1944	Central Excise (Sugar Cess)	3,08,144	January 2011 to September 2016	Commissioner of Central Excise & Service Tax, Guntur
Income Tax Act, 1961	Income Tax & Interest	5,97,01,340	Financial Year 2013-14	Commissioner of Income Tax (Appeals), Chennai.

- (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.

Place : Chennai  
Date : 29.05.2017



## **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.PSUGAR AND INDUSTRIES CORPORATION LIMITED** ("the Company") as of 31 March 2017 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 2017, 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 : 29.05.2017

**BALANCE SHEET** AS AT 31ST MARCH, 2017

AMT IN RS.					
Particulars	Note No.	As at end of current reporting period 31.03.2017		As at end of previous reporting period 31.03.2016	
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	2	113385050		113385050	
(b) Reserves and Surplus	3	2276410358		2081825970	
			2389795408		2195211020
<b>(2) Non - current liabilities</b>					
(a) Long term borrowings	4	524908000		424683000	
(b) Deferred tax liabilities (Net)	5	123839581		73931803	
(c) Other long term liabilities	6	14529379		19088089	
(d) Long term provisions	7	47805739		41378108	
			711082699		559081000
<b>(3) Current Liabilities</b>					
(a) Short term borrowings	8	808409132		549658565	
(b) Trade payables	9	577169481		1129235225	
(c) Other current liabilities	10	396152922		412871798	
(d) Short term provisions	11	147945737		44461422	
			1929677272		2136227010
<b>TOTAL</b>			5030555379		4890519030
<b>II. ASSETS</b>					
<b>(1) Non - current assets</b>					
(a) Fixed Assets					
(i) Tangible assets	12	991811869		966482605	
(ii) Capital work in progress	13	9201720		6078214	
(iii) Intangible assets	12	12498299		15394027	
		1013511888		987954846	
(b) Non - current investments	14	473065738		437743842	
(c) Long term loans and advances	15	43917042		8614600	
			1530494668		1434313288
<b>(2) Current Assets</b>					
(a) Current Investments	16	793628845		-	
(b) Inventories	17	2194991163		2674727798	
(c) Trade receivables	18	232877136		442059144	
(d) Cash and Bank balances	19	84563457		144273340	
(e) Short term loans and advances	20	194000110		195145460	
			3500060711		3456205742
<b>TOTAL</b>			5030555379		4890519030

The note nos. 1 to 48 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

29.05.2017

**R.GANESAN**

Chief Financial Officer

**S.CHIDAMBARAM**

General Manager (Finance) &  
Company Secretary

**V. KIRAN RAO**

Executive Director

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

CIN: L15421TN1995PLC033198

AMT IN RS.					
	Particulars	Note No.	For the current reporting period 2016 - 17		For the previous reporting period 2015 - 16
I.	Revenue from Operations	21	5192939280		5102741383
	Less: Inter Divisional Transfers		902692578		1201226899
			4290246702		3901514484
	Less: Excise duty		223289954		176936517
				4066956748	3724577967
II	Other Income	22	79416970		90229447
III	<b>Total revenue (I + II)</b>		4146373718		3814807414
IV	Expenses				
	Cost of materials consumed	23	2553109954		3437226263
	Less: Inter Divisional Transfers		235503560		261408992
				2317606394	3175817271
	Changes in inventories of Work in progress	24	48978715		(7529241)
	Changes in inventories of finished goods	24	426001736	474980451	(277947142)
	Employee benefits expense	25		430554696	325616630
	Finance costs	26		84767062	68445033
	Depreciation and Amortization	12		91832303	102550297
	Other expenses	27		279320977	332523116
	<b>Total Expenses</b>			3679061883	3727005205
V	Profit before tax (III-IV)			467311835	87802209
VI	Tax expense:				
	(1) Current tax		100000000		-
	(2) Deferred tax		49907777		18035359
	(3) Reversal of excess provision for taxation relating to earlier years		1149		(17813976)
				149906628	221383
VII	Profit for the year			317405207	87580826
VIII	Earning per equity share:				
	Basic & Diluted (Face value of Re.1/- each)			2.80	0.77

The note nos. 1 to 48 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  
29.05.2017

**R.GANESAN**  
Chief Financial Officer

**S.CHIDAMBARAM**  
General Manager (Finance) &  
Company Secretary

**V. KIRAN RAO**  
Executive 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 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

#### **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 charged off to revenue, in the year in which such expenditure is incurred.

#### **i. EMPLOYEE BENEFITS**

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 31-03-2017	Number	As at end of previous reporting period 31-03-2016
<b>2 . SHARE CAPITAL</b>				
<b>Authorised :</b>				
Equity shares of Re.1 /- each	<b>25,00,00,000</b>	<b>250000000</b>	25,00,00,000	250000000
		<b>250000000</b>		250000000
<b>Issued, Subscribed and Paid-up:</b>				
Equity shares of Re.1 /- each	<b>113385050</b>	<b>113385050</b>	113385050	113385050
		<b>113385050</b>		113385050
<b>Reconciliation of No. of. Shares</b>				
At the beginning of the reporting period	<b>113385050</b>	<b>113385050</b>	113385050	113385050
Changes during the year	-	-	-	-
At the closing of the reporting period	<b>113385050</b>	<b>113385050</b>	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.				
<b>Particulars of equity share holders holding more than 5% of the total number of equity share capital:</b>				
a. Durgamba Investments Private Limited	<b>43734156</b>			43734156
	<b>38.57%</b>			38.57%
b. V.R.K. Grandsons Investments Pvt Ltd.	<b>5726605</b>			9578330
	<b>5.05 %</b>			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 01-04-2016	15545110	4505000	1120941895	940833965	<b>2081825970</b>
Transferred from/to Profit & Loss Account			40000000	317405207	<b>357405207</b>
Transferred to General Reserve				40000000	<b>40000000</b>
Proposed Dividends				102046545	<b>102046545</b>
Provision towards dividend distribution tax				20774274	<b>20774274</b>
At the close of the reporting period 31-03-2017	15545110	4505000	1160941895	1095418353	<b>2276410358</b>
At the close of the previous reporting period	15545110	4505000	1120941895	940833965	<b>2081825970</b>



Amt in Rs.		
Particulars	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>4. Long term Borrowings</b>		
<b>Secured Loans:</b>		
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. Interest paid will be reimbursed by Govt. of India.)	<b>86900000</b>	181700000
<b>Unsecured Loans :</b>		
Fixed Deposits	<b>438008000</b>	242983000
	<b>524908000</b>	<b>424683000</b>
<b>5. Deferred tax liabilities (Net)</b>		
(a) Deferred tax liability: On account of depreciation on fixed assets	<b>156522277</b>	167788486
(b) Deferred tax asset: On account of timing differences in recognition of expenditure	<b>32682696</b>	93856683
Net Deferred tax liability	<b>123839581</b>	73931803
<b>6. Other Long term liabilities</b>		
(a) Interest accrued but not due on fixed deposits	<b>9502680</b>	13479779
(b) Security Deposit	<b>5026699</b>	5608310
	<b>14529379</b>	19088089
<b>7. Long term Provisions</b>		
Provision for employee benefits	<b>47805739</b>	41378108
<b>8. Short term Borrowings</b>		
<b>Secured Loans:</b>		
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.	<b>736596132</b>	391287565
<b>Unsecured Loans:</b>		
Fixed Deposits maturing within one year.	<b>71813000</b>	158371000
	<b>808409132</b>	549658565
<b>9. Trade Payables</b>		
a) To Micro, Small and Medium Enterprises	-	-
b) Trade payables to Suppliers and service providers	<b>577169481</b>	1129235225
	<b>577169481</b>	1129235225
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 31-03-2017	As at end of previous reporting period 31-03-2016
<b>10. Other current liabilities:</b>		
a) Current Maturity of long term debt	94800000	94800000
b) Interest accrued but not due on borrowings	16035757	20282012
c) Advances received from customers	11931006	3481204
d) Unpaid dividends	10804038	12980343
e) Unpaid matured deposits and interest accrued thereon	17186913	6734443
f) Statutory Liabilities (Refer Note no. 44)	165666570	237452680
g) Outstanding Liabilities for Expenses	79508638	36239502
h) Earnest Money and Other Deposits	220000	901614
	<b>396152922</b>	<b>412871798</b>
<b>11. Short term provisions:</b>		
a) Provision for employee benefits	11951435	10344527
b) Provision for Dividend	102046544	28346263
c) Provision for tax on distributed profits	20774275	5770632
d) Provision for Income Tax (Net of Advance Tax)	13173483	-
	<b>147945737</b>	<b>44461422</b>
<b>13. Capital work in progress:</b>		
a) Plant and Machinery	1309209	3085786
b) Building under Construction	7892511	2992428
	<b>9201720</b>	<b>6078214</b>

# NOTES TO FINANCIAL STATEMENTS (CONTD.)



## 12. FIXED ASSETS

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		Amt in Rs.
	Cost upto 31.03.2016	Additions during the Year	Deductions during the Year	Cost upto 31.03.2017	Upto 31.03.2016	For the Year	On Deductions	upto 31.03.2017	As at 31.03.2017	As at 31.03.2016	
Lands	85720560	83726425		169446985	-			-	169446985	85720560	
Buildings	346579926	4186499		350766425	105604486	12799974		118404460	232361965	240975440	
Plant & Machinery	1853109594	18382401		1871491995	1249679779	65353370		1315033149	556458846	603429815	
Tramways & Railway sidings	23097214	-		23097214	15379741	859752		16239493	6857721	7717473	
Furniture and Fixtures	9735869	55126		9790995	8044428	636007		8680435	1110560	1691441	
Vehicles	74543400	4342694	1388899	77497195	54829101	5516578	1338914	59006765	18490430	19714299	
Computers & Office Equipments	74962877	2807342	46333	77723886	67729300	2949794	40570	70638524	7085362	7233577	
TOTAL	2467749440	113500487	1435232	2579814695	1501266835	88115475	1379484	1588002826	991811869	966482605	
Previous Year	2451916100	18850799	2905270	2467861629	1404166938	99986671	2774585	1501379024	966482605	1047749162	
Intangible Assets											
Computer Software	17957653	821100		18778753	2563626	3716828		6280454	12498299	15394027	
TOTAL	17957653	821100	-	18778753	2563626	3716828	0	6280454	12498299	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.

# NOTES TO FINANCIAL STATEMENTS (CONTD.)

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

## 14. Non Current Investments

Amt in Rs.

Sl. No.	Name of the Company	Opening Balance as on 01.04.2016		Purchased during the year		Sold during the year		Closing Balance as on 31.03.2017	
		No of Shares	Value	No of Shares	Value	No of Shares	Value	No of Shares	Value
	Long Term Investments - at cost								
i)	<b>Trade (unquoted)</b>								
	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)	<b>Others (Quoted)</b>								
	<b>Investments in Equity Shares</b>								
1	Krishna Industrial Corporation Ltd.	52501	500010					52501	500010
2	Jeypore Sugar Company Ltd.	16580	821936					16580	821936
3	Nava Bharat Ventures Ltd.	40	205	40				80	205
	(Face value of Rs.2/- each)								
	(Bonus shares allotted at 1:1 during the year)								
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.	117	1026					117	1026
13	Eid Parry (!) Ltd.	1000	7486					1000	7486
	(Face value of Re.1/- each)								

# NOTES TO FINANCIAL STATEMENTS (CONTD.)



## 14. Non Current Investments (Continued)

Sl. No.	Name of the Company	Opening Balance as on 01.04.2016		Purchased during the year		Sold during the year		Closing Balance as on 31.03.2017		Amt in Rs.
		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	Indian Sucrose Ltd. (formerly Lactose (I) Ltd.)	100	680					100	680	
19	Coromandel International Ltd. (Face value of Re.1/- each )	330	-					330	-	
20	Blue Star Ltd. (Face value of Rs.2/- each )	95268	33797537					95268	33797537	
21	Gujarat Gas Company Ltd.	36647	23937559					36647	23937559	
22	Indraprastha Gas Ltd.	202935	107887083		5402088			209285	113289171	
23	Yuken India Ltd.	84254	32326680		1343546			87754	33670226	
24	Container Corporation of India Ltd.	14367	19413467		1129883			15367	20543350	
25	Precision Wires India Ltd. (Face value of Rs.5/- each )	305748	18100580		2290895			325198	20391475	
26	Savita Oil Technologies Ltd.	91762	64340734		1527980			93862	65868714	
27	Axys Health	50000	3250000					50000	3250000	
28	Vikas Wsp Ltd. (Face value of Re.1/- each )	1588721	101690400					1588721	101690400	
29	Engineers India Ltd (Bonus shares allotted at 1:1 during the year) (Face value of Rs.5/- each )	4000	917361					8000	917361	

## 14. Non Current Investments (Continued)

Sl. No.	Name of the Company	Amt in Rs.					
		Opening Balance as on 01.04.2016		Purchased during the year		Sold during the year	
		No of Shares	Value	No of Shares	Value	No of Shares	Value
30	GTL Infrastructure Ltd			3225000	16692806	3225000	16692806
31	Mahanagar Gas Ltd			8000	4397361	8000	4397361
32	Narayana Hrudalaya Ltd			250	80520	250	80520
33	NTPC Limited			11500	1832242	11500	1832242
34	Rural Electrification Corporation Ltd			6000	624575	6000	624575
	iii) Other non current investments						
35	Agri Business Finance Ltd.	50000	500000			50000	500000
	(formerly Agri Business Finance (AP) Ltd)						
36	Sri Sarvaraya Sugars Ltd.	150000	1700000			150000	1700000
	<b>TOTAL</b>		<b>437743842</b>		<b>35321896</b>		<b>473065738</b>
	<b>NOTE:</b>						
1	The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.						
2	Aggregate of Quoted Investments - At cost		407043842				442365738
	- At market value		299854074				596215437
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.						

Particulars	Amt. in Rs.	
	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>15 Long term loans and advances:</b>		
Unsecured, considered good		
Security Deposits	<b>43917042</b>	8614600
<b>16 Current Investments:</b>		
Investments in Mutual funds: Valued at Cost or NAV whichever is lower		
SBI Short Term Fund - Direct Plan - Daily Dividend ( No of units :200134.098 ) -Unquoted	<b>201408332</b>	-
Axis Liquid Fund - Direct Plan - Daily Dividend. No of Units 247764.625	<b>247923517</b>	-
HDFC Liquid Fund - Direct Plan - Dividend Daily Reinvestment. No of Units.223083.13	<b>227504638</b>	-
IDFC Ultra Short Term Fund - Daily Dividend - Direct Plan No of units 11550905.29 -Quoted	<b>116792358</b>	-
	<b>793628845</b>	-
<b>17 Inventories:</b>		
a) Raw materials	<b>359807</b>	614478
b) Work in progress	<b>15677935</b>	64018583
c) Finished goods	<b>2133152692</b>	2559154428
d) Stores and spares	<b>44490853</b>	48992366
e) Crops under cultivation	<b>1309876</b>	1947943
	<b>2194991163</b>	2674727798
<b>Note : i) For mode of valuation refer Note No.1, para "e".</b>		
<b>18 Trade receivables:</b>		
i) Trade receivables exceeding six months - Unsecured		
a) Considered good	<b>104095046</b>	136381381
b) Doubtful	<b>2969595</b>	3590987
ii) Others - Unsecured considered good	<b>128782090</b>	305677763
	<b>235846731</b>	445650131
Less: Provision for doubtful debts	<b>2969595</b>	3590987
	<b>232877136</b>	442059144

Particulars	Amt. in Rs.	
	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>19 Cash and Bank balances :</b>		
i) Cash and cash equivalents:		
a) Balances with Banks		
- in Current accounts	17969265	73348219
b) Cash on hand	1305202	1429373
ii) Other balances with Bank		
a) - in unpaid dividend accounts and unclaimed interest warrents	21071951	19714785
b) - in margin money , security for borrowings, guarantees and other commitments	44217039	49780963
	<b>84563457</b>	<b>144273340</b>
<b>20 Short term loans and advances:</b>		
Unsecured considered good		
a) Advances to suppliers and service providers	178745436	172606253
b) Advances to employees	3486553	3572788
c) Advance taxes, duties etc (Net)	11768121	18966419
	<b>194000110</b>	<b>195145460</b>



Particulars	For the current reporting period 2016-17	For the previous reporting period 2015-16
<b>21. Revenue from operations:</b>		
a) Sale of products		
b) Sugar	<b>3477928035</b>	2916745240
c) Molasses	<b>349647431</b>	337209250
d) Bagasse	<b>368713237</b>	562981827
e) Industrial / Anhydrous Alcohol	<b>474499692</b>	606277725
f) Bio Fertilizer	<b>62763006</b>	56757790
g) Electrical Energy	<b>138998823</b>	210648272
h) Steam	<b>262767881</b>	362722312
i) Calcium Lactate	<b>30219325</b>	30423438
j) Others	<b>27401850</b>	18975529
Total	<b>5192939280</b>	5102741383
Less: Inter Divisional Transfers	<b>902692578</b>	1201226899
	<b>4290246702</b>	3901514484
Less: Excise duty	<b>223289954</b>	176936517
	<b>4066956748</b>	3724577967
<b>22. Other Income:</b>		
a) Interest income	<b>40258798</b>	18818553
b) Dividend Income		
- from long term investments	<b>6973096</b>	6010497
- from current investments	<b>18713934</b>	11827488
c) Rent Received	<b>6256240</b>	6286306
d) Miscellaneous Receipts	<b>5603473</b>	11259137
e) Profit on sale of fixed assets (Net)	<b>123117</b>	127648
f) Net gain/(loss) on sale of long term investments	<b>0</b>	34978520
g) Unclaimed Balance credited back	<b>122331</b>	53668
h) Claims Received	<b>881662</b>	563066
i) Provision no longer required withdrawn	<b>484319</b>	304564
	<b>79416970</b>	90229447
<b>23. Cost of materials consumed:</b>		
a) i) Consumption of raw materials*	<b>2484535720</b>	3329010725
Less: Inter Divisional Transfers	<b>235503560</b>	261408992
	<b>2249032160</b>	3067601733
ii) Consumption of stores and spare parts	<b>68574234</b>	108215538
	<b>2317606394</b>	3175817271
b) Consumption of major raw materials		
Sugarcane	<b>2169912927</b>	3053285056

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

**NOTES TO FINANCIAL STATEMENTS** (CONTD.)

Particulars	For the current reporting period 2016-17	For the previous reporting period 2015-16
<b>24. Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the end of the year		
i) Work in progress		
(a) Sugar	<b>14461926</b>	55138840
(b) Molasses	<b>161340</b>	6251636
(c) Industrial / Anhydrous Alcohol	-	1888640
(d) Calcium Lactate	<b>831156</b>	739467
(e) Crops under cultivation	<b>1533389</b>	1947943
Total	<b>16987811</b>	65966526
ii) Finished goods		
(a) Sugar	<b>1847527315</b>	2311945567
(b) Molasses	<b>230198857</b>	227463862
(c) Industrial / Anhydrous Alcohol	<b>43495763</b>	7850273
(d) Bio Fertilizer	<b>11603034</b>	10662295
(e) Calcium Lactate	<b>327723</b>	1232431
Total	<b>2133152692</b>	2559154428
<b>Grand Total</b>	<b>2150140503</b>	2625120954
Stocks at the beginning of the year		
i) Work in progress		
(a) Sugar	<b>55138840</b>	44947181
(b) Molasses	<b>6251636</b>	5321935
(c) Industrial / Anhydrous Alcohol	<b>1888640</b>	1957357
(d) Bio Fertilizer	-	1059858
(e) Calcium Lactate	<b>739467</b>	413393
(f) Crops under cultivation	<b>1947943</b>	4737561
Total	<b>65966526</b>	58437285
ii) Finished goods		
(a) Sugar	<b>2311945567</b>	2028368022
(b) Molasses	<b>227463862</b>	208470180
(c) Industrial / Anhydrous Alcohol	<b>7850273</b>	47198962
(d) Bio Fertilizer	<b>10662295</b>	4204292
(e) Calcium Lactate	<b>1232431</b>	495071
Total	<b>2559154428</b>	2288736527
<b>Grand Total</b>	<b>2625120954</b>	2347173812
<b>Changes in work in progress (a)</b>	<b>48978715</b>	(7529241)
<b>Changes in Finished Goods (b)</b>	<b>426001736</b>	(270417901)
<b>Changes in inventories (a) + (b)</b>	<b>474980451</b>	(277947142)

Particulars	For the current reporting period 2016-17	For the previous reporting period 2015-16
<b>25. Employee Benefit Expenses:</b>		
a) Salaries,wages and other benefits	331818742	262310788
b) Contribution to provident and other funds	43497194	29902623
c) Remuneration to whole time directors	22195155	10266068
d) Staff welfare expenses	33043605	23137151
	<b>430554696</b>	325616630
<b>26. Finance Costs:</b>		
a) Interest expense	70091679	60066591
b) Other borrowing costs	14675383	8378442
	<b>84767062</b>	68445033
<b>27. Other expenses:</b>		
a) Power and fuel	701604437	961506283
Less: Inter Divisional Transfers	667189019	939817907
	<b>34415418</b>	21688376
b) Rent	260954	55800
c) Repairs to buildings	20599835	10643050
d) Repairs to machinery	123582238	81419585
e) Repairs others	13038225	9877663
f) Insurance	3390508	3081913
g) Payment to the auditors		
- as auditor	431250	429375
- for other services	220375	215260
- for reimbursement of expenses	19584	-
h) Selling expenses	25766112	43754742
i) Donations	100000	10000
j) Corporate Social Responsibility Expenditure (CSR) (Refer Note No.45)	2757653	1000000
k) Legal and professional charges	10166323	6492475
l) Security Charges	12905899	12446153
m) Directors sitting fees	1380000	1270000
n) Remuneration to Non-Whole Time Directors- Commission	875479	-
o) Miscellaneous expenses	29411124	140138724
	<b>279320977</b>	332523116

**28. Contingent liabilities and Capital Commitments:****Contingent Liabilities:****Claims against the company not acknowledged as debts:**

PARTICULARS	31.03.2017	31.03.2016
	Amount – Rs.	
Share transmission	1105851	1105851
Labour cases	4743945	6397338
Non enrollment of contract labour for the purpose of contribution to Provided Fund	11094580	--
Case on Duty relating to Captive Power Generation	57887181	26169375
Central Excise Case	308144	
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.	--	5262737
Value Added Tax case	1366538	--
Income Tax Case	47030100	
<b>TOTAL</b>	<b>123536339</b>	<b>38935301</b>

Outstanding Guarantees furnished by banks on behalf of the company is Rs.3,46,53,563/- (Rs. 4,00,88,538/-)

**29. 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.

**30. Disclosure under Accounting Standard 15-Employee Benefits:****Employee Benefits:**

	Defined benefit plans	Amount in Rs.				
	Gratuity	2016-17	2015-16	2014-15	2013-14	2012-13
(I)	Change in Benefit Obligation					
	Liability at the beginning of the year	135238035	132179101	128549667	108992000	100909306
	Interest Cost	10737735	10478166	10392138	8698550	8030395
	Current Service Cost	6456101	6305466	6163882	5293887	4718940
	Benefits Paid	-12615108	-11434134	-11789273	6844128	6626500
	Actuarial (gain)/loss on obligations	245040	-2290564	-1137315	12409358	1959860
	Liability at the end of the year	140061803	135238035	132179099	128549667	108992001
(II)	Fair value of Plan Assets					
	Fair value of plan assets at the beginning of the year	115234498	113434668	104372978	96844207	87867452
	Expected Return on Plan Assets	8985350	9915377	9272113	8370698	8008411
	Contributions	3452496	3318586	11578850	6002199	6515340
	Benefit Paid	-12615108	-11434134	-11789273	6844128	6626500
	Actuarial gain /(loss) on Plan Assets	-	-	-	-	-

	Defined benefit plans	Amount in Rs.				
		2016-17	2015-16	2014-15	2013-14	2012-13
	<b>Gratuity</b>					
(III)	Fair Value of plan assets at the end of the year	<b>115057236</b>	115234498	113434668	104372976	95764703
	Actual Return on Plan Assets					
	Expected Return on Plan Assets	<b>8985350</b>	9915377	9272113	8370698	8008411
	Actuarial gain/(loss) on plan Assets	<b>0</b>	0	0	0	0
	Actual Return on Plan Assets	<b>8985350</b>	9915377	9272113	8370698	8008411
(IV)	Amount Recognised in the Balance Sheet					
	Liability at the end of the year	<b>140061803</b>	135238035	132179099	128549667	108992001
	Fair value of Plan Assets at the end of the year	<b>115057236</b>	115234498	113434668	104372978	96844207
	Difference (Funded Status)	<b>25004567</b>	20003537	18744431	24176689	12147794
	Amount Recognised in the Balance Sheet	<b>25004567</b>	20003537	18744431	24176689	12147794
(V)	Expenses Recognised in the Income Statement					
	Current Service Cost	<b>6456101</b>	6305466	6163882	5293887	4718940
	Interest Cost	<b>10737735</b>	10478166	10392138	8698550	8030395
	Expected Return on Plan Assets	<b>-8985350</b>	-9915377	-9272113	-8370698	8008411
	Net Actuarial (Gain)/ loss to be recognised	<b>245040</b>	-2290564	-1137315	12409358	1959860
(VI)	Expenses Recognised in P & L	<b>8453526</b>	4577691	6146592	18031097	6700784
	Actuarial Assumptions : For the Year					
	Discount Rate Current	<b>8.00%</b>	8.00%	8.00%	8.00%	8.00%
	Salary Escalation Current	<b>6.00%</b>	6.00%	6.00%	6.00%	7.00%

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.

**31. 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	31719100	11240860	8207349	34752611
Provision for gratuity	20003535	8772957	3771929	25004563
Proposed Dividend	28346263	102046544	28346263	102046544
Provision for Income Tax	87500000	100000000		187500000
Tax on Proposed Dividend	5770632	20774275	5770632	20774275
<b>Total</b>	<b>173339530</b>	<b>242834636</b>	<b>46096173</b>	<b>370077993</b>

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

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

Amount in Rs.

Loans and Advances to Subsidiary Companies	Outstanding as at		Maximum amount outstanding during the year ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
The Eimco-K.C.P.Ltd.	NIL	NIL	NIL	NIL
KCP Sugars Agricultural Research Farms Ltd.	NIL	NIL	50000	579500

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

PRODUCTS / SERVICES	Units	2016-2017		2015-2016	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	919879	3473228035	1066454	2911476240
Molasses	MTs	14962	123317577	14427	89856638
Bagasse	MTs	38150	67211544	74010	131659059
Industrial / Anhydrous Alcohol	BLs	10340564	474499692	13477089	606277725
Bio Fertiliser	Qtls	170500	62763006	152894	56757790
Electrical Energy	Kwh	9151890	36664059	16021120	65539752
Calcium Lactate	Kgs	336785	34059247	332002	30423438
Others	-		18503542		9523842
<b>TOTAL</b>			<b>4290246702</b>		<b>3901514484</b>

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

PRODUCTS / SERVICES	Units	2016-2017		2015-2016	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	2350	4700000	2586	5269000
Molasses	MTs.	33384	226329854	44273	247352612
Bagasse	MTs.	180621	301501693	260010	431322769
Electrical energy	KWH	17828356	102334764	25774160	145108520
Steam	MTs.	312717	262767881	435080	362722312
Filter Cake	MTs.	44099	440994	45045	450453
Sugarcane - Agricultural Produce	MTs.	1576	4032711	3302	8336926
Bio Gas	M3	1461702	584681	1660767	664307
<b>TOTAL</b>			<b>902692578</b>		<b>1201226899</b>

34. Raw Materials Consumed

PARTICULARS	Units	2016-2017		2015-2016	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar - Sugarcane	MTs	740826	2169885868	1126691	3053285056
Distillery - Molasses	MTs	42384	300943806	46273	262313937
Others			13706046		13411732
<b>TOTAL</b>			<b>2484535720</b>		<b>3329010725</b>
Less: Inter Divisional Transfers			235503560		261408992
<b>Net Consumption</b>			<b>2249032160</b>		<b>3067601733</b>

### 35. Opening Stock of Finished Goods

PARTICULARS	Units	As at 01.04.2016		As at 01.04.2015	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	754377	2311945567	766578	2028368022
Molasses	MTs	39323	227463862	39676	208470180
Industrial / Anhydrous Alcohol	BLs	283816	7765673	1640271	47198962
Bio Fertiliser	Qtls	11171	10662295	3148	4204292
Others	Qtls	-	1317031	-	495071
<b>Total</b>			<b>2559154428</b>		<b>2288736527</b>

### 36. Closing Stock of Finished Goods

PARTICULARS	Units	As at 31.03.2017		As at 31.03.2016	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	516136	1847527315	754377	2311945567
Molasses	MTs	29925	230198857	39323	227463862
Industrial / Anhydrous Alcohol	BLs	1267122	43411163	283816	7765673
Bio Fertiliser	Qtls	4665	11603034	11171	10662295
Others	Qtls	-	412323	-	1317031
<b>Total</b>		<b>-</b>	<b>2133152692</b>	<b>-</b>	<b>2559154428</b>

### 37. Particulars regarding Capacity and Production

PARTICULARS	Capacity			Actual Production	
	Licenced	Installed		2016-17	2015-16
	(as certified by the management)				
			Units		
a. Sugar					
(i) Vuyyuru Unit	7500	7500	Qtls	569747	803576
	(Tonnes of Cane crushed per day)				
(ii) Lakshmipuram Unit	4000	4000	Qtls	114241	253263
	(Tonnes of Cane crushed per day)				
b. Molasses (By-Product)			MT's	38949	58347
c. Industrial / Anhydrous Alcohol	50000	50000	BL per day	11866851	12773975
d. Bio Fertiliser			Qtls	163993	160918
e. Electrical Power					
(i) Incidental Co - Generation Power Plant. Vuyyuru	15 MW	15 MW	Kwh	26709656	38652575
(ii) Incidental Co - Generation Power Plant. Lakshmipuram	5 MW	5 MW	Kwh	3897804	7931110

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

	Particulars	2016 – 2017 Rs.	2015 – 2016 Rs.
(i)	Raw Materials	Nil	Nil
(ii)	Components and Spare parts	148450	160675
(iii)	Capital Goods	NIL	Nil

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

	Particulars	2016 – 2017 Rs.	2015 – 2016 Rs.
(i)	Foreign Travel	611625	NIL
(ii)	Others (Spareparts)	148450	160675

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

	Particulars	2016 – 2017 Rs.	%	2015 – 2016 Rs.	%
a)	Raw Materials:				
i)	Imported	NIL		NIL	
ii)	Indigenous	2249032160	100	3067601733	100
	Total	2249032160		3067601733	

b)	Spare parts and Components: (debited to respective heads)				
i)	Imported	148450	0.18	160675	0.35
ii)	Indigenous	82770711	99.82	45606809	99.65
	Total	82919161	100.00	45767484	100.00



**41. Related Party Disclosures – As per AS-18:**

**A) Name of related parties and description of relationship:**

- |                              |  |
|------------------------------|--|
| 1. Subsidiaries:             | a) The Eimco-K.C.P.Ltd., Chennai, India.<br>b) KCP Sugars Agricultural Research Farms Ltd. Chennai, India.   |
| 2. Key Management Personnel: | a) Shri. Vinod R. Sethi, Executive Chairman<br>b) Smt. Irmgard Velagapudi M Rao, Managing Director.<br>c) Smt.V. Kiran Rao, Executive Director.<br>d) Shri.R.Ganesan, Chief Financial Officer.<br>e) Shri.S.Chidambaram, General Manager Finance and Company Secretary |

**B) Transactions During the year:**

Particulars	Subsidiaries		Key Management Personnel	
	2016 - 17	2015 - 16	2016 - 17	2015 - 16
Rent Received	322500	270000	1500000	1500000
Remuneration paid to Key Management Personnel			25114407	12516068
Advances given	50000	579500	-	-
Advances received back	50000	579500	-	-
Interest on fixed deposit paid to Key Management Personnel			3096828	3116946

**(C). Closing balances as on 31/03/2017**

Particulars	Subsidiaries		Key Management Personnel	
	2016 - 17	2015 - 16	2016 - 17	2015 - 16
Party				
(a) The Eimco KCP Ltd.	-	-	-	-
(b) KCP Sugars agricultural Research Farms Ltd.	-	-	-	-
(c) Share Capital held in Subsidiary Companies	28500000	28500000	-	-
(d) Share Capital held by key Management Personnel.	-	-	1882810	1882810
(e) Fixed deposit held by key Management Personnel.		-	32200000	30960000

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

### 42. Details of Specified Bank Notes (SBN) held and transacted during the period from 09.11.2016 to 30.12.2016 as per Clause X Part 1 Division of Schedule III to The Companies Act, 2013

Particulars	Date	SBN	Bank note other than SBN	Total Cash
Closing Cash as on	08.11.2016	1210000	10536865	10536865
Permitted Receipts	09.11.2016 to 30.12.2016		6569051	6569051
Permitted Payments	09.11.2016 to 30.12.2016		4877191	4877191
Amount deposited in Bank	09.11.2016 to 30.12.2016	1210000	167000	1377000
Closing cash in hand as on	30.12.2016	-	2578546	2578546

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

Particulars	2016 – 2017 Rs.	2015 – 2016 Rs.
NIL	NIL	NIL

44. 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 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, 2017 amounting to the tune of Rs.3,88,31,387/- has been classified Note No.10(e) " Other Current Liabilities :- Statutory Liabilities".

45. Under Section 135 of The Companies Act, 2013 the company is required to spend Rs.9,67,705/- 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 has spent Rs.27,57,653/-

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

Particulars		2016– 2017 Rs.	2015– 2016 Rs..
Profit attributable to the Shareholders	A	317405207	87580826
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	2.80	0.77

### 47. 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.

**48. SEGMENT REPORTING :**

(I) The Company has identified the reportable segments as on 31-03-2017 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										TOTAL	
	SUGAR		CHEMICALS		POWER & FUEL		OTHERS				Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
1 <b>Segment Revenue</b>												
External Revenue	3667876908	3133422429	522942729	645794513	36664059	65539752	62763006	56757790	4290246702	3901514484		
Inter Segment Revenue	537005253	692731760	5273445	6309046	360413880	502186093	-	-	902692578	1201226899		
Total Revenues	4204882161	3826154189	528216174	652103559	397077939	567725845	62763006	56757790	5192939280	5102741383		
2 <b>Segment Results</b>												
Profit before depreciation, finance cost and taxation	485164363	(69201026)	92034091	167366566	77778644	127593854	32150774	33038145	687127872	258797539		
Less : Finance Cost	77257108	61069090	6426767	6182319	399429	639668	683758	553956	84767062	68445033		
Less: Depreciation and Amortizations	47909478	50561134	17429003	21381872	22861135	26600418	3632687	4006873	91832303	102550297		
Unallocable Expenditure									43216672	-		
Less : Tax									149906628	221383		
Total Profit									317405207	87580826		
<b>Capital Employed</b>												
Segment Assets	2952516401	3715110351	250810585	249434255	229106441	226780924	36528115	40593807	3468961542	4231919337		
Unallocable Assets									1557685979	658599692		
Segment Liabilities	1732234970	2102121414	21371678	22768771	4139562	3664265	5482872	7005914	1763229082	2135560364		
Unallocable Liabilities									873623030	559747645		
Capital Employed	22909068	13804831	3671444	5377216	2079548	-	88785034	117029	2389795409	2195211020		
<b>Capital Expenditure</b>									117445094	19299076		

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.

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

## ii) Geographical Segment:

Particulars	Current Reporting Period	Previous Reporting Period
Sales within India	4290246702	3901514484
Sales outside India	-	-
<b>Total</b>	<b>4290246702</b>	<b>3901514484</b>

**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	5030555379	4890519030	117445094	19299076
Located outside India				
<b>Total</b>	<b>5030555379</b>	<b>4890519030</b>	<b>117445094</b>	<b>19299076</b>

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  
29.05.2017

**R.GANESAN**  
Chief Financial Officer

**S.CHIDAMBARAM**  
General Manager (Finance) &  
Company Secretary

**V. KIRAN RAO**  
Executive Director

CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS

	Amt. in Rs.	
	2016-2017	2015-2016
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before tax and Extraordinary Items	467311835	87802209
Adjustments for:		
Depreciation	91832303	102550297
Loss/(Profit) on Sale of Assets	(123117)	(127648)
Investments written off	-	790
Dividend Income	(25687030)	(17837985)
Finance Cost	84767062	68445033
Loss /(Profit)Profit on Sale of Investments	-	(34978520)
Interest received	(40258798) 110530420	(18818553) 99233414
<b>Operating Profit before Working Capital Changes</b>	<b>577842255</b>	187035623
Adjustments for :		
Trade and other Receivables	178045105	(171439147)
Inventories	479736635	(271846834)
Trade Payables	(573180107)	353531541
	84601633	(89754440)
Cash Generated from Operation	662443888	97281183
<b>Direct Tax paid</b>	<b>(81974242)</b>	22567831
<b>Cash Flow Before Extraordinary Items</b>	<b>580469646</b>	119849014
Extraordinary items	-	-
<b>Net Cash from Operating Activities</b>	<b>580469646</b>	119849014
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(114321587)	(36808452)
Investments purchased	(828950740)	(124591820)
Increase in Capital Work in Progress	(3123506)	17509377
Sale of Investments	-	119742977
Sale of Fixed Assets	178865	258333
Interest Received	40258798	18818553
Dividend Received	25687030	17837985
<b>Net Cash Used in Investing Activities</b>	<b>(880271140)</b>	12766953

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

		Amt. in Rs.
	2016-2017	2015-2016
<b>C. Cash Flow from Financing Activities</b>		
(Increase) / Decrease in Borrowings	<b>358975568</b>	(15650653)
Finance cost	<b>(84767062)</b>	(68445033)
Dividends and Tax on dividend Paid	<b>(34116895)</b>	(13646758)
<b>Net Cash Used in Financing Activities</b>	<b>240091611</b>	(97742444)
<b>Net Increase in Cash and Cash Equivalents (A-B-C)</b>	<b>(59709883)</b>	34873522
Cash and Cash Equivalents at the beginning of the reporting period	<b>144273340</b>	109399818
Cash and Cash Equivalents at the end of the reporting period**	<b>84563457</b>	144273340
** Cash and Cash Equivalents includes Rs.6,52,88,990(p.y.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		
<b>For B.PURUSHOTTAM &amp; CO.</b> Chartered Accountants FRN 002808S	<b>IRMGARD VELAGAPUDI M. RAO</b> Managing Director	
<b>K.V.N.S. KISHORE</b> Partner (Membership No.206734)		
Chennai 29.05.2017	<b>R.GANESAN</b> Chief Financial Officer	<b>S.CHIDAMBARAM</b> General Manager (Finance) & Company Secretary
		<b>V. KIRAN RAO</b> Executive 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, 2017. 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 29-05-2017 to the Members of the Company.

Place : Chennai

Date : 29<sup>th</sup> May, 2017.

**For B Purushottam & Co.**

Chartered Accountants,  
FRN 002808S

**K.V.N.S. KISHORE**

(M.No. 206734)  
Partner



# **THE EIMCO-K.C.P. LTD**

## **Forty Ninth Annual Report**

### **2016 – 2017**

**CIN : U27209TN1967PLC005550**

#### **BOARD OF DIRECTORS**

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





## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the Forty Ninth 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 Friday, 15th day of September 2017 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 2017 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.K.Kalyanaraman, 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 : 29.05.2017

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 : 29.05.2017

IRMGARD VELAGAPUDI M. RAO  
CHAIRPERSON

**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report for the year ended 31st March 2017 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.3,300.30 lakhs as compared to Rs. 3,715.11 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 2017 was Rs.3,877.56 lakhs as against Rs. 3,141.11 lakhs in the previous year. The Profit was at Rs.381.95 lakhs for the year under review as against profit of Rs. 497.01 lakhs for the previous year. After providing for current and deferred taxation, the net profit for the year was Rs.231.62 lakhs to which after adding the brought forward surplus of Rs.1,918.36 lakhs, the carry forward surplus to the next year amounted to Rs.2,149.98 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 2017 is not applicable as there was no employee covered by the same.

**EXPORTS & FOREIGN EXCHANGE EARNINGS & OUTGO**

Our Exports earnings during 2016-17 was Rs.523.50 lakhs (P.Y.- Rs. 1,212.38 lakhs). During the period under review the Company has incurred expenditure in foreign currency amounting to Rs.165.94 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.K.Kalyanaraman 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 2017 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**

In line with the holding Company, the Board of Directors recommends to the members the appointment of M/s. Suri & Siva, Chartered Accountants (FRN 004284S) as the Statutory Auditors of the Company from the conclusion of this 49th AGM, till the conclusion of 50th AGM in Place of retiring auditors B.Purushottam & Company.

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

Place : Chennai  
Date : 29.05.2017



## 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 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 26 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.
  - iv. the company has provided requisite disclosure in its standalone financials statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company . Refer Note 43 to the standalone financial statements.

Place: Chennai

Date: 29.05.2017



### 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 2017, 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 2017 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:

Name of the Statute	Nature of the Dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Tamil Nadu Value Added Tax Act 2006	TN VAT	3,00,948	FY 2013-14	Joint Commissioner of Commercial Tax
Central Sales Tax Act 1956	CST Demand	33,43,991	FY 2015-16	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 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 give 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: 29.05.2017



## **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 2017 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 2017, 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: 29.05.2017





# BALANCE SHEET

AS AT MARCH 31, 2017

Amt in Rs.					
Particulars	Note No.	As at Current Reporting Period 31-03-2017		As at Previous Reporting Period 31-03-2016	
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	2	6000000		6000000	
(b) Reserves & Surplus	3	226299869	232299869	203137035	209137035
<b>2. Non - current liabilities</b>					
Long term provisions	4		46764959		45565812
<b>3. Current liabilities</b>					
(a) Trade payables	5	47197993		40198293	
(b) Other current liabilities	6	45423753		91677148	
(c) Short term provisions	7	5911246	98532992	13676384	145551825
<b>TOTAL</b>			377597820		400254672
<b>II ASSETS</b>					
<b>1. Non - current assets</b>					
(a) Fixed Assets					
(i) Tangible assets	8	66398641		64173073	
(ii) Intangible assets		-		147034	
		66398641		64320107	
(b) Deferred tax assets (Net)	9	2891541		2858449	
(c) Long term loans and advance	10	716156		641705	
(d) Other non current assets	11	25014098	95020436	23287964	91108225
<b>2. Current Assets</b>					
(a) Current Investments	12	60203721		41888581	
(b) Inventories	13	56278026		88686883	
(c) Trade receivables	14	97954656		101194760	
(d) Cash and bank balances	15	45008648		60008860	
(e) Short term loans and advances	16	667338		3472434	
(f) Other Current Assets	17	22464995	282577384	13894929	309146447
<b>TOTAL</b>			377597820		400254672

## Significant accounting policies and notes on accounts-1

The notes attached form an integral part of the Financial Statement- 1-47

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

Amt in Rs..

Particulars	Note No.	For the Current reporting period 2016-17		For the Previous reporting period 2015-16	
I Revenue from Operations	18	387756008		314111324	
Less: Excise duty		33824115	353931893	19699710	294411614
II Other Income	19		17116598		38401748
<b>Total revenue</b>			<b>371048491</b>		<b>332813362</b>
III <b>Expenses</b>					
Cost of materials consumed	20	179552694		170441816	
Changes in inventories of work in progress		26327454		(18606583)	
Changes in inventories of finished goods	21	1478260	207358408	(5248730)	146586503
Employee benefits expense	22		56261972		55879443
Finance costs	23		2415046		3206276
Depreciation and amortization expense	24		4768816		4609575
Other expenses	25		62048421		72829661
<b>Total Expenses</b>			<b>332852662</b>		<b>283111458</b>
IV <b>Profit/(Loss) before tax ( (I+II)-III)</b>			<b>38195829</b>		<b>49701904</b>
V <b>Tax expense:</b>					
(1) Current tax		12500000		18500000	
(2) Deferred tax Asset/(Liability)		33092		576347	
(3) Provision for taxation relating to earlier years		2566086	15032994	49453	17973106
VI Profit for the year			<b>23162833</b>		<b>31728798</b>
VII Earning per equity share:					
Basic / Diluted			<b>38.60</b>		<b>52.88</b>

The notes attached form an integral part of the Financial Statements 1-47

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  
29.05.2017



## NOTE-1. SUMMARY OF 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:

Non Current 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, un-availed 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 31-03-2017	Number	As at end of previous reporting period 31-03-2016
<b>2 . SHARE CAPITAL</b>				
<b>Authorised :</b>				
Equity shares of Rs.10 /- each	<b>1000000</b>	<b>10000000</b>	1000000	10000000
		<b>10000000</b>		10000000
<b>Issued, subscribed and fully paid up:</b>				
600000 Equity shares of Rs.10 /- each	<b>600000</b>	<b>6000000</b>	600000	6000000
		<b>6000000</b>		6000000
<b>Reconciliation of number of shares</b>				
At the beginning of the reporting period	<b>600000</b>	<b>6000000</b>	600000	6000000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	<b>600000</b>	<b>6000000</b>	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	191835653	203137035
Transferred from Profit & Loss Account	-	23162834	23162834
At the close of the reporting period	11301382	214998487	226299869
At the close of the previous reporting period	11301382	191835653	203137035

Particulars	Amt. In Rs.	
	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>4. Long term Provisions:</b>		
a) Provisions for employee benefits	4974421	4321760
b) Others - Provisions for Liquidated Damages	41790538	41244052
	<b>46764959</b>	45565812
<b>5. Trade Payables:</b>		
a) To Micro, Small and Medium Enterprises	-	-
b) Trade payable for Goods and Services	47197993	40198293
	<b>47197993</b>	40198293
<b>6. Other current liabilities:</b>		
a) Statutory Liabilities	3301150	3332658
b) Accrued Salaries, Wages & Benefits payable	611094	797275
c) Advance received from customers	41511509	87547215
	<b>45423753</b>	91677148
<b>7. Short term provisions:</b>		
a) Provision for employee benefits	1789097	1723780
b) Provision for Income Tax (Net)	4122149	11952604
	<b>5911246</b>	13676384

# NOTES TO FINANCIAL STATEMENTS (CONTD.)



## 8. Fixed Assets

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		Amt. In Rs
	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		
<b>Tangible Assets</b>											
<b>Own assets</b>											
Land	42776981	-	-	42776981	-	-	-	42776981	42776981		
Buildings	19020023	782088	-	19802111	8987822	893145	-	9880967	9921144	10032201	
Plant & Machinery	35983013	3653873	-	39636886	27560721	2234610	-	29795331	9841555	84222292	
Furniture & Fixtures	3601529	154802	-	3756331	3393316	48992	-	3442308	314023	208213	
Vehicles	2579698	2007418	1079460	3507656	1793191	348662	955052	1186801	2320855	786507	
Office equipment	2872317	59003	-	2931320	2294811	231099	-	2525910	405410	577506	
Computers	14709179	314574	61830	14961923	13339806	865274	61830	14143250	818673	1369373	
	121542740	6971758	1141290	127373208	57369667	4621782	1016882	60974567	66398641	64173073	
<b>Intangible assets</b>											
Softwares	2312606	-	-	2312606	2165572	147034	-	2312606	-	147034	
	2312606	-	-	2312606	2165572	147034	-	2312606	-	147034	
Total	123855346	6971758	1141290	129685814	59535239	4768816	1016882	63287173	66398641	64320107	

		Amt. In Rs.	
Particulars	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016	
<b>9. Deferred tax liability:</b>			
a) On account of depreciation on fixed assets	-	-	
b) On account of timing differences in recognition of expenditure	282071	-	
Total	282071	-	
<b>Deferred tax asset:</b>			
a) On account of depreciation on fixed assets	937390	859612	
b) On account of timing differences in recognition of expenditure	2236222	1998837	
Total	3173612	2858449	
<b>Net Deferred tax liability/(asset)</b>	2891541	2858449	
<b>10. Long term loans and advances:</b>			
<b>Unsecured considered good</b>			
a) Security Deposits	716156	641705	
Total	716156	641705	
<b>11. Other non current assets:</b>			
<b>Unsecured considered good</b>			
a) Margin Money fixed deposits with Bank	25014098	23287964	
Total	25014098	23287964	
<b>Additional Information:</b>			
The above mentioned Margin money Fixed deposit provided by Axis Bank Ltd, against Bank Guarantee"			
<b>12. Current Investments:</b>			
Investment in Mutual Funds (NAV as on 31.03.2016 Rs.41888581/-), PY 67134161	60203721	41888581	
	60203721	41888581	
<b>13. Inventories:</b>			
a) Raw materials	23747455	28388083	
b) Work in progress	24102814	50430268	
c) Finished goods	7867242	9345502	
d) Loose tools	560515	523030	
	56278026	88686883	
<b>14. Trade receivables:</b>			
<b>Unsecured, considered good</b>			
a) Trade receivables exceeding six months	15666710	8681927	
b) others	82287946	92512833	
	97954656	101194760	
<b>Additional Information:</b>			
i) Secured, Considered good	-	-	
ii) Unsecured, Considered good	97954656	101194760	
iii) Doubtful	-	-	
	97954656	101194760	





	Amt. In Rs.	
Particulars	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>15. Cash and bank balances</b>		
<b>Cash and cash equivalents:</b>		
a) Balances with banks		
- in Current accounts	4393916	7563167
- in Fixed Deposits	40500169	52324011
b) Cash on hand	114563	121682
	<b>45008648</b>	<b>60008860</b>
<b>16. Short term loans and advances:</b>		
<b>Unsecured, considered good</b>		
i) Advances for Supply of goods and rendering of services	578581	3434924
ii) Loans and advances to Employees	88757	37510
	<b>667338</b>	<b>3472434</b>
<b>17. Other Current Assets</b>		
a) Prepaid Expenses	668542	797238
b) Deposit with Insurance	94518	54731
c) Gratuity Fund Balance	853133	-
d) EIMCO KCP Gratuity Trustee account	73142	-
e) Sales Tax paid under protest	7261163	118393
f) Input VAT Credit	4989711	4133412
g) Service Tax input credit	1777334	4097735
h) Advance with Central Excise	3947303	2286264
i) IT Refund Receivable	2800149	2407156
<b>Total</b>	<b>22464995</b>	<b>13894929</b>
<b>18. Revenue from operations:</b>		
a) Sale of products		
i) Filters	143721627	60705855
ii) Thickeners, Components, Spares, Bar Screens, etc.,	238273773	244446261
b) Sale of services	4516850	8185900
c) Other operating revenue	1243758	773308
	<b>387756008</b>	<b>314111324</b>
Less: Excise Duty	(33824115)	(19699710)
<b>Total</b>	<b>353931893</b>	<b>294411614</b>
<b>19. Other Income:</b>		
a) Interest income	4834849	4514788
b) Miscellaneous Receipts	2145478	1229765
c) Packing & Forwarding Charges	1940608	1674099
d) Difference in Foreign Exchange	104074	-
e) Provision no longer required withdrawn	4185437	24130772
f) Credit Balance Written Back	672620	4587899
g) Dividend Income from Mutual Funds	2815140	2254420
h) Profit on Sale of Assets	418392	10005
<b>Total</b>	<b>17116598</b>	<b>38401748</b>

Particulars	For the current reporting period 2016-17	For the previous reporting period 2015-16
<b>20. Cost of materials consumed:</b>		
a) Consumption of raw materials		
i) Stainless Steel	12183369	18718754
ii) Iron and Steel	7670927	21507794
b) Consumption of stores and spare parts	159698398	130215268
	179552694	170441816
<b>21. Changes in inventories of finished goods, work in progress and stock in trade:</b>		
a) Stocks at the end of the year		
i) Work in progress	24102814	50430268
ii) Finished goods	7867242	9345502
<b>Total</b>	31970056	59775770
b) Stocks at the beginning of the year		
i) Work in progress	50430268	31823685
ii) Finished goods	9345502	4096772
<b>Total</b>	59775770	35920457
Change in stock of Work in Progress (I)	26327454	(18606583)
Change in stock of Finished Goods (II)	1478260	(5248730)
<b>Net (I + II)</b>	27805714	(23855313)
<b>22. Employee Benefit Expenses:</b>		
a) Salaries,wages and other benefits	51475249	49107302
b) Contribution to provident and other funds	2124646	3823481
c) Staff welfare expenses	2662077	2948660
<b>Total</b>	56261972	55879443
<b>23. Finance Costs:</b>		
a) Interest expense	3990	3731
b) Bank Guarantee Commission and other charges	2411056	3202545
	2415046	3206276
<b>24. Depreciation and amortization:</b>		
a) Depreciation	4621782	4472734
b) Amortization of Intangible Assets	147034	136841
	4768816	4609575
<b>25. Other expenses:</b>		
a) Labour Charges	22506042	26799540
b) Work Shop Maintenance	1978422	2030762
c) Power and fuel	2403655	2763995
d) Rent	370651	307627
e) Research , inspection and testing charges	120182	105089



Particulars	For the current reporting period 2016-17	For the previous reporting period 2015-16
f) Repairs to machinery	569906	395061
g) Repairs others	247436	289986
h) Insurance	244018	303289
i) Rates and taxes	278176	315626
j) Payment to the auditors		
- as auditor - Audit Fees	50000	50000
- for other services - Certification Fees	5000	5000
- Out of Pocket Expenses	4872	4407
k) Selling expenses	13261588	15739094
l) Performance and delivery guarantee claims	7789400	12059237
m) Irrecoverable loans and advances written off	262331	2083
n) Short Provision made during earlier years	64341	-
o) Legal and professional charges	1107127	937550
p) Contract Labour Wages	2262881	2098130
q) Security charges	1974872	1877079
r) Local Conveyance	1349770	1320547
s) Office Upkeep & Maintenance	1363961	428141
t) Telephone Charges	899167	835030
u) Miscellaneous expenses	2934623	4162388
<b>Total</b>	<b>62048421</b>	<b>72829661</b>

**26. 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.12,29,28,542/- (P.Y.Rs.11,79,05,917/-) 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:-

**Amount in Rs.**

Particulars	31.03.2017	31.03.2016
E S I Cases	174489	174489
VAT Case	300948	300948
C ST Cases	8814761	-
<b>Total</b>	<b>9290198</b>	<b>475437</b>

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

		Current Reporting Period 2016-17		Previous Reporting Period 2015-16	
		Qty.	Value	Qty.	Value
			Rs.		Rs.
<b>(I)</b>	<b>SALES:</b>				
	Filters (in Nos)	7 Nos	143721627	6 Nos	60705855
	Thickeners, Components, Spares, Bar screens, etc.(Unit quantification not possible)		235613105		244446261
	Scrap		1395219		773308
	Chemicals	-	-	-	-
	<b>TOTAL</b>		<b>380729951</b>		<b>305925424</b>
<b>(II)</b>	<b>SERVICES:</b>				
	Service Charges		1222101		3107900
	Design, Erection & Fabrication		3294749		5078000
	<b>TOTAL</b>		<b>4516850</b>		<b>8185900</b>
	<b>TOTAL</b>		<b>385246801</b>		<b>314111324</b>

**28. Raw Materials Consumed (in MT)**

	Current Reporting Period 2016-17		Previous Reporting Period 2015-16	
	MT	Rs.	MT	Rs.
Stainless Steel	61.38	12183369	110.31	18718754
Iron and Steel	203.42	7670927	526.18	21507794
<b>TOTAL</b>	<b>264.80</b>	<b>19854296</b>	<b>636.49</b>	<b>40226548</b>

Note :The above does not include of Rs.159698398/- (P.Y.Rs.130215268/-) being the cost of Motors, Components, Pipes, Spares etc., consumed.

**29. Opening and Closing Stock of Finished Goods.**

	OPENING STOCK				CLOSING STOCK			
	Current Reporting Period 2016-17		Previous Reporting Period 2015-16		Current Reporting Period 2016-17		Previous Reporting Period 2015-16	
	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
Filters	-	-	-	-	-	-	-	-
Washers, Classifiers, Clarifiers, Components Spares etc (Unit Quantifi- cation not Possible)	-	9345502	-	4096772	-	7867242	-	9345502
Chemicals	-	-	-	-	-	-	-	-
<b>Total</b>		<b>9345502</b>		<b>4096772</b>		<b>7867242</b>		<b>9345502</b>



### 30. Purchase of Finished Goods

Chemicals:	Current Reporting Period 2016-17		Previous Reporting Period 2015-16	
	Qty.	Value	Qty.	Value
		Rs.		Rs.
	NIL	NIL	NIL	NIL

31. **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 : 7 Nos.(PY. 6Nos.) Filters, besides Washers, Classifiers, Clarifiers, Components, Spares etc.

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

	Current Reporting Period 2016-17		Previous Reporting Period 2015-2016	
	Value	%	Value	%
	Rs		Rs	
A)Raw materials:				
Imported	NIL	NIL	NIL	NIL
Indigenous	19854296	100.00	40226548	100.00
<b>TOTAL</b>	<b>19854296</b>	<b>100.00</b>	40226548	100.00
B)Spares and Components:				
Imported	14406582	9.02	11114915	6.65
Indigenous	145291816	90.98	119100353	93.35
<b>TOTAL</b>	<b>159698398</b>	<b>100.00</b>	130215268	100.00

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

	Current Reporting Period 2016-17	Previous Reporting Period 2015-16
	Rs.	Rs.
Components	14406582	11114915
Finished Goods- Chemicals	Nil	Nil
<b>TOTAL</b>	<b>14406582</b>	<b>11114915</b>

34. **Expenditure incurred in Foreign Currency during the year.**

	Current Reporting Period 2016-17	Previous Reporting Period 2015-16
	Rs.	Rs.
Foreign Travel Expenses	756489	673473
Commission paid on Export Sales	1123278	297048
Reimbursement of Expenses on Product Representation in abroad	308326	666505
<b>TOTAL</b>	<b>2188093</b>	<b>1637026</b>

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

	Current Reporting Period 2016-17	Previous Reporting Period 2015-16
	Rs.	Rs.
Export of Goods- FOB Value	52350709	121237718
<b>Total</b>	<b>52350709</b>	<b>121237718</b>

36. 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.

**37. Disclosure under Accounting Standard 15-Employee Benefits:****GRATUITY :**

	31/03/2017	31/03/2016
1. Assumptions		
Discount Rate	8.0%	8.0%
Salary Escalation	5%	5%

2. Table showing changes in present value of obligations	Rs.	Rs.
Present value of obligations as at beginning of year	8170033	7268936
Interest cost	653603	575049
Current Service Cost	590123	615551
Benefits Paid	(456482)	(161637)
Actuarial loss on obligation	308772	1048063
Present value of obligations as at end of year	9266049	9345962

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

	Rs.	Rs.
Fair value of plan assets at beginning of year	9313664	8042943
Expected return on plan assets	757905	664970
Contributions	504096	700000
Benefits paid	(456482)	(161637)
Actuarial gain on plan assets	-	67388
Fair value of plan assets at the end of year	10119182	9313664

**4. Table showing fair value of plan assets**

Fair value of plan assets at beginning of year	9313664	8042943
Actual return of plan assets	757905	664970
Contributions	504096	700000
Benefits Paid	(456482)	(161637)
Fair value of plan assets at the end of year	10119182	9313664
Funded status (Asset)	-	32298
Excess of Actual over estimated return on plan assets	-	-

**5. Actuarial Gain/Loss recognised**

Actuarial Gain on obligation	(308772)	(1048063)
Actuarial loss on plan assets	-	67388
Total Loss for the year	308772	980675
Actuarial Loss recognized in the year	308772	980675



**6. The amounts to be recognized in the balance sheet and statement of profit and loss**

	Rs.	Rs.
Present value of obligations as at the end of year	9266049	9345962
Fair value of plan assets as at the end of the year	10119182	9313664
Funded status Liability	853133	(32298)
NET ASSET RECOGNIZED IN THE BALANCESHEET	853133	(32298)

**7. Expenses Recognized in statement of Profit & Loss**

	Rs.	Rs.
Current Service Cost	590123	615551
Interest Cost	653603	575049
Expected return on plan assets	(757905)	(664970)
Net Actuarial loss recognized in the year	308772	980675
Expenses recognized in the profit & loss	794593	1506305

**38. Borrowing Cost as Per AS-16:**

Company has capitalized an amount of Rs.Nil (Rs.Nil/-) as borrowing cost on qualifying asset.

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

**40. 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	370651 (PY 307627)	NIL
Sale of Spares for Cane Mud Filter	Nil ( P.Y. Nil)	NIL

**iii) Closing Balances with related parties:**

	As on 31.03.2017	As on 31.03.2016
	Rs.	Rs.
Outstanding Balance Payable to Holding Company	NIL	NIL

**41. Operating Lease Disclosures – As per AS-19 :**

Rent expenses of Rs. 3,70,651/- (PY Rs.3,07,627/-) 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

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

Particulars	2016-2017 Rs.	2015-2016 Rs.
Profit attributable to the Shareholders (A)	23162833	31728798
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 )	38.60	52.88

**43. Disclosure relating to SBN's in Rupees :**

Particulars	SBNs' in Rs.	Other Denomination Notes in Rs.	Total in Rs.
Closing cash in hand as on 08.11.2016 (Rs.500*22)	11000	127239	138239
Add: Permitted Receipts	-	555689	555689
Less: Permitted Payments (Rs.500*2)	1000	474752	475752
Less: Amount deposited in Banks (Rs.500*20)	10000	-	10000
Closing cash in hand as on 30.12.2016	-	-	208176

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

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

46. Previous year figures have been regrouped wherever necessary.

47. Paise have been rounded off.

Signature to Notes 2 to 47, 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  
29.05.2017





PARTICULARS	Amount in Rs.			
	2016-2017		2015-2016	
<b>A. Cash flows from operating activities</b>				
<b>Net Profit before tax and Extraordinary items:</b>		<b>38195829</b>		49701904
<b>Adjustments for:</b>				
Depreciation and amortization expense	<b>4768816</b>		4609575	
Debit Balances Written off	262331		2083	
Excess Provision credited back	<b>(4185437)</b>		(24130772)	
Credit Balances written back	<b>(672620)</b>		(4587899)	
Interest Paid	<b>2415046</b>		3206276	
Interest received	<b>(4834849)</b>		(4514788)	
Profit on Sale of Asset	<b>(418392)</b>		(10005)	
Dividends received	<b>(2815140)</b>	<b>(5480245)</b>	(2254420)	(27679950)
Operating Profit Before Working Capital Changes		<b>32715584</b>		22021954
<b>Adjustments for:</b>				
Trade and other Receivables	<b>(4587782)</b>		47829890	
Inventories	<b>32408857</b>		(15707453)	
Trade Payables and others	<b>(33131174)</b>		(12535602)	
		<b>(5310099)</b>		19586835
Cash Generated from Operations		<b>27405485</b>		41608789
Direct taxes paid		<b>(22896542)</b>		(11566684)
Cash Flow before Extraordinary items		<b>4508943</b>		30042105
Extraordinary items		-		-
<b>Net Cash from Operating Activities</b>		<b>4508943</b>		30042105
<b>B. Cash flows from investing activities</b>				
Purchase of property, plant and equipment	<b>(6971758)</b>		(45492213)	
Proceeds from sale of property, plant and equipment	<b>542800</b>		14005	
Proceeds from sale of investments	<b>(18315140)</b>		27500000	
Interest received	<b>4834849</b>		4514788	
Dividend received	<b>2815140</b>		-	
<b>Net cash used in investing activities</b>		<b>(17094109)</b>		(13463420)
<b>C. Cash flows from financing activities</b>				
Repayment of short term borrowings	-		-	
Receipt of Unsecured Loan	-		-	
<b>Interest paid</b>	<b>(2415046)</b>		(3206276)	
<b>Net cash from financing activities</b>		<b>(2415046)</b>		(3206276)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(15000212)</b>		13372409
<b>Cash and cash equivalents at beginning of reporting period</b>		<b>60008860</b>		46636451
<b>Cash and cash equivalents at end of reporting period</b>		<b>45008648</b>		60008860

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  
29.05.2017

For and on behalf of the Board

**IRMGARD VELAGAPUDI M. RAO**  
Chairperson

**V. KIRAN RAO**  
Vice-Chairperson

# **KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED**

## ***Eighteenth Annual Report*** **2016-2017**

**CIN : U73100TN1998PLC041501**

### **BOARD OF DIRECTORS**

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

NOTICE is hereby given that the Eighteenth 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 Friday, 15th day of September 2017 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 2017 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 Smt.Irmgard Velagapudi M.Rao 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 : 29.05.2017

**IRMGARD VELAGAPUDI M. RAO**

CHAIRPERSON

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2017.

#### REVIEW OF OPERATIONS:

During the year ended 31.03.2017 the turnover and other income increased to Rs. 13.58 lakhs from Rs. 9.71 lakhs. Despite increase in turnover, the Company incurred a loss of Rs. 9.45 lakhs as against loss of Rs. 2.73 lakhs in the previous year due to increase in operating expenses. The Reserves and Surplus as on 31.03.2017 was Rs.10.54 lakhs (P.Y.: Rs.19.99 lakhs), after adjusting the loss of Rs.9.45 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, Smt.Irmgard Velagapudi M.Rao, 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 2017 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:

In line with the holding Company, the Board of Directors recommends to the members the appointment of M/s. Suri & Siva, Chartered Accountants (FRN 004284S) as the Statutory Auditors of the Company from the conclusion of this 18th AGM, till the conclusion of 19th AGM in place of retiring auditors B.Purushottam & Company.

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 KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.

Place : Chennai

IRMGARD VELAGAPUDI M. RAO

Date : 29.05.2017

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 2017, 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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.
- iv. the company has provided requisite disclosure in its standalone financials statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Notes.22 to Financial Statements

Place : Chennai  
Date : 29.05.2017

## **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 2017, 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) 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 2017 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 give 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 : 29.05.2017



**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 2017 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 2017, 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 : 29.05.2017

		AMT IN RS.			
Particulars	Note No.	As at end of current reporting period 31-03-2017		As at end of previous reporting period 31-03-2016	
<b>I EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	2	22500000		22500000	
(b) Reserves & Surplus	3	1054281		1998870	
			23554281		24498870
<b>2. Current Liabilities</b>					
Other current liabilities	4		14375		14313
<b>TOTAL</b>			23568656		24513183
<b>II ASSETS</b>					
<b>1. Non - current assets</b>					
(a) Fixed Assets - Tangible assets	5	4940599		5366907	
(b) Non - current investments	6	12411108		14449288	
			17351707		19816195
<b>2. Current Assets</b>					
(a) Inventories	7	239229		176643	
(b) Cash and Bank Balances	8	5460519		4052077	
(c) Short term loans and advances	9	517201		468268	
			6216949		4696988
<b>TOTAL</b>			23568656		24513183

The note numbers 1 to 16 attached form an integral part of Financial Statements

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

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

Chennai  
29.05.2017

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

**R.GANESAN**  
Director

		AMT IN RS.			
	Note No.	Current reporting period 2016-17		Previous reporting period 2015-16	
<b>I</b>					
Revenue from Operations	10		826609		481494
<b>II</b>					
Other Income	11		530902		489915
<b>III</b>			1357511		971409
<b>Total revenue (I + II)</b>					
<b>IV</b>					
Expenses					
Changes in inventories	12		(62586)		(118271)
Employee benefits expense	13		219871		205464
Finance costs	14		1447		1477
Depreciation	5		453653		446254
Other expenses	15		1689715		709317
<b>Total Expenses</b>			2302100		1244241
<b>V</b>			(944589)		(272832)
Profit before tax (III-IV)					
<b>VI</b>					
Tax expense:					
(1) Current tax			-	214015	
(2) Deferred tax			-		
(3) Tax pertaining to Earlier Years			-		214015
<b>VII</b>			(944589)		(486847)
Profit for the year					
<b>VIII</b>					
Earning per equity share:					
Basic and Diluted (Face value of Rs.10/- each)	16		(0.42)		(0.22)

The note numbers 1 to 16 attached form an integral part of Financial Statements

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

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

Chennai  
29.05.2017

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

**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 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 . SHARE CAPITAL

Amt. In Rs.

Particulars	Number	As at end of current reporting period 2016 - 17	Number	As at end of previous reporting period 2015 - 2016
<b>Authorised :</b>				
Equity shares of Rs.10 /- each	5000000	50000000	5000000	50000000
<b>Issued, subscribed and fully paid up:</b>		50000000		50000000
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

### 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.

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	100	2250000	100
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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 01.04.2016		1998870	1998870
Transferred from/to Profit & Loss Account		(944589)	(944589)
At the close of the reporting period 31.03.2017		1054281	1054281
At the close of the previous reporting period 31.03.2016		1998870	1998870

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>4. Other Current liabilities:</b>		
Outstanding liabilities for expenses	14375	14313
<b>Total</b>	<b>14375</b>	<b>14313</b>

**5. Fixed Assets****Amt. In Rs.**

Description	Gross Block (At Cost)			Depreciation					Net Block	
	Cost upto 31.03.2016	Additions during the year	Deletions during the year	Cost upto 31.03.2017	upto 31.03.2016	For the year	On Deletions	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land (Incl Devt)	3686503	-	-	3686503	-	-	-	-	3686503	3686503
Fencing	306424	-	-	306424	291103	-	-	291103	15321	15321
Building	925160	-	-	925160	89981	16586	-	106567	818593	835179
Plant & Machinery	2226644	27345	-	2253989	1406524	434498	-	1841022	412967	820120
Vehicles	29510	-	-	29510	19726	2569	-	22295	7215	9784
<b>Total</b>	<b>7174241</b>	<b>27345</b>	<b>-</b>	<b>7201586</b>	<b>1807334</b>	<b>453653</b>	<b>-</b>	<b>2260987</b>	<b>4940599</b>	<b>5366907</b>

## 6. Non - Current Investments

Sl No.	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 - 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 )	7000	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.5/- each,	1000	69957					1000	69957
	<b>TOTAL</b>		<b>14449288</b>		<b>-</b>		<b>2038180</b>		<b>12411108</b>

### NOTE:

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

At Cost	14449288	12411108
At Market Value	17391752	25628031

Amt. In Rs.		
Particulars	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>7. Inventories:</b>		
Standing crops / Others	239229	176643
<b>8. Cash and cash equivalents:</b>		
i) Balances with banks		
- in Current accounts	1335951	211602
ii) Cash on hand	54069	16472
iii) Fixed deposit	4070499	3824003
	5460519	4052077
<b>9. Short term loans and advances:</b>		
Income tax paid in advance	417201	389743
Dividend Receivable	-	78525
Deposit	100000	
	517201	468268



Amt. In Rs.

Particulars	For the current reporting period 2016-2017	For the previous reporting period 2015-2016
<b>10. Revenue from operations:</b>		
Sale of agricultural products	826609	481494
<b>11. Other Income:</b>		
i) Interest income - long term investments	274820	24129
ii) Dividend Income		
- from long term investments	253082	239533
- from current investments	-	209373
iii) Miscellaneous Receipts	3000	16880
Total	530902	489915
<b>12. Changes in inventories of finished goods, work in progress and stock in trade:</b>		
i) Stocks at the end of the year		
Standing Crops / others	239229	176643
Less:		
ii) Stocks at the beginning of the year		
Standing Crops / others	176643	58372
Net (A-B)	(62586)	(118271)
<b>13. Employee Benefit Expenses:</b>		
i) Salaries and wages	210500	193000
ii) Staff welfare expenses	9371	12464
Total	219871	205464
<b>14. Finance Costs:</b>		
Other borrowing costs	1447	1477
<b>15. Other expenses:</b>		
i) Repairs others	62158	24735
ii) Rates and taxes	-	6115
iii) Payment to the auditors	14437	14313

Particulars	For the current reporting period 2016-2017	For the previous reporting period 2015-2016
iv) Legal and professional charges	27891	26903
v) Cultivation expenses	58260	52470
vi) Labour charges	347955	331460
vii) Pesticides / Fertilizers	103305	112244
viii) Tractor Maintenance	77496	85422
ix) Loss on sale of Fixed Asset	-	576
x) Loss on sale of Investment	436959	-
xi) Brick work expenses	543547	38975
xii) Miscellaneous expenses	17707	16104
Total	1689715	709317
<b>16. Earnings per share:</b>		
Profit attributable to the Shareholders	(944589)	(486847)
Basic /Weighted average number of equity shares outstanding during the year	2250000	2250000
Nominal value of Equity Shares	10.00	10.00
Basic / Diluted Earning per share	(0.42)	(0.22)

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

**K.V.N.S. KISHORE**  
Partner  
M.No. 206734  
Place : Chennai  
Date : 29.05.2017

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

**R.GANESAN**  
Director

Particulars	Amt. in Rs.			
	Current reporting period 2016-2017		Previous reporting period 2015-2016	
<b>Cash flows from operating activities</b>				
Net Profit before taxation and Extraordinary items:		(944589)		(272832)
Adjustments for Non-Operating & Non- Cash Expenses				
Depreciation and amortization expense	453653		446254	
Loss/(Profit) on Sale of Assets	-		576	
Loss/(Profit) on Sale of Investments	436959		-	
Interest received	(274820)		(24129)	
Dividends received	(253082)	362710	(448906)	(26205)
Operating Profit Before Working Capital Changes		(581879)		(299037)
<b>Working Capital Changes:</b>				
Increase / decrease in trade and other receivables	(48932)		(80823)	
Increase / decrease in inventories	(62586)		(118271)	
Increase/ decrease in trade payables & others	62		(16704)	
		(111456)		(215798)
Cash Flows Before Taxation and Extra ordinary items		(693335)		(514835)
Income taxes paid		-		214015
Cash Flows before Extra ordinary items		(693335)		(728850)
Extra Ordinary Items		-		-
Net cash from operating activities		(693335)		(728850)
<b>Cash flows from investing activities</b>				
Purchase of fixed assets	(27345)		(45940)	
Sale of Fixed Assets	-		2000	
Sale of investments	1601220		4275163	
Interest received	274820		24129	-
Dividend received	253082		448906	-
Net cash from investing activities		2101777		4704258
<b>Net increase/(decrease) in cash and cash equivalents</b>		1408442		3975408
<b>Cash and cash equivalents at beginning of reporting period</b>		4052077		76669
<b>Cash and cash equivalents at end of reporting period</b>		5460519		4052077

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

**K.V.N.S. KISHORE**  
Partner  
M.No. 206734  
Place : Chennai  
Date : 29.05.2017

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***

***2016 - 2017***

**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS  
TO THE MEMBERS OF K.C.P SUGAR & INDUSTRIES CORPORATION LTD.**

**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, 2017, 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 Consolidated 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 judgement, 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, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**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, 2017 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, 2017 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.
  - iv. The Group has provided requisite disclosure in its consolidated financial statements as to the holdings as well as dealings in Specified Bank Notes during the period 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer note 32 of the consolidated financial statements.

Place : Chennai

Date : 29.05.2017

## **Annexure - A 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")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of K.C.P SUGAR & INDUSTRIES CORPORATION LTD. ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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") issued by ICAI 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 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.

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

### CONSOLIDATED 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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 2017, 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 ICAI.

Place : Chennai

Date : 29.05.2017



## CONSOLIDATED FINANCIAL STATEMENTS

CIN: L15421TN1995PLC033198

				Amt. in Rs.	
Particulars	Note No.	As at end of current reporting period 31-03-2017		As at end of previous reporting period 31-03-2016	
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	2	113385050		113385050	
(b) Reserves and Surplus	3	2503764509		2286961875	
			2617149559		2400346925
<b>(2) Non - current liabilities</b>					
(a) Long term borrowings	4	524908000		424683000	
(b) Deferred tax liabilities (Net)	5	120948040		71073354	
(c) Other long term liabilities	6	14529378		19088089	
(d) Long term provisions	7	94570697		86943919	
			754956115		601788362
<b>(3) Current Liabilities</b>					
(a) Short term borrowings	8	808409132		549658565	
(b) Trade payables	9	624367475		1169433518	
(c) Other current liabilities	10	441591049		504563259	
(d) Short term provisions	11	153856983		46185202	
			2028224639		2269840544
<b>TOTAL</b>			5400330313		5271975831
<b>II. ASSETS</b>					
<b>(1) Non - current assets</b>					
(a) Fixed Assets					
(i) Tangible assets	12	1063151109		1036022585	
(ii) Capital work in progress	13	9201720		6078214	
(iii) Intangible Assets	12	12498299		15541061	
		1084851128		1057641860	
(b) Non - current investments	14	456976846		423693130	
(c) Long term loans and advances	15	44633198		11663461	
(d) Other non current assets	16	25014098		23287964	
			1611475270		1516286415
<b>(2) Current Assets</b>					
(a) Current Investments	17	853832564		41888581	
(b) Inventories	18	2251508419		2763591324	
(c) Trade receivables	19	330831792		543253904	
(d) Cash and bank balances	20	135032624		208334277	
(e) Short term loans and advances	21	217649644		198621330	
<b>TOTAL</b>			3788855043		3755689416
			5400330313		5271975831

The note nos. 1 to 34 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

29.05.2017

**R.GANESAN**

Chief Financial Officer

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

Executive Director

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

## CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Amt. in Rs.					
Particulars	Note No.	Current reporting period 2016-17		Previous reporting period 2015-16	
I. Revenue from Operations		5581521897		5417334201	
Less: Inter Divisional Transfers		902692578		1201226899	
		4678829319		4216107302	
Less: Excise duty		257114069		196636227	
			4421715250		4019471075
II Other Income	22		96741971		128851110
III Total revenue (I + II)			4518457221		4148322185
IV Expenses					
Cost of materials consumed	23	2732662648		3607668079	
Less: Inter Divisional Transfers		235503560		261408992	
			2497159088		3346259087
Changes in inventories of work in progress	24	75243583		(26254095)	
Changes in inventories of finished goods	24	427479995		(275666631)	
			502723578		(301920726)
Employee benefits expense	25	487036539		381701537	
Finance costs	26	87183555		71652786	
Depreciation and Amortisation	12	97054773		107606126	
Other expenses	27	342736612	1014011479	405792094	966752543
Total Expenses			4013894145		4011090904
V Profit before tax (III-IV)			504563076		137231281
VI Tax expense:					
(1) Current tax		112500000		18500000	
(2) Deferred tax		49874685		17459012	
(3) Provision for taxation relating to earlier years		2564937		(17550508)	
			164939622		18408504
VII Profit for the year			339623454		118822777
VIII Earning per equity share:					
Basic & Diluted (Facevalue of Re.1/- each)			3.00		1.05

The note nos. 1 to 34 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  
29.05.2017 **R.GANESAN**  
Chief Financial Officer

**S.CHIDAMBARAM**  
General Manager (Finance) &  
Company Secretary

**V. KIRAN RAO**  
Executive 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) 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 31-03-2017	Number	As at end of previous reporting period 31-03-2016
<b>Authorised :</b>				
Equity shares of Re.1 /- each	250000000	250000000	250000000	250000000
		250000000		250000000
<b>Issued, subscribed and fully paid up:</b>				
Equity shares of Re.1 /- each	113385050	113385050	113385050	113385050
		113385050		113385050
<b>Reconciliation of No. of. Shares</b>				
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 01.04.2016	15545110	4505000	1131822938	1135088827	<b>2286961875</b>
Transferred from/to Profit & Loss Account			40000000	339623454	<b>379623454</b>
Transfer to General Reserve				40000000	<b>40000000</b>
Proposed Dividends				102046545	<b>102046545</b>
Provision towards dividend distribution tax				20774274	<b>20774274</b>
At the close of the reporting period 31.03.2017	<b>15545110</b>	<b>4505000</b>	<b>1171822938</b>	<b>1311891462</b>	<b>2503764510</b>
At the close of the previous reporting period	15545110	4505000	1131822938	1135088827	2286961875

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>4. Long term Borrowings</b>		
<b>Secured Loans:</b>		
Term Loan from Bank	86900000	181700000
<b>Unsecured Loans:</b>		
Fixed Deposits	438008000	242983000
	<b>524908000</b>	<b>424683000</b>
<b>5. Deferred tax liabilities (Net)</b>		
i) <b>Deferred tax liability:</b>		
On account of depreciation on fixed assets	156804348	167788486
ii) <b>Deferred tax asset:</b>		
On account of timing differences in recognition of expenditure	35856308	96715132
<b>Net Deferred tax liability</b>	<b>120948040</b>	<b>71073354</b>
<b>6. Other Long term liabilities</b>		
Interest accrued but not due on fixed deposits	14529378	13479779
Security Deposit	-	5608310
	<b>14529378</b>	<b>19088089</b>
<b>7. Long term Provisions</b>		
Provision for employee benefits	52780159	45699867
Provision for liquidated damages	41790538	41244052
	<b>94570697</b>	<b>86943919</b>
<b>8. Short term Borrowings</b>		
<b>Secured Loans:</b>		
Loans repayable on demand		
From banks	736596132	391287565
<b>Unsecured Loans:</b>		
Fixed Deposits maturing within one year.	71813000	158371000
	<b>808409132</b>	<b>549658565</b>
<b>9. Trade Payables</b>		
a) To Micro, Small and Medium Enterprises	-	-
b) Trade payables to Suppliers and service providers	624367475	1169433518
	<b>624367475</b>	<b>1169433518</b>

**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 31-03-2017	As at end of previous reporting period 31-03-2016
<b>10. Other current liabilities:</b>		
a) Current maturity for long term debt	<b>94800000</b>	94800000
b) Interest accrued but not due on borrowings	<b>16035757</b>	20282012
c) Advances received from customers	<b>53442515</b>	91028419
d) Unpaid dividends	<b>10804038</b>	12980343
e) Unclaimed matured deposits and interest accrued thereon	<b>17186912</b>	6734443
f) Statutory Liabilities	<b>168967720</b>	240785338
g) Outstanding Liabilities for Expenses	<b>80134107</b>	37051090
h) Earnest Money and Other Deposits	<b>220000</b>	901614
	<b>441591049</b>	504563259
<b>11. Short term provisions:</b>		
a) Provision for employee benefits	<b>13740532</b>	12068307
b) Provision for Dividend	<b>102046544</b>	28346263
c) Provision for tax on distributed profits	<b>20774275</b>	5770632
d) Provision for Income Tax (Net)	<b>17295632</b>	-
	<b>153856983</b>	46185202



12. FIXED ASSETS

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2016	Additions during the Year	Deductions during the Year	Cost upto 31.03.2017	Upto 31.03.2016	For the Year	On Deductions	upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Lands	132184044	83726425		215910469					215910469	132184044
Buildings	366831533	4968587		371800120	114973392	13709705		128683097	243117023	251858141
Plant & Machinery	1891319251	22063619		1913382870	1278647024	68022478		1346669502	566713368	612672227
Tranways & Railway sidings	23097214			23097214	15379741	859752		16239493	6857721	7717473
Furniture and Fixtures	13337398	209928		13547326	11437744	684999		12122743	1424583	1899654
Computers and Office Equipments	92544373	3180919	108163	95617129	83363916	4046167	102400	87307683	8309446	9180457
Vehicles	77152608	6350112	2468359	81034361	56642018	5867809	2293966	60215861	20818500	20510590
<b>TOTAL</b>	<b>2596466421</b>	<b>120499590</b>	<b>2576522</b>	<b>2714389489</b>	<b>1560443835</b>	<b>93190910</b>	<b>2396366</b>	<b>1651238379</b>	<b>1063151110</b>	<b>1036022586</b>
previous year	2535142949	64377952	3054480	2596466421	1458455397	104905659	2917221	1560443835	1036022586	1076687551
<b>Intangible Assets</b>										
<b>Computer Software</b>	<b>20270259</b>	<b>821100</b>		<b>21091359</b>	<b>4729199</b>	<b>3863862</b>		<b>8593061</b>	<b>12498298</b>	<b>15541060</b>
K.C.P. Sugar and Industries Corporation Ltd.	2485707093	114321587	1435232	2598593448	1503830461	91832303	1379484	1594283280	1004310168	981876632
The EIMCO-K.C.P. Ltd.	123855346	6971758	1141290	129685814	59535239	4768816	1016882	63287173	66398641	64320107
KCP Sugars Agricultural Research Farms Ltd.	7174241	27345		7201586	1807334	453653	-	2260987	4940599	5366907
<b>Total</b>	<b>2616736680</b>	<b>121320690</b>	<b>2576522</b>	<b>2735480848</b>	<b>1565173034</b>	<b>97054772</b>	<b>2396366</b>	<b>1659831440</b>	<b>1075649408</b>	<b>1051563646</b>

Amt in Rs.

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Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>13. Capital work in progress:</b>		
a) Plant and Machinery	1309209	3085786
b) Building under Construction	7892511	2992428
	<b>9201720</b>	6078214
<b>14. Non Current Investments:</b>		
<b>Investments in Equity Instruments:</b>		
Quoted - Fully paid up	454776846	421493130
Unquoted - Fully paid up	2200000	2200000
	<b>456976846</b>	423693130
<b>Note :</b> Aggregate value of quoted investments at cost	<b>454776846</b>	421493130
Aggregate of quoted investments at market value	<b>621843468</b>	317245826
<b>15. Long term loans and advances:</b>		
Unsecured, considered good		
Security Deposits	44633198	11663461
<b>16. Other Non current assets</b>		
Margin money fixed deposits with bank	25014098	23287964
<b>17. Current investments</b>		
Investments in mutual funds (Cost or NAV whichever is lower)	853832564	41888581
<b>18. Inventories:</b>		
i) Raw materials	24107262	29002561
ii) Work in progress	41329854	116573437
iii) Finished goods	2141019935	2568499930
iv) Stores and spares	44490853	48992366
v) Loose tools	560515	523030
	<b>2251508419</b>	2763591324
<b>19. Trade receivables:</b>		
<b>Trade receivables exceeding six months - Unsecured</b>		
Considered good	116792161	180479972
Doubtful	2969595	3590987
Others - Unsecured considered good	214039631	362773932
	<b>333801387</b>	546844891
<b>Less: Provision for doubtful debts</b>	<b>2969595</b>	3590987
	<b>330831792</b>	543253904

Particulars	Amt. In Rupees	
	As at end of current reporting period 31-03-2017	As at end of previous reporting period 31-03-2016
<b>20. Cash and Bank balances</b>		
<b>Cash and cash equivalents:</b>		
i) Balances with Banks		
- in Current accounts	23699132	81122988
- in Fixed Deposits	4070499	52324011
ii) cash on hand	1473834	1567527
<b>Other balances with Bank</b>		
i) - in unpaid dividend accounts	21071951	19714785
ii) - in margin money, security for borrowings, guarantees and other commitments	44217039	49780963
iii) - in Fixed Deposits	40500169	3824003
	135032624	208334277
<b>21. Short term loans and advances:</b>		
Unsecured considered good		
i) Advances to suppliers and service providers	181113352	176119702
ii) Advances to employees	3575310	3610298
iii) Advance taxes, duties etc (Net)	32960982	18891330
	217649644	198621330

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Particulars	For the current reporting period 2016 - 17	For the previous reporting period 2015 - 16
<b>22. Other Income:</b>		
i) Interest income	45368467	23357470
ii) Dividend Income		
- from long term investments	7226179	6250030
- from current investments	21529074	14291281
iii) Rent Received	5933740	6016306
iv) Miscellaneous Receipts	7751951	12505782
v) Profit on sale of fixed assets (Net)	541509	137653
vi) Profit on sale of Investments (Net)	-	34978520
vii) Unclaimed Balance credited back	122331	4641567
viii) Claims Received	881662	563066
ix) Provision no longer required withdrawn	5342376	24435336
x) Packing and forwarding charges	1940608	1674099
xi) Foreign exchange variation	104074	-
	<b>96741971</b>	<b>128851110</b>
<b>23 Cost of materials consumed:</b>		
i) Consumption of raw materials	2504390016	3369237273
<b>Less:</b> Inter Divisional Transfers	235503560	261408992
	<b>2268886456</b>	<b>3107828281</b>
ii) Consumption of stores and spare parts	228272632	238430806
	<b>2497159088</b>	<b>3346259087</b>
<b>24. Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the end of the year		
i) Work in progress	41329854	116573437
ii) Finished goods	2141019935	2568499930
	<b>2182349789</b>	<b>2685073367</b>
Stocks at the beginning of the year		
i) Work in progress	116573437	90319342
ii) Finished goods	2568499930	2292833299
	<b>2685073367</b>	<b>2383152641</b>
Changes in work in progress (a)	75243583	-26254095
Changes in Finished Goods (b)	427479995	-275666631
Changes in inventories (a) + (b)	<b>502723578</b>	<b>-301920726</b>

Particulars	For the current reporting period 2016 - 17	For the previous reporting period 2015 - 16
<b>25. Employee Benefit Expenses:</b>		
i) Salaries and wages	383504490	311611090
ii) Contribution to provident and other funds	45621840	33726104
iii) Remuneration to whole time directors	22195155	10266068
iv) Staff welfare expenses	35715054	26098275
	<b>487036539</b>	<b>381701537</b>
<b>26. Finance Costs:</b>		
i) Interest expense	70095669	60070322
ii) Other borrowing costs	17087886	11582464
	<b>87183555</b>	<b>71652786</b>
<b>27. Other expenses:</b>		
i) Power and fuel	704008092	964270278
Less: Inter Divisional Transfers	667189019	939817907
	<b>36819073</b>	<b>24452371</b>
ii) Rent	309105	93427
iii) Repairs to buildings	20599835	10643050
iv) Repairs to machinery	124152144	81814646
v) Repairs others	13347819	10192384
vi) Insurance	3634526	3385202
vii) Payment to the auditors	745518	718355
viii) Selling expenses	39027700	59493836
ix) Irrecoverable loans and advances written off	262331	2083
x) Donations	100000	10000
xi) Corporate Social Responsibility (CSR)	2757653	1000000
xii) Legal and professional charges	11301341	7456928
xiii) Directors sitting fees	1380000	1270000
xiv) Remuneration to non whole time directors - Commission	875479	-
xv) Testing Charges	120182	105089
xvi) Machine Fabrication charge	22506042	26799540
xvii) Performance and delivery guarantee claim	7789400	12059237
xviii) Loss on sale of long term investments	436959	-
xi) Workshop Maintenance	1978422	2030762
xx) Security charges	12905899	14323233
xxi) Miscellaneous expenses	41687184	149941951
	<b>342736612</b>	<b>405792094</b>

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**28. Contingent liabilities:**

Particulars	Amt. in Rs.	
	31.03.2017	31.03.2016
Share Transmission	1105851	1105851
ESI Cases (Net of amount paid under protest)	174489	132925
Case on Captive Power Generation	57887181	26169375
Bank Guarantees	157582105	157994455
Disputed Income Tax Cases	47030100	2593489
Value Added Tax Cases	1667486	118393
Labour Cases	4743945	6397338
Non enrollment of contract labour for the purpose of contribution to Provident fund	11094580	-
CST Cases	8814761	-
Central Excise Cases	308144	-
<b>TOTAL</b>	<b>290408642</b>	<b>194511826</b>

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 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, 2017 amounting to the tune of Rs.3,88,31,387/- has been classified Note No.10(f) " Other Current Liabilities :- Statutory Liabilities ".

### 30. Employee Benefits

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

	Gratuity	2016-17	2015-16
(I)	<b>Change in Benefit Obligation</b>		
	Liability at the beginning of the year	143408068	139448037
	Interest Cost	11391338	11053215
	Current Service Cost	7046224	6921017
	Benefit Paid	-13071590	-11595771
	Actuarial (gain)/loss on obligations	553812	-1242501
	Liability at the end of the year	<b>149327852</b>	144583997
(II)	<b>Fair value of Plan Assets</b>		
	Fair value of plan assets at the beginning of the year	124548162	121477611
	Expected Return on Plan Assets	9743255	10580347
	Contributions	3956592	4018587
	Benefit Paid	-13071590	-11595771
	Actuarial gain /(loss) on Plan Assets	0	67388
	<b>Fair Value of plan assets at the end of the year</b>	<b>125176419</b>	124548162
(III)	<b>Actual Return on Plan Assets</b>		
	Expected Return on Plan Assets	9743255	10580347
	Actuarial gain/(loss) on plan Assets	0	0
	<b>Actual Return on Plan Assets</b>	<b>9743255</b>	10580347
(IV)	<b>Amount Recognised in the Balance Sheet</b>		
	Liability at the end of the year	149327852	144583997
	Fair value of Plan Assets at the end of the year	125176419	124548162
	Difference (Unfunded)	24151433	20035835
	<b>Amount Recognised in the Balance Sheet</b>	<b>24151433</b>	20035835
(V)	<b>Expenses Recognised in the Income Statement</b>		
	Current Service Cost	7046224	6921017
	Interest Cost	11391338	11053215
	Expected Return on Plan Assets	-9743255	-10580347
	Net Actuarial (Gain)/ loss to be recognised	553812	-1242501
	Expenses Recognised in P & L	<b>9248119</b>	6151384
(VI)	<b>Actuarial Assumptions : For the Year</b>		
	Discount Rate Current (in %)	8.00%	8.00%
	Salary Escalation Current (in %)	6% & 5%	6% & 5%

#### 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."

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

## CONSOLIDATED FINANCIAL STATEMENTS

### 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<br>b) Smt. Irmgard Velagapudi M Rao, Managing Director<br>c) Smt.V. Kiran Rao, Executive Director<br>d) Shri. R. Ganesan, Chief Financial Officer<br>e) Shri S. Chidambaram, GM (Fin.) & Company Secretary |
|-----------------------------|--|

(B). Transactions During the year

Particulars	Subsidiaries / Key Management Personnel	
	2016-17	2015-16
Rent received	1500000	1500000
Remuneration paid	25114407	12516068
Interest on fixed deposits	3096828	3116946
Share capital held	1883610	1882810
Fixed deposits held	32200000	30960000

**32 .Details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 as per Clause X Part 1 Division of Schedule III to The Companies Act, 2013**

Particulars	Date	SBN	Bank note other than SBN	Total Cash
Closing Cash as on	08.11.2016	1266500	1203013	2469513
Permitted Receipts	09.11.2016 to 30.12.2016	-	7377726	7377726
Permitted Payments	09.11.2016 to 30.12.2016	1000	5402943	5403943
Amount deposited in Bank		1265500	324500	1590000
Closing cash in hand as on	30.12.2016	-	2853296	2853296

**33. 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
	2016-17 Rs.	2015-16 Rs.
Profit attributable to the Shareholders A	339623454	118822777
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	3.00	1.05



**34. SEGMENT REPORTING :**

(I) The Company has identified the reportable segments as on 31-03-2017 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	Engineering	Others	Total
<b>Segment Revenue</b>						
External Revenue	3667876908	522942729	36664059	387756008	63589615	<b>4678829319</b>
Inter Segment Revenue	537005253	5273445	360413880			<b>902692578</b>
<b>Total Revenues</b>	<b>4204882161</b>	<b>528216174</b>	<b>397077939</b>	<b>387756008</b>	<b>63589615</b>	<b>5581521897</b>
<b>Segment Results</b>						
Profit before depreciation, finance cost and taxation	484888280	91995142	77775891	45702191	31656572	<b>732018076</b>
Less : Finance Cost	77257108	6426767	399429	2415046	685205	<b>87183555</b>
Less: Depreciation and Amortizations	47909478	17429003	22861135	4768816	4086341	<b>97054773</b>
<b>Unallocable Expenditure</b>						<b>43216672</b>
Less : Tax						<b>164939622</b>
<b>Total Profit</b>						<b>339623454</b>
<b>Capital Employed</b>						
Segment Assets	2952516401	250810585	229106441	374706279	60096771	<b>3867236477</b>
Unallocable Assets						<b>1529185979</b>
Segment Liabilities	1732234970	21371678	4139562	142406410	5497246	<b>1905649866</b>
Unallocable Liabilities						<b>873623030</b>
Capital Employed						<b>2617149560</b>
<b>Capital Expenditure</b>	<b>22909068</b>	<b>3671444</b>	<b>2079548</b>	<b>6971758</b>	<b>88812379</b>	<b>124444197</b>

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 2016-2017	Previous Reporting Period 2015-2016
Sales within India	<b>4626534005</b>	4094869584
Sales outside India	<b>52295314</b>	121237718
<b>Total</b>	<b>4678829319</b>	4216107302

**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	<b>5400330313</b>	5271975831
Located outside India	-	-
<b>Total</b>	<b>5400330313</b>	5271975831

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

## CONSOLIDATED FINANCIAL STATEMENTS

### CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS

#### Cash Flow Statement Annexed to Financial Statements

		AMT IN RS.
	2016-17	2015-16
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before tax and Extraordinary Items	504563076	137231281
Adjustments for:		
Depreciation	97054773	107606127
Loss/(Profit) on Sale of Assets	(541509)	(137077)
Assets written off	0	2083
Provision no longer required withdrawn	(4185437)	(24130772)
Bad debts and debit balances written off	262331	0
Dividend Income	(28755252)	(20541311)
Loss/(Profit) on Sale of Investments	436959	(34978520)
Investment written off	0	790
Interest and Finance cost	87182108	71651309
Interest received	(45368467)	(23357470)
Credit balances written back	(672620)	(4587899)
	105412885	71527260
Operating Profit before Working Capital Changes	609975962	208758541
Adjustments for :		
Trade and other Receivables	173408390	(123690081)
Inventories	512082905	(287672557)
Trade Payables	(606311219)	340979234
	79180077	365900257
<b>Cash Generated from Operation</b>	689156039	194273990
Direct Taxes Paid	(104870783)	(42946226)
Cash Flow Before Extraordinary Items	584285256	151327764
Extra ordinary items	-	-
Net Cash from Operating Activities	584285256	149162269
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(121320690)	(82346605)
Investments purchased	(828950741)	(124591820)
Increase/(Decrease) in Capital Work in Progress	(3123506)	17509376
Sale of Investments	(16713920)	151518140
Sale of Fixed Assets	721665	274338
Interest Received	45368467	23357470
Dividend Received	28755252	18286891
<b>Net Cash Used in Investing Activities</b>	(895263473)	4007790
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Borrowings	358975567	(15650653)
Interest and Finance cost	(87182108)	(71651309)
Dividends and Tax on dividend Paid (Including Interim)	(34116895)	(13646758)
Net Cash Used in Financing Activities	237676565	(100948720)
Net Increase in Cash and Cash Equivalents (A-B-C)	(73301653)	52221339
Cash and Cash Equivalents beginning of the year	208334277	156112938
Cash and Cash Equivalents at the end of the year	135032624	208334277

\* Cash and Cash Equivalents include Rs. 6,52,88,990(PY 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.**

**IRMGARD VELAGAPUDI M. RAO**

Chartered Accountants  
FRN 002808S

Managing Director

**K.V.N.S. KISHORE**

Partner  
(Membership No.206734)

Chennai  
29.05.2017

**R.GANESAN**  
Chief Financial Officer

**S.CHIDAMBARAM**  
General Manager (Finance) &  
Company Secretary

**V. KIRAN RAO**  
Executive Director

*Notes :*

[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"/> Savings <input type="checkbox"/> Current Account <input type="checkbox"/> 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 border="1"><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.	

<b>K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED</b> No.239, Anna Salai, Chennai -600 006.
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(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.

Wo 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](mailto:Investorservices@kcpsugar.com) / [www.kcpsugar.com](http://www.kcpsugar.com)

22nd Annual General Meeting – September 15, 2017

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Name of the Member(s)


Registered address

--

Email

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

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 22nd Annual General meeting of the Company, to be held on Friday, 15th September 2017 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
<b>ORDINARY BUSINESS</b>				
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 2017. (Ordinary Resolution)			
2.	Approval of dividend at Re.0.90 per equity share for the financial year ended 31st March 2017. (Ordinary Resolution)			
3.	To appoint a Director in place of Smt.Irmgard Velegapudi M.Rao (DIN: 00091370) who retires by rotation, and being eligible, offers herself for reappointment. (Ordinary Resolution)			
4.	Appointment of M/s Suri & Siva, Chartered Accountants as Statutory Auditors in place of M/s. B.Purushottam & Co, Chartered Accountants, Chennai under rotation of Auditors as per section 139 of the Companies Act, 2013. (Ordinary Resolution)			
<b>SPECIAL BUSINESS</b>				
5.	Appointment of Shri.K.R.Adivarahan (DIN 00019844) as an Independent Director to hold office for a period of five years, not liable to retire by rotation during the said tenure. (Ordinary Resolution)			
6.	Reappointment of Smt.V.Kiran Rao (DIN 00091466) as Executive Director for a period of five years from 29.07.2017, not liable to retire by rotation (Ordinary Resolution)			
7.	Ratification of Remuneration of Cost Auditor for the financial year 2017-18. (ordinary resolution)			

Affix Revenue Stamp of Re. 1/-
---

Signed this..... day of .....2017.

..... / .....

Signature of member      /      Signature of the proxy holder

**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

<b>Registered Folio No. / DP ID No. / Client ID No.</b>	<b>Number of shares held:</b>
---	-------------------------------

Dear Member,

Sub: Instructions for e-voting

Pursuant to provisions of section 108 of the Companies Act, 2013, 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 22nd Annual General Meeting to be held on Friday, 15th September 2017 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:

<b>EVEN (e-voting event number)</b>	<b>User ID</b>	<b>Password</b>

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

<b>Commencement of e-voting</b>	<b>End of e-voting</b>
September 12, 2017 at 9.00 a.m. IST	September 14, 2017 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 remote e-voting has been fixed as September, the 8th day of September 2017.

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](mailto:maheshvenki@vmacs.co.in) with a copy marked to [evoting@nsdl.co.in](mailto: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](mailto: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 (8th September 2017), 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 12th September 2017 (9.00 a.m.IST) and ends on 14th September 2017 (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) of 8th September 2017, 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 8th day of September 2017. 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 22nd Annual Report for the Financial Year 2016-17 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 (8th September 2017).
- ❖ 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 serial order.
- ❖ 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 consolidated 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](http://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 15th September 2017.

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 22nd 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 29, 2017

**Vinod R. Sethi**  
Executive Chairman

*Notes :*

[illegible]

*Notes :*

[illegible]



