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



Eighth Annual Report

2002 - 2003

Despite the best efforts of the Company in implementing the various safety measures, during April 2003 there was an accident in which the Company lost a trainee. However, stricter implementation is being ensured to avoid such accidents at the Units.

f. CAUTIONARY NOTE :

It is explicitly stated that some of the statements in this Management Discussion and Analysis report are likely to be forward looking and are stated as required by the applicable legislations in force. It may so happen that the actual events or results may be affected by many factors, which may be different from what the Board of Directors / Management perceives in terms of the future performance and outlook.

V. FUTURE PLANS:

In the last Directors Report, the Board had stated that it was contemplating to set up a 20 MW Cogeneration Plant at Vuyyuru subject to various approvals and policies announced by the Government from time to time. With the existing power tariff policy expiring on 31.03.2004, and on account of uncertainty thereafter, and considering huge outlay of capital expenditure under the present strained circumstances, your Board has decided to defer the implementation of Cogeneration Plant for some more time. However, in the alternate and in order to improve the overall profitability the Company, your Company intends to set up a new 50 KLPD Distillery-cum-Ethanol plant at Vuyyuru during the year 2003-04.

VI. PERSONNEL AND INDUSTRIAL RELATIONS:

Cordial relations with the Employees prevailed at all the Company locations during the year under review. During the year 36 employees (previous year: 60) opted for the voluntary retirement scheme and the Company expended an amount of Rs. 60.46 Lakhs (previous year: Rs. 85.55 Lakhs) on this account.

VII. DIRECTORS:

During the year under review, Shri.K.Subramanian, former Chairman and Managing Director of Indian Overseas Bank, was co-opted as an independent Non Executive Director on the Board on 29.07.2002 and your Company benefits by his vast experience in banking, and finance. Ms.V.Kiran Rao (alias Ms. Kiran Velagapudi) employed with the Company as Executive Assistant to the Chairman and Managing Director since 01.07.1997 was coopted as a Director subject to retirement by rotation on 29.07.2002 and also appointed as an Executive Director for a period of five years from the said date.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri.K.A.Rangaswamy retires by rotation and being eligible, offers himself for re-appointment.

VIII. STATUTORY COMPLIANCES:

- i. Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed to and forms part of this Report.
- ii. Information as per Section 217(2A) of the Companies Act, 1956 read with the Company (Particulars of Employees) Rules, 1975 is annexed and forms part of this Report.
- iii. As required by the Listing Agreements and Accounting Standards of the Institute of Chartered Accountants of India, the additional disclosures in respect of related party transactions have been made.