



# **KANCHI KARPOORAM LIMITED**

**TWENTIETH  
ANNUAL REPORT  
2012 - 2013**



## **KANCHI KARPOORAM LIMITED**

### **BOARD OF DIRECTORS**

Shri.Suresh Shah  
Shri.Deepesh Shah  
Shri.Arun V Shah  
Shri.S.Srinivasan

### **AUDITORS**

M/s. R.Subramanian and Company  
Chartered Accountants  
No.6, Krishnaswamy Avenue,  
Luz, Mylapore, Chennai - 600 004.

### **BANKERS**

Bank of India,  
Chennai Overseas Branch,  
"Star House" III Floor,  
30(Old No.17), Errabalu Street,  
Chennai - 600 001.

### **REGISTERED OFFICE OF THE COMPANY AND FACTORY**

Parandur Road, Enathur Village,  
Karaipettai Post,  
Kanchipuram - 631 552. Tamil Nadu

### **REGISTRAR AND SHARE TRANSFER AGENT**

M/s.Cameo Corporate Services Ltd.  
"Subramanian Building"  
No.1, Club House Road,  
Chennai - 600 002.  
E-Mail Id: investor@cameoindia.com



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**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the **20th Annual General Meeting** of the Members of Kanchi Karpooram Limited will be held on Thursday the 12th day of September 2013, at 11.00 A.M. at M.M.Hotels, 65/66, Nellukara Street, Kanchipuram -631502 to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at **31st March, 2013** and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend
3. To appoint a Director in the place of Mr.Deepesh Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the Company to hold office from the conclusion of this annual general meeting till the conclusion of next annual general meeting and fix their remuneration. The retiring Auditors M/s.R.Subramanian & Company, Chartered Accountants, Chennai 600 004 are eligible for re-appointment.

**Special Business**

5. To consider and if thought fit to ~~pass with~~ or without modifications, following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to section 198,269,309,310,311 and all other applicable provisions of the Companies Act 1956, read with Schedule XIII of the Companies Act 1956 the Company hereby approves the re-appointment of Mr.Suresh Shah as the Managing Director of the Company for a further period of three (03) years w.e.f. 01-10-2013 on the following terms and conditions."

**I. Remuneration.**

**(a) Fixed Compensation**

Fixed compensation shall include Basic salary and allowances Company's Contribution to Provident fund and Gratuity. The basic salary and allowances shall be in the range of '90,000/- to '2,00,000/- per month. The annual increment will be decided by the Board of Directors on merit basis and take into account other relevant factors. The company's contribution to gratuity shall be according to the rules of the company inforce from time to time.

**(b) In addition to the fixed compensation**

The Managing Director will be entitled to the following allowances, Perquisites, benefits, facilities and amenities as per rules of the company and subject to the relevant provisions of the Companies act 1956(collectively called "Perquisites and Allowances". These perquisites and allowances may be granted to the Managing Director in such form and manner as the board may decide.

- ❖ Housing as per rules of the Company(i.e. unfurnished residential accommodation and House Rent Allowance at applicable rate as per Company's rules OR House Rent Allowance as per Company's rules);



- ❖ Furnishing at residence as per rules of the Company;
- ❖ Supplementary Allowance;
- ❖ Leave Travel Assistance for the Managing Director and his family in accordance with rules of the Company;
- ❖ Payment / reimbursement of medical/hospitalization expenses for self and family in accordance with rules of the Company.
- ❖ Group insurance cover, group mediclaim cover, premium at actuals.
- ❖ Payment/reimbursement of Club Fees (Subject to 2 Clubs) Food Vouchers, Petrol reimbursement;
- ❖ Company's car with driver for official use, provision of telephone(s) including mobile & Internet at residence;
- ❖ Payment/reimbursement of telephone expenses including mobile & Internet
- ❖ Consolidated privilege leave, on full pay and allowance, not exceeding 30 days in the financial year. Encashment/accumulation of leave will be permissible in accordance with the rules specified by the Company. Sick leave as per the rules of the Company;
- ❖ Such other perquisites and allowances as per the policy/rules of the Company in force and /or as may be approved by the Board from time to time.

**Explanation**

- i) For the Leave Travel Assistance and reimbursement of medical and hospitalization expenses, 'family' means the spouse and dependent children and dependent parents of the Managing Director.
- ii) For the purpose of calculation of gratuity and other retirement benefits, the tenure of Mr. Suresh Shah as an employee in **Kanchi Karpooram Limited** shall also be taken into account.
- iii) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable, the same shall be valued as per Income Tax Rules.

**(c) Overall Remuneration**

The aggregate of salary, allowances and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Managing Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

**(d) Minimum Remuneration**

Notwithstanding the foregoing, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration will be subject to Schedule XIII to the Companies Act, 1956.

6. To consider and if thought fit to pass with or without modifications, following resolution as Special Resolution.



**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Company hereby approves re-appointment of Mr. Deepesh Shah as Wholetime Director of the Company for a period of 3 years w.e.f. 01<sup>st</sup> October 2013, upon the terms & conditions including remuneration, perquisites & amenities shall be as follows.

**I. Remuneration.**

**(a) Fixed Compensation**

Fixed compensation shall include Basic salary and allowances Company's Contribution to Provident fund and Gratuity. The basic salary shall be in the range of '80,000/- to '2,00,000/- per month. The annual increment will be decided by the Board of Directors on merit basis and take into account other relevant factors. The company's contribution to gratuity shall be according to the rules of the company inforce from time to time.

**(b) In addition to the fixed compensation**

The Whole Time Director will be entitled to the following allowances, Perquisites, benefits, facilities and amenities as per rules of the company and subject to the relevant provisions of the Companies act 1956(collectively called "Perquisites and Allowances". These perquisites and allowances maybe granted to the Wholetime Director in such form and manner as the board may decide.

- ❖ Housing as per rules of the Company(i.e. unfurnished residential accommodation and House Rent Allowance at applicable rate as per Company's rules OR House Rent Allowance as per Company's rules);
- ❖ Furnishing at residence as per rules of the Company;
- ❖ Supplementary Allowance;
- ❖ Leave Travel Assistance for the Wholetime Director and his family in accordance with rules of the Company;
- ❖ Payment / reimbursement of medical/hospitalization expenses for self and family in accordance with rules of the Company.
- ❖ Group insurance cover, group mediclaim cover, premium at actuals
- ❖ Payment/reimbursement of Club Fees (Subject to 2 Clubs) Food Vouchers, Petrol reimbursement;
- ❖ Company's car with driver for official use, provision of telephone(s) including mobile & internet at residence;
- ❖ Payment/reimbursement of telephone expenses including mobile Internet.
- ❖ Consolidated privilege leave, on full pay and allowance, not exceeding 30 days in the financial year. Encashment/accumulation of leave will be permissible in accordance with the rules specified by the Company. Sick leave as per the rules of the Company;



- ❖ Such other perquisites and allowances as per the policy/rules of the Company in force and /or as may be approved by the Board from time to time.

**Explanation**

- i) For the Leave Travel Assistance and reimbursement of medical and hospitalization expenses, 'family' means the spouse and dependent children and dependent parents of the Whole Time Director.
- ii) For the purpose of calculation of gratuity and other retirement benefits, the tenure of Mr. Deepesh Shah as an employee in **Kanchi Karpooram Limited** shall also be taken into account.
- iii) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

**(c) Overall Remuneration**

The aggregate of salary, allowances and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Whole Time Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

**(d) Minimum Remuneration**

Notwithstanding the foregoing, where in any financial year during the currency of the tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the remuneration will be subject to Schedule XIII to the Companies Act, 1956.

**To enlist the equity shares of the Company with BSE (SME) Exchange**

- 7. To consider and if thought fit to pass with or without modifications, following resolution as

**Special Resolution:**

**RESOLVED THAT** subject to provisions of the Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009, listing agreements with the Stock Exchanges and Guidelines/Rules of the Securities and Exchange Board of India and/or such other applicable laws, regulations and guidelines and subject further to such approvals and sanctions as may be required, the Board of Directors (hereinafter referred to as "The Board" which term shall include a Committee of Directors) be and is hereby authorized to list Equity Shares of the company with BSE (SME) Exchange.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to apply to such BSE (SME) Exchange/SEBI and take all the required steps in terms of guidelines laid down by SEBI for listing of the Equity Shares of the Company and to decide/settle all the matter related to listing of shares and also to do all such acts/deeds and things as may be required by the relevant Competent Authority for and on behalf of the board.



**RESOLVED FURTHER THAT** the Board of Directors may authorise any of its committee or any of its Directors to do all such acts/deeds and things to give effect to the above said resolution.

**To delist the equity shares of the Company with Delhi and Ahmedabad Stock Exchanges**

8. To consider and if thought fit to pass with or without modifications, following resolution as

**Special Resolution:**

**"RESOLVED THAT** the promoters recommending/Conveying their intention to voluntarily delist the equity shares of the Company from the "Delhi Stock Exchange (DSE) and Ahmedabad Stock Exchange (ASE) in accordance with SEBI (Delisting of Equity Shares) Regulations, 2009 and other applicable provisions of Companies Act, 1956 and receipt of the necessary approvals of the Share Holders, DSE and ASE and such other authorities, regulatory or otherwise the voluntary delisting of the Equity Shares of the Company from the BSE and DSE be and is hereby approved and the Company (which term shall be deemed to include the board or any committee of the Board or person authorized by the Board thereof) shall take all necessary steps and make all necessary filings to facilitate such delisting in accordance with the conditions specified in the Delisting Regulations and the applicable provisions of the Companies Act, 1956 "

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the voluntary delisting of the equity shares as described herein above, Mr.Suresh Shah Managing Director be and is hereby authorized to do all such acts, deeds, matters and things as they may at his discretion deem necessary or desirable for such purpose, including making applications to the DSE and ASE to seek their in-principle and final approval for the proposed voluntary delisting of the equity shares of the Company and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard as they may in their absolute discretion deem fit."

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it to any committee of the Directors or any Director(s) or officer (s) of the company to give effect to the aforesaid resolutions."

By Order of the Board  
For **KANCHI KARPOORAM LIMITED**

Sd/-

**SURESH SHAH**

Chairman & Managing Director

Place : Chennai

Date : 30.05.2013



**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. PROXY TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS PRIOR TO THE TIME FOR HOLDING THE AFORESAID MEETING IN DEFAULT THE INSTRUMENT OF PROXY SHALL NOT BE TREATED AS VALID.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special business to be transacted in the meeting is annexed hereto
3. The Register of Members and Share Transfer Books will remain closed from 09th September, 2013 to 12th September, 2013 (Both Days are inclusive). for the purpose of ascertaining the list of members as on the date of ensuing Twentieth Annual General Meeting
4. Shareholders seeking information with regard to accounts are requested to write to the Company at an early date so as to enable the Management keep the information ready.
5. Members/ proxies should bring the attendance slip duly filled in for attending the meeting and corporate members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
6. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, are requested to write to the Company's Registrar for the prescribed form.
7. Annual Report is available at the website of the Company at [www.kanchikarpooram.com](http://www.kanchikarpooram.com)
8. Members who have not yet en-cashed their dividend warrants for previous years are advised to forward such warrants to the Company for revalidation. Pursuant to the provision of section 205A of the Companies Act, 1956 dividend, which remains unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund of the Central Government.
9. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market, members holding shares in electronic form are, therefore, requested to submit the PAN to their Depositories Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their Pan Details to the Company / Registrar and Transfer Agents.
10. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars of bank mandates. Such changes are to be advised only to the Depository participant of the members.
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their Pan Details to the Company / Registrar and Transfer Agents
12. **The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by email to its members. To support this Green Initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their email ids with M/s.Cameo Corporate Services Limited, "Subramanian Buildings", 1, Club House Road, Chennai 600 002**



13. Members who are holding shares more than one folio under physical form may approach the Company's Share Transfer Agents for consolidation with respective details.
14. Information pursuant to clause 49 of the listing agreement in respect of proposed appointment/ re-appointment of directors and as per Schedule xiii of Companies Act 1956

1	<b>Name of the Director</b>	<b>Suresh Shah</b>	<b>Deepesh Shah</b>
	Age	60 Years	33 Years
	Designation	Managing Director	Whole time Director
	Father's Name	Veerchand D Shah	Suresh Shah
	Nationality	Indian	Indian
	Qualification	PUC	B.Tech (Chemical Engineering)
	Experience	41 Years	10 Years
2	Past Remuneration including perquisites	Rs.1461699	Rs.1240965
3	Recognition Awards	Nil	Nil
4	Job Profile and his suitability	CEO of the Company, Entire Control is vested on him, His proven sales & Procurement Experience for more than 4 decades is an asset to the Company	He is a Chemical Engineering Graduate and incharge of production and Factory Management.
5	Remuneration proposed	In the Scale of 90,000 to 2,00,000	In the Scale of 80,000 to 2,00,000
6	Comparative Remuneration	The remuneration payable to the appointees has been benchmarked with the remuneration being drawn by similar positions in similar Companies of Comparable size in the similar industry.	The remuneration payable to the appointees has been benchmarked with the remuneration being drawn by similar positions in similar Companies of Comparable size in the similar industry.
7	Pecuniary relationship directly or indirectly with the Company	Mr.Suresh Shah has no pecuniary relationship directly or indirectly with the Company except to the extent his remuneration and shareholding of self and relatives and for the contract for purchase and sale of goods dealt by the company for which approval of Regional Director is obtained.	Mr. Deepesh Shah has no pecuniary relationship directly or indirectly with the Company except to the extent his remuneration and shareholding of self and relatives.

By Order of the Board  
For **KANCHI KARPOORAM LIMITED**

Sd/-

**SURESH SHAH**

Chairman & Managing Director

Place : Chennai

Date : 30.05.2013

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(1)****Item No.5:**

Mr.Suresh Shah is the Managing Director of the Company. His tenure expires on 30.09.2013. The Board of Directors (based on the recommendation of the Remuneration Committee) at its meeting held on 30<sup>th</sup> May 2013 have approved the re-appointment and remuneration including perquisites of Mr.Suresh Shah as Managing Director for a period of Three (03) years with effect from 1<sup>st</sup> October, 2013 which have been enumerated in the resolution at item no.5 of this notice. The said remuneration and perquisites are in consonance with the provisions of the Companies Act, 1956. His appointment is subject to the approval of the members at the ensuing General meeting. Mr.Suresh Shah is the promoter Director of the Company and is having over four decades of rich experience particularly in marketing and the Company has shown significant progress in terms of business growth, operations and profitability during his tenure.

The Explanatory Statement together with the accompanying notice should be treated as an abstract of terms and terms of his appointment and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The appointment and payment of remuneration is in conformity with the schedule XIII of the Companies Act, 1956 and the revised terms of appointment and remuneration of Mr.Suresh Shah specified in the resolution are now placed before the members for their approval. The Board recommends passing of the Ordinary Resolution at Item No.5 of the Notice.

All Directors of the Company except Mr. S.Srinivasan are concerned / interested in the resolution but recommended for the benefit of the Company.

**Item No.6**

The Shareholders of the Company at the Annual General Meeting held on 30<sup>th</sup> June, 2009 approved the appointment of Mr. Deepesh Shah as Whole Time Director with effect from 01.07.2009 and had also approved the remuneration payable to him. The amount of remuneration is far low as compared to the remuneration payable to managerial personnel of similar industries. Further, the Company has shown significant progress in terms of business growth, operations and profitability during his tenure. In recognition of his contribution in the company, the Board of Directors at their meeting held on 19<sup>th</sup> August 2010 recommended the revision of salary of Mr. Deepesh Shah, Director (Works) with effect from 1<sup>st</sup> October 2010 for the remainder of his term. The main terms and conditions regarding the salary, perquisites, etc., are set out in the resolution.

This may be treated as an abstract of the draft agreement between the Company and Mr. Deepesh Shah for the appointment and payment of remuneration pursuant to section 302 of the Companies Act, 1956 and the particulars as set out above can also be treated as memorandum required to be circulated under section 302 of the Companies Act.

The appointment and payment of remuneration is in conformity with the schedule XIII of the Companies Act, 1956 and the revised terms of appointment and remuneration of Mr. Deepesh Shah specified in the resolution are now placed before the members for their approval.

All Directors of the Company except Mr. S.Srinivasan are concerned interested in the resolution

**Item No.7**

Company's Equity Shares are presently listed on Madras, Delhi and Ahmedabad Stock Exchanges. The Board is of the opinion that stake holders will have more opportunities to trade on **BSE (SME) Stock Exchange**. In view of above the Board (based on the recommendation of the Shareholders Grievance Committee) recommends for listing of its shares with **BSE (SME) Stock Exchange** in terms of the guidelines in force or any subsequent amended guidelines laid down by SEBI. Accordingly the Board recommends the resolution for approval.

None of the directors is concerned or interested in the above resolution.

**Item No.8**

Company's Equity Shares are presently listed on Madras, Delhi and Ahmedabad Stock Exchanges. The Board is of the opinion to delist from Delhi and Ahmedabad Stock Exchanges as the company is listing in BSE (SME) Stock Exchange. In view of above the Board (based on the recommendation of the Shareholders Grievance Committee) recommends for delisting of its shares with **Delhi and Ahmedabad Stock Exchange** in terms of the guidelines in force or any subsequent amended guidelines laid down by SEBI. Accordingly the Board recommends the resolution for approval.

None of the directors is concerned or interested in the above resolution.

By Order of the Board  
For **KANCHI KARPOORAM LIMITED**  
Sd/-

**SURESH SHAH**  
Chairman & Managing Director

Place : Chennai  
Date : 30.05.2013

**DIRECTORS' REPORT****Directors' Report to the Members**

Your Directors have great pleasure in presenting the

20<sup>th</sup> Annual Report on the business and operations of your Company together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2013 and the Auditors' report thereon.

**Financial Results**

Segment-wise reporting as per Accounting Standards AS-17 is not applicable to your Company, since your Company is engaged in the activity of single segment only.

	<b>For the Year Ended 31.03.2013 (Rs.Lakhs)</b>	<b>For the Year Ended 31.03.2012 (Rs.Lakhs)</b>
<b>Sales &amp; Other Income</b>	5130.66	4881.93
<b>Profit / Loss Before Interest &amp; Depreciation</b>	474.63	216.22
<b>Interest</b>	156.41	144.26
<b>Depreciation</b>	117.87	113.27
<b>Profit / (Loss) Before Tax</b>	200.35	(43.31)
<b>Net Profit / (Net Loss) After Tax</b>	129.52	(36.40)

**Operations**

The year under review had yielded good results wiping out the earlier year's losses. This could be achieved because of the procurement and sales policies adopted by your company.

**Business Analysis and prospects as discussed by your Management**

Your Company is adopting various cost controlling measures, prevention of exchange loss, attractive marketing methodology which your directors feel should yield positive growth of your Company.

**Dividend**

The directors are pleased to recommend 15% (Fifteen percent) dividend for the year under review.

**Internal Controls and their Adequacy:**

The Company is updating latest technology required for day to day operations which your directors feel is sufficient for the Company's performance.

**Conservation of Energy.**

Particulars required under Sec. 217 (1) (e) of the Companies Act, 1956 read with the rules framed thereunder are given in Annexure I (Form A) which forms part of Directors' Report.

**Technology**

During the year under review, your Company has not imported any technology.

**Foreign Exchange Earnings & Outgo**

Your Company has also earned foreign exchange of Rs. **Rs.184.17 Lakhs.** through exports. The total Foreign Exchange utilized by the Company during the year for the purchase of Raw Materials and others was **Rs.2280.83 Lakhs.**

**Fixed Deposits**

Your Company has not accepted any deposits from the public or its employees during the year under review.

**Particulars of Employees**

Industrial relations have remained cordial throughout the year. During the year under review there were no employees covered under section 217(2A) of the Companies Act, 1956.

**Directors**

In compliance with the provisions of the Companies Act, 1956 in accordance with the Article 26 of the Company's Articles of Association, Mr. Deepesh Shah retires at this Annual General Meeting and being eligible, offers himself for re-appointment.

Brief resume of the Director's, seeking re-appointment, nature of their expertise as stipulated under clause 49 of the listing agreement with the Madras Stock Exchange Limited, is appended to the notice convening the Annual General Meeting

**Disclosures of Particulars of Constituting "Group" pursuant to Regulation 3 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.**

Pursuant to an information from the promoters, the name of the promoters and entities comprising group as defined under Monopolies and restrictive Trade Practice (MRTP) Act, 1969, are 31.60% of the total paid up share for the purpose of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.

**Auditors**

The retiring auditors, M/s.R.Subramanian & Company., Chartered Accountants have expressed their willingness to continue in office, if appointed. They have furnished to the Company a certificate of their eligibility for appointment as auditors, pursuant to section 224 (1B) of the Companies Act, 1956.

**Auditors Report**

The Auditors Report to the Members does not contain any qualification.

**Directors' Responsibility Statement**

As required under Sec. 217(2AA) of the Companies Act, 1956, it is hereby stated that:

(i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, expect with regard to Accounting Standard AS-15 Employee Benefits.

(ii) The directors had selected such accounting policies and applied them consistently and made judgements 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 and of the profit / loss of the Company for the year under review.

(iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

(iv) The Directors had prepared the annual accounts on a going concern basis.

**Corporate Governance report and Management****Discussion and Analysis**

A report on Corporate Governance along with the certificate from the auditors of the Company regarding compliance of conditions of corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange forms part of this Director's Report.

**Compliance Certificate on Corporate Governance**

The Compliance Certificate issued on 30.05.2013 Corporate Governance by **M/s. Rabi Narayan & Associates, Practicing Company Secretaries** for the Year Ended 31.03.2013 is attached herewith and forming part of this report.

**Dematerialization of Shares of the Company**

Your Company has entered into an agreement with M/s. Cameo Corporate Services Limited, Chennai for the provision of services of share registry in respect of both physical and electronic share transfers. Shareholders opting for dematerialisation of shares may contact the above said Registrar whose address have been given elsewhere in this report.

**Acknowledgement**

Your Directors take this opportunity to thank your Bankers, Bank of India, Central and State Governments, other statutory bodies for their unstinted and consistent support to your Company. Your Directors place on record their appreciation of the dedicated service of the Employees of the Company at all levels for the growth of the Company.

For and on behalf of the Board of Directors

By Order of the Board  
For **KANCHI KARPOORAM  
LIMITED**

Sd/-

**SURESH SHAH**

Managing Director

Sd/-

**ARUN V SHAH**

(Director)

Place : Kanchipuram

Date : 30.05.2013

**ANNEXURE - 1****FORM - A**

Form for disclosure of particulars with

**Respect to conservation of energy**

		01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
A	Power and Fuel Consumption		
1.	Electricity		
	a. Purchase :		
	Unit	3,56,000	5,18,560
	Total Amount (Rs.)	24,53,992	27,02,324
	Rate/Unit (Rs.)	6.89	5.21
	b. Own Generation		
	(i) Through Diesel Generator :		
	Unit	5,99,873	2,62,690
	Unit per lit of diesel oil	3.18	3.15
	Cost / Unit (Rs.)	14.96	13.84
	(ii) Through Steam Turbine / Generator		
	Unit		
	Unit / Cost	N.A.	N.A.
2.	Coal (Specify quality and where used)	N.A.	N.A.
3.	Furnace Oil :		
	Quantity (M.T.)	92.119	50.663
	Total Amount	38,39,262	19,04,610
	Average rate (Rate per KL) (Rs.)	41,677	37,593.71
4.	Others / Internal Generation		
	Quantity	N.A.	N.A.
	Total cost	N.A.	N.A.
	Rate / Unit	N.A.	N.A.



**SECRETARIAL COMPLIANCE CERTIFICATE**

(Pursuant to Section 383A of the Companies Act, 1956)

CIN. : L30006TN1992PLC022109

Nominal Capital : Rs.50,000,000/-

To

The Members of

M/s. KANCHI KARPOORAM LIMITED,

Parandur Road, Karaipettai Post,

Kanchipuram - 631552

We have examined the registers, records, books and papers of M/s.KANCHI KARPOORAM LIMITED. (the Company), as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officials and agents, We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made thereunder.
3. The Company, is a Public Limited Company under section 3(1) (iv) of the Companies Act, 1956 and having the minimum prescribed paid up share capital.
4. The Board of Directors duly met **Eleven (11)** times on 07.04.2012, 24.04.2012, 07.05.2012, 31.05.2012, 13.06.2012, 28.08.2012, 29.09.2012, 01.12.2012, 17.01.2013, 04.02.2013 and 11.03.2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolution passed in the minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 26<sup>th</sup> September, 2012 to 29<sup>th</sup> September, 2012 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the Financial Year ended 31-03-2012 was held on 29<sup>th</sup> September 2012 after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.



9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contract entered by the Company with M/s. Suresh Industries.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors and members pursuant to Section 314 of the Act.
12. The Company has not issued any duplicate Share Certificates during the financial year.
13. (i) The Company has delivered share certificates on lodgment thereof for transfer/ transmission and there was no allotment of securities during the financial year.  
  
[ii] & [iii] The Company has not declared any dividend during the year under report, hence comment on this paras are not required.  
  
(iv) The Company is not required to transfer the amount in unpaid dividend account, Matured deposit, and the interest accrued thereon as there was no amount which have remained unclaimed or unpaid for a period of seven year to Investors Education and Protection Fund.  
  
(v) The Company has generally complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of additional alternate or Directors to the fill the casual vacancies during the financial year.
15. The Company has not appointed any Managing Director/Whole Time Directors/Manager during the financial year, hence comment on the compliance of provision of Section 269 read with Schedule XIII to the Act and approval of Central Government are not required.
16. The Company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year
18. The Directors have disclosed their interest in the other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued/allotted any shares, debentures or other securities during the financial year.
20. The Company has not bought back any Shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus Shares, pending registration of transfer of Shares.





23. The Company has not invited/accepted any deposits, including unsecured loan falling within the purview of Section 58A and 58AA of the Act and rules made thereunder, during the financial year.
24. The amount borrowed by the Company during the financial year ending 31<sup>st</sup> March 2013 are within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened Extra Ordinary General Meeting held on March 08, 1995.
25. The Company has not made any loans or advances, investments, or given guarantees or provided securities to other bodies corporate falling within the provisions of 372A of the Act and consequently no entries have been made in the Register kept for the purpose
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to Objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny
29. The Company has not altered the provisions of the Memorandum with respect to Share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/were no prosecution initiated against or Show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act. However, the Company has received letter F.No.22109/TS-BS/EWS-XBRL/STA/2012, dated 11/07/2012 from Registrar of Companies, Chennai and subsequently replied to the Registrar of Companies.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

**For Rabi Narayan & Associates**  
Company Secretaries

**Rabi Narayan Pal**  
Partner  
C.P.No: 3480

Place : Chennai  
Date : 30.05.2013

**ANNEXURE TO SECRETARIAL COMPLIANCE CERTIFICATE 'A'****M/s. KANCHI KARPOORAM LIMITED,****Registers and Returns, as Maintained by the Company / Registrar and Share Transfer Agent (\*)**

Sl.No.	Name of Register/Under	Section
1	Register of Members/Index of Members (*)	150/151
2	Register of Transfer of Shares(*)	
3	Minutes Book of Board of Directors/ Committee of the Board	193
4	Minutes Books of General Body of shareholders	193
5	Register of Directors, MD and Secretary	303
6	Register of Directors' Shareholdings	307
7	Register of Contracts and Disclosure	301
8	Register of Loans, Investments, Guarantee & Securities	372A
9	Copy of Annual Returns	163
10	Register of Charges and copies of instruments creating charges	143/136
11	Register of Deposit under rule 7 of Companies (Acceptance of Deposit) Rules, 1975	58A

**(\*) Registrar and Share Transfer Agent****ANNEXURE TO SECRETARIAL COMPLIANCE CERTIFICATE 'B'****M/s. KANCHI KARPOORAM LIMITED,**

Forms and Returns as filed by the Company with the Registrar of companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2013.

S.No.	Forms / Returns	Filed under Section	Date and status of filing
1	Form 17	Filed u/s 175, for the Satisfaction of charge on 17 <sup>th</sup> September, created in favour of Bank of India for Rs.4,10,00,000/-.	15.10.2012 No Delay
2	Form 17	Filed u/s 175, for the Satisfaction of charge on 17 <sup>th</sup> September, created in favour of Bank of India for Rs.24,00,000/-.	15.10.2012 No Delay
3	Form 17	Filed u/s 175, for the Satisfaction of charge on 17 <sup>th</sup> September, created in favour of Bank of India for Rs.1,43,00,000/-.	15.10.2012 No Delay
4	Form 23	Filed U/s. 192 for Special Resolutions for Approval for entering into contract under section 297 between the Company and M/s.Suresh Industries for a period of Three (03) Years from 27.06.2013.	27.10.2012 No Delay
5	Form-32	Filed U/s 303(2) for regularization of Mr.S.Srinivasan, as Director of the company at the AGM held on 29.09.2012.	27.10.2012 No Delay
6	Form-66	Filed under section 383A for the year ended 31-03-2012.	27.10.2012 No Delay
7	Annual Return/ Form-20B	Filed U/s 159 for the Annual General Meeting held on 29-09-2012 Financial year ended 31.03.2012.	28.11.2012 No Delay
8	Balance sheet / Form-23AC & 23ACA	Filed U/s 220(1) for the year ended 31-03-2012.	18.12.2012 No Delay
9	Form-62	Filed U/s 58A with regard to acceptance of deposit from relatives of directors of the Company at the meeting held on 17 <sup>th</sup> January, 2013.	18.02.2013 No Delay

Regional Directors : Nil

Central Government : Nil

Ministry of Corporate Affairs: Nil

**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy**

The Board of Directors of your Company believes that implementation of Corporate Governance will be of help to the Company to achieve corporate goals and enhance the value of stakeholders. The driving forces of Corporate Governance are its core values - Belief in people, Entrepreneurship, Customer Orientation and the Pursuit of Excellence. The Company's goal is to find creative and productive ways of delighting its Investors, Customers and Associates in turn fulfilling the role of a responsible corporate representative.

**2. Board of Directors**

The Board of Directors of the Company comprises of one Managing Director, one Executive and Two non executive, including one Independent Director. The Board members possess requisite skills, experience and expertise that are required to take decisions, which are in the best interest of the Company.

Mr.Suresh Shah is the Managing Director of the Company. He works under the direction, control and supervision of the Board of Directors and it meets at regular intervals. Policy formulation, evaluation of performance and control functions vest with the Board.

The composition of Board, Attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting and number of other Directorship/ Committee Memberships held by them are as follows:-

Name of Director	Designation and Category	No. of Board Meetings in the Year during respective tenure of Directors		Attendance of Last AGM	Number of directorships held in the Indian Companies	Number of Board Committee memberships Held in other companies
		Held	Attended			
Suresh Shah	Managing Director – Executive	11	09	Yes	Nil	Nil
Arun V Shah	Director - Non Executive	11	11	Yes	Nil	Nil
Deepesh Shah	Director - Non Executive	11	11	Yes	Nil	Nil
S.Srinivasan	Director – Non Executive & Independent	11	11	Yes	Nil	Nil

Further, the Board of Directors would like to inform the Members that none of the Directors are disqualified to act as directors of this Company or any other public Company under Section 274(1) (g) and other applicable provisions of the Companies Act, 1956.

The requisite information as prescribed under Clause 49 of the Listing Agreement is placed before the Board from time to time and is generally provided as part of the Agenda papers of the Board Meeting and /or is placed at the table during the course of the meeting.

The Board of Directors met Eleven (11) times on 07.04.2012, 24.04.2012, 07.05.2012, 31.05.2012, 13.06.2012, 28.08.2012, 29.09.2012, 01.12.2012, 17.01.2013, 04.02.2013 and 11.03.2013 and in respect of which meetings proper notices were given and the proceedings were properly recorded and signed, in the Minutes Book maintained for the purpose.



The Annual General Meeting for the financial year ended on 31.03.2012 was held on 28.09.2012 by giving due notice to the members of the Company and the resolutions passed there at were recorded in Minutes Book maintained for the purpose.

Except Mr.S.Srinivasan, all other Directors are related to each other. Equity Shares held by the Director.

Name of the Directors	No. of Equity Shares as on 31st March 2013
Shri.Suresh Shah	2,67,300
Shri.Arun V Shah	38,500
Shri.Deepesh Shah	2,12,850

There are no other Shares or convertible instruments held by any other Directors

Information about the Directors proposed to be appointed/re-appointed required to be furnished pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is forming part of the Notice of the 20<sup>th</sup> Annual General Meeting to the Shareholders of the Company.

### 3. COMMITTEE OF THE BOARD

The Board of Directors has constituted Three committees: Audit Committee., Remuneration committee and Shareholder/ Investors Grievance Committee. The roles and responsibilities assigned to these committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time.

The Minutes of Meetings of Audit Committee, Remuneration committee and Shareholder Grievance Committee are placed before the Board for their Information and Noting. The details as to the composition, terms of reference, number of meetings and related attendance etc of these committees are given below:

#### 4. Audit Committee

Section 292A of the Companies Act, 1956 is not applicable to the Company.

Your Company has constituted a qualified and independent Audit Committee during end of the financial year. The Audit Committee consisting of two Non Executive including one Independent Director and an Executive Director. All the members have adequate financial and accounting knowledge. The Company is in the process of appointment of few Independent Directors to strengthen the same in line with Clause 49 of the Listing Agreement. Terms of reference of the Committee includes the powers and role including review of information, as Specified in Clause 49 of the Listing Agreement of the Company.

During the financial year, One Audit Committee meetings was held, on 01.03.2013. The details of the number of meetings held and attendance record of the members are as follows:

Name of the Directors	Status and Category	No. of Meetings	
		Held	Attended
S.Srinivasan, Chairman	Director Non-Executive and Independent	01	01
Arun V Shah	Director Non-Executive	01	01
Deepesh Shah	Director Executive	01	01

The un-audited/ audited financial results of the Company are also specifically reviewed by the Audit Committee before these are submitted to the Board for approval. Minutes of the audit Committee meetings are placed before the Board for information Head of Finance, Internal Auditors and Statutory Auditors also attended said meeting as and when required by the Committee. S.Veeraraghava Narasimhan, compliance officer is the Secretary to the Committee.



The Committee reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. The committee also invites senior executives as it considers appropriate to be present at the meetings of the committee.

#### **5. Remuneration Committee**

Your Company has re-constituted Remuneration Committee under the Chairmanship of Mr.S.Srinivasan. The Remuneration committee consisting of Mr.S.Srinivasan, Mr.Arun V Shah and Mr.Suresh Shah, decide the structure of the Executive Director's Remuneration. No meeting was held during the year under review.

#### **6. Executive Directors**

The Company has a Managing Director and Whole-time Director. The remuneration paid to them during the period 01-04-2012 to 31-03-2013 was as under:-

(In Rupees)

Name and Designation	Period	Basic Salary	Perquisites	Total
Suresh Shah Managing Director	01-04-2012 to 31-03-2013	11,49,360	3,12,339	14,61,699
Deepesh Shah Whole-time Director	01-04-2012 to 31-03-2013	10,05,360	2,35,605	12,40,965

Mr.Suresh Shah was re-appointed as Managing Director and Mr.Dipesh S Jain was re-appointed as Whole-time Director at the Annual General Meeting held on September 30<sup>th</sup> 2010 for a period of three years with effect from 01.10.2010 with principal terms and condition mentioned and other perquisite as per policy of the Company.

Mr.Suresh Shah and Mr.Deepesh Shah were not paid any sitting fees for the Board meetings or of any Committees of the Board attended by them.

#### **7. Non-Executive Director**

Non-Executive Directors of the Company are remunerated by way of sitting fees for the meetings of the Board/ Committees of the Board attended by them. There was no other payment to the Non-Executive Directors.

None of the non-executive directors has pecuniary relationship with Company, its promoters, management or its subsidiaries

#### **8. Shareholders / Investors Grievance Committee**

The shareholders/ Investors Grievance Committee of the Board oversees redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

#### **9. Composition and Attendance**

The Shareholders/Investors' Grievance Committee consist of Mr.S.Srinivasan, Mr.Arun V Shah and Mr.Suresh Shah, where Mr.S.Srinivasan, is the Chairman of the Committee and they met at regular intervals. Secretarial Officer is the Compliance officer of the Committee.

The Company used to give a detailed report on steps taken by it to the Committee to specifically look into redressing shareholders and investor's complaint, break up of the nature of complaints received including number of complaints not resolved to the satisfaction of the complainants. Additionally details of communication received from agencies like Stock



Exchanges/SEBI/ Ministry of Corporate Affairs were placed with an explanation as to how such communication were responded to and within how many days/ weeks. The Company has delegated its Registrar and Share Transfer Agent, all shares related works. No complaint of any material nature was received during the year under review.

**10. Compliance Officer**

Mr.S.Veeraraghava Narasimhan is the Compliance Officer for complying with the requirements of Securities laws and Listing Agreements with the Stock Exchanges in India

**11. General Body Meetings**

The details of the Annual General Meetings held during the last three years are as follows: -

Year	Date	Time	Venue
2009 – 10	30.09.2010	11.00 A.M.	M.M.Hotels,No.65/66,Nellukara Street, Kanchipuram 631 052
2010 – 11	30.11.2011	11.00 A.M.	M.M.Hotels,No.65/66,Nellukara Street, Kanchipuram 631 052
2011 - 12	28.09.2012	11.00.A.M	M.M.Hotels,No.65/66,Nellukara Street, Kanchipuram 631 052

All the resolutions including special resolutions as set out in the respective notices were passed by the shareholders.

**12. Disclosures**

Disclosures on materially significant related party transactions i.e. transaction of the Company with its promoters directors of the Company their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large.

None of the transaction with any of the related parties were in conflict with the interest of the Company.

**13. Disclosure of Accounting Treatment**

No treatment different from that prescribed in an Accounting Standard have been followed by the Company.

**14. Risk Management**

In order to ensure that management controls risk through means of properly defined frame work a report on Risk Management and minimization procedures as received from the Individual functional heads of the Company is placed before the Board of Directors of the Company

**15. C E O / C F O Certification**

In terms of Clause 49 (V) of the Listing Agreement, the Certificate duly signed by Mr.Suresh Shah Managing Director was placed before the Board of Directors along with financial statement for the financial year ended March 31, 2013 at its meeting held on 30.05.2013.

**Details of Non-Compliances by the Company penalties,strictures imposed on the Company by stock exchanges or SEBI or any statutory authority,on any matter related to capital markets,during last 3 years.**

There have not been any non-compliance by the Company and no penalty, strictures imposed on the Company by SEBI/ Stock Exchange or any statutory authorities on any matter related to capital markets,during the last three years.

**Means of Communication**

- \* Quarterly and Half – yearly financial results are generally published in the national and regional news papers.
- \* All material information about the Company is promptly sent to through facsimile to the concerned stock exchanges where the Company shares are listed and release to the press for information of the public at large. The Management Discussion and Analysis forms part of this Annual Report and is provided elsewhere in this report.

**15. General Shareholder's Information****Financial Calendar (Tentative)**

Financial year	April 1, 2013 to March 31, 2014 (Subject to Change)
First Quarter Result	Last week of July, 2012
Second Quarter and Half-yearly Result	Last week of October, 2012
Third Quarter Result	Last week of January, 2013
Fourth Quarter Result	Last week of April, 2013
Annual Result (Audited)	May 30, 2013
Annual General Meeting	Within 6 months of the close of the financial year In accordance with Section 166 of the Companies Act, 1956.
Dates of book closure	09 <sup>th</sup> September 2013 to 12 <sup>th</sup> September 2013
Venue and other details of the Annual General Meeting	Day : Thursday Date : 12 <sup>th</sup> September, 2013 Time : 11.00 a.m Venue : at M.M.Hotels, 65/66, Nellukara Street, Kanchipuram - 631502
Listing on Stock Exchange and Stock Code. The Equity Shares of Rs.10/- each are Listed at	The Madras Stock Exchange Limited, Chennai, The Delhi Stock Exchange Association Limited, New Delhi and The Ahmedabad Stock Exchange limited, Ahmedabad (Annual Listing for fees for the year 2012-2013 has been duly paid to the above exchanges)

**16. Stock Market Data**

Since shares of the Company are not traded in any of the Stock Exchanges where the Company's shares are listed, the data in this regard is not available.

**17. Registrar and Share Transfer Agents (RTA):****"Cameo Corporate Services Limited"**

Subramanian Buildings

No.1, Club House Road,

Chennai 600 002,

Phone No.044-28460390-94, Fax No.28460129,

Email: investor@cameoindia.com &amp; cameo@cameoindia.com

**18. Distribution of share holding as on 31<sup>st</sup> March,2013**

Category	No. of Shares (Physical & Electronic)	Percentage
Resident	22,96,060	55.43
NRI	3,67,500	8.87
Corporate Body	1,34,340	3.24
Mutual Funds	35,500	0.86
Promoters	13,08,800	31.6
Total	41,42,200	100

**19. Legal Proceedings:**

There is no legal proceeding pending against the Company.

**The Company has not issued any GDRS/ADRS/ Warrants/Convertible Instruments.**

**20. Plant Location and Address for Correspondence:****KANCHI KARPOORAM LIMITED**

Parandur Road, Enathur Village,  
Karaipettai Post, Kanchipuram. Tamil Nadu.

Pin code - 631 552.

Tel. / Fax No.044-27294904 / 30

E-Mail Id: info@kanchikarpooram.com

21. In terms of clause 47(f) of the Listing Agreement of Stock Exchanges, investors may please use **investorcare@kanchikarpooram.com** as email id for redressal of investor request/complaint



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The management of Kanchi Karpooram Limited presents its analysis covering performance of the Company for the year 2012-2013 and the business outlook for the future. The business outlook performance is based on the current business environment and do not include any economic variation.

**Industrial product and development:**

The Company's major product namely camphor is used for religions purposes. There exists demand and supply gap. It is estimated that the major consumption of camphor is in Tamil Nadu. The plant is situated well within agglomeration limits of the city and logistically well placed.

**General risks:**

The main raw materials for manufacturing Camphor is imported and hence subject to foreign exchange fluctuations. Abnormal exchange variations may have adverse effect of the profits of the Company.

**Operational risks:**

The major raw material is distilled from tree produce and hence subject to weather conditions and other natural calamities. The raw material's cost depends on supply and demand gap because of wide range of useage of raw material.

**Financial risks**

The Company's business involves procurement of raw materials in the right time which warrants working capital. The Company has conscious approach to risks in terms of procurement of raw materials at competitive rates keeping in mind the availability of finance.

**Regulatory and Legal risks**

The Company is exposed to environmental regulations. The Company has adequate system and controls to mitigate various risks.

**Risk management:**

The Company's risk management is based on various risks and proper risks assessment and strategic measures by continuous monitoring the procedural establishment for this purpose which are in line with normal industrial practice.

**Internal Control System**

Keeping in mind the size of the Company the business control procedure ensures maximum efficiency and compliance.

The procedure also produces well documented policies, authorization and approval etc.

The Company has achieved a turnover of Rs.5130.66 lakhs as compared to 4891.93 lakhs and has profit after tax Rs.129.52 lakhs as compared to Rs.36.40 lakhs loss in the previous year.

**Managerial Development and Human Resources and Industrial Relation**

There is no material changes in Human resources front during the year under review.

For and on behalf of the Board of Directors

**KANCHI KARPOORAM LIMITED**

-sd-

**SURESH SHAH**

**Managing Director**

**Place : Kanchipuram**

**Date : 30.05.2013**



**R.SUBRAMANIAN & COMPANY**

**CHARTERED ACCOUNTANTS**

**CERTIFICATE OF THE AUDITORS TO THE SHAREHOLDERS OF**

**M/s. KANCHI KARPOORAM LIMITED ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by Kanchi Karpooram Limited for the Year Ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

**Attention is invited that though the Company has constituted Audit Committee, Shareholders' / Investors' Grievances Committee and Remuneration Committee, sufficient number of Independent Directors are not inducted in line with the Clause 49 of the Listing Agreements.**

Subject to the above:

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For **R. Subramanian and Company**  
Chartered Accountants  
FRN 004137 S

Sd/-  
**A.S. RAMANATHAN**  
Partner  
M. No. 11072.

Place : Chennai  
Date : 30.05.2013

**INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013****TO****THE MEMBERS OF  
KANCHI KARPOORAM LIMITED****Report on Financial Statements**

We have audited the accompanying financial statements of **KANCHI KARPOORAM LIMITED** which comprise of the Balance Sheet as at 31<sup>st</sup> March 2013, Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). The responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Requirements**

1 As required by section 227(3) of the Act, we report that:

- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

2. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

For **R. Subramanian and Company**  
Chartered Accountants  
FRN 004137 S

Sd/-

**A.S. RAMANATHAN**

Partner

M. No. 11072.

Place : Chennai

Date : 30.05.2013

**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE**

- i. (a) The Company is maintaining proper records which is being updated showing full particulars, including quantitative details and situation of Fixed assets.
- (b) The Fixed Assets have been physically verified by the management in a phased manner which in our opinion is reasonable commensurate to the size of the Company and nature of its assets. No material discrepancies between the books and the physical verification of Fixed Assets was noticed.
- (c) Substantial part of the Fixed assets have not been sold during the year under review affecting Going concern.
- ii. (a) The stock of Finished goods, Work in progress, raw materials and stores have been Physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) The procedure of Physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of Inventory. The discrepancies noticed on verification between the Physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- iii. (a) The Company has not availed loans from Parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not granted any loans to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business in regard to purchase of Inventory, fixed assets and with regard to the Sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness in Internal Controls.
- v. (a) According to the information and explanations given to us, and based on our verification, we are of the opinion that the transactions that were required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been duly recorded.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956 in respect of any Party during the year have been made at rates or values which are reasonable having regard to the relevant market rates or values at the relevant time.
- vi. The Company has not accepted any fixed deposits from the public during the year requiring compliance of provisions of Section 58 A and 58 AA or any other relevant provisions of the Companies Act 1956.
- vii. The Company has an Internal audit system Commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



- ix. (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Employees Provident Fund, Employees' State Insurance, Investor Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax Customs Duty Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year. However occasional delays have been observed in remitting the statutory dues
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax etc. were in arrears as at 31.03.2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations made available to us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty and cess which have not been deposited on account of any dispute.
- x. The Company has no accumulated losses as at the end of the year, and has not incurred cash losses during the year and also in the immediately preceding financial year.
- xi. As per the information and explanation made available to us, the Company has not defaulted in repayment of dues to any Financial Institutions, Banks or Debenture holders.
- xii. The Company has not granted any loan or advance on the basis of Security by way of pledge of shares, Debentures and other securities.
- xiii. The Company is not a Chit fund or nidhi /mutual benefit fund /society and therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report order) 2003 are not applicable to this Company.
- xiv. The Company is not dealing in or trading in shares, securities, debentures and other investments and therefore the Provisions of clause 4 (xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to this Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions during the financial year.
- xvi. To the best of our knowledge and belief and according to the information and Explanations given to us, Term Loans have been applied for the purpose for which they were raised.
- xvii. According to the Cash flow statement and other records examined by us and based on the information and explanations given to us, on an overall basis, no funds raised on Short term basis have been used for Long term Investments.
- xviii. During the year Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies act 1956.
- xix. No debentures have been issued by the Company during the year.
- xx. The Company has not raised any money by way of Public issue during the year.
- xxi. To the best of our knowledge and according to information and explanations given to us, no fraud on or by the Company was noticed or reported during the financial year that causes the financial statements to be materially misstated.

For **R. Subramanian and Company**

Chartered Accountants

FRN 004137 S

Sd/-

**A.S. RAMANATHAN**

Partner

M. No. 11072.

Place : Chennai

Date : 30.05.2013



**BALANCE SHEET AS AT 31.03.2013**

PARTICULARS		NOTE	AS AT 31-03-2013 Rs.	AS AT 31-03-2012 Rs.
<b>A.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	a) Share capital	1	41422000	41422000
	b) Reserves and surplus	2	12380961	6697447
			<b>53802961</b>	<b>48119447</b>
<b>2</b>	<b>Non-current liabilities</b>			
	a) Long-term borrowings	3	1020706	303520
	b) Deferred tax liabilities (Net)	4	962768	2880384
			<b>1983474</b>	<b>3183904</b>
<b>3</b>	<b>Current liabilities</b>			
	a) Short-term borrowings	5	115159242	119400435
	b) Trade payables	6	10803786	50950287
	c) Other current liabilities	7	15328562	15772679
	d) Short-term provisions	8	16437872	2033560
			<b>157729462</b>	<b>188156961</b>
	<b>TOTAL</b>		<b>213515897</b>	<b>239460312</b>
<b>B.</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	a) Fixed assets			
	i) Tangible assets	9	32178688	36655386
	ii) Intangible assets	9	8392	22688
	b) Long-term loans and advances	10	1632422	2037625
			<b>33819502</b>	<b>38715699</b>
<b>2</b>	<b>Current assets</b>			
	a) Inventories	11	106829492	115677480
	b) Trade receivables	12	29341406	35367379
	c) Cash and bank balances	13	16396621	17824367
	d) Short-term loans and advances	14	25005064	28219774
	e) Other current assets	15	2123812	3655613
			<b>179696395</b>	<b>200744613</b>
	<b>TOTAL</b>		<b>213515897</b>	<b>239460312</b>

For and on behalf of the Board, of **KANCHI KARPOORAM LTD.**

Sd/-

**Suresh Shah**

Managing Director

Sd/-

**Arun V Shah**

Director

Place : Chennai

Date : 30.05.2013

Vide our Report of even date attached,

For **R.SUBRAMANIAN AND COMPANY**

Chartered Accountants.

FRN 004137S

Sd/-

**A.S.RAMANATHAN**

Partner

M.No.11072



## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2013

PARTICULARS	NOTE	For the year ended 31-03-2013 Rs.	For the year ended 31-03-2012 Rs.
1 Revenue from operations (Gross)	16	574689799	535781178
Less: Excise Duty		(63085412)	(48324009)
Revenue from operations (Net)		511604387	487457169
2 Other Income	17	1461501	1736113
3 <b>Total Revenue ( 1 + 2 )</b>		<b>513065888</b>	<b>489193282</b>
4 Expenses:			
a) Cost of materials consumed	18	368162835	381820089
b) Change in inventories of finished goods and work-in-progress	19	7962882	17238390
c) Employee benefits expense	20	19477694	14227105
d) Finance Cost	21	15640963	14626317
e) Depreciation and amortization expense	9	11786872	11326841
f) Other expenses	22	69999494	54285572
<b>Total Expenses</b>		<b>493030740</b>	<b>493524314</b>
5 <b>Profit / (Loss) before tax ( 3 - 4 )</b>		<b>20035148</b>	<b>(4331032)</b>
6 Tax expenses:			
a) Current tax		9000000	1500000
b) Deferred tax		(1917616)	(2190599)
Total Tax expense for the year		<b>7082384</b>	<b>(690599)</b>
7 <b>Profit / (Loss) for the year after taxation ( 5 - 6 )</b>		<b>12952764</b>	<b>(3640433)</b>
8 Earnings per equity share:			
Weighted average No of equity shares outstanding during the year		4142200	4142200
a) Basic (Rs. Per Share)		3.13	(0.88)
b) Diluted (Rs. Per Share)		3.13	(0.88)
Significant Accounting policies forming part of Financial Statements	23		
Other notes forming part of Financial Statements.	24		

For and on behalf of the Board, of KANCHI KARPOORAM LTD.

Sd/-

**Suresh Shah**

Managing Director

Sd/-

**Arun V Shah**

Director

Place : Chennai

Date : 30.05.2013

Vide our Report of even date attached,

For **R.SUBRAMANIAN AND COMPANY**

Chartered Accountants.

FRN 004137S

Sd/-

**A.S.RAMANATHAN**

Partner

M.No.11072





**NOTE FORMING PART OF FINANCIAL STATEMENTS AS ON 31.03.2013**

PARTICULARS	AS AT 31-03-2013		AS AT 31-03-2012	
	Number of Shares	Rs.	Number of Shares	Rs.
<b>Note 1: Share capital</b>				
<b>a) Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of Rs. 10/- each	5000000	50000000	5000000	50000000
<b>Issued, subscribed and paid up capital</b>				
Equity shares of Rs. 10/- each	4142200	41422000	4142200	41422000
<b>b) Reconciliation of number of shares outstanding</b>				
Shares Outstanding as at 1 <sup>st</sup> April 2012/1 <sup>st</sup> April 2011	4142200	41422000	4142200	41422000
Shares Outstanding as at 31 <sup>st</sup> March 2013/31 <sup>st</sup> March 2012	4142200	41422000	4142200	41422000
<b>c) List of share holdings more than 5% of total shares issued by the company.</b>	<b>Number of Shares held</b>	<b>% of holdings</b>	<b>Number of Shares held</b>	<b>% of holdings</b>
Suresh Shah	267300	6.45%	267300	6.45%
Deepesh Shah	212850	5.14%	212850	5.14%

PARTICULARS	AS AT 31-03-2013		AS AT 31-03-2012	
<b>Note 2: Reserves and surplus</b>				
<b>a) Capital reserve</b>				
State Government Subsidy			4074000	4074000
<b>b) General reserve</b>				
i) Opening Balance			1000000	1000000
ii) Transfer from Statement of Profit and Loss			5000000	-
iii) Closing Balance			6000000	1000000
<b>c) Surplus in statement of profit and loss</b>				
i) Opening Balance			1623447	5263880
ii) Add/(Less): Net Profit / (Loss) for the Year			12952764	(3640433)
iii) Less: Proposed Dividend (Rs 1.5 per Share)			6213300	-
iv) Less: Dividend Distribution Tax			1055950	-
v) Less: Transferred to General Reserve			5000000	-
<b>TOTAL (a+b+c)</b>			<b>12380961</b>	<b>6697447</b>

**Note 3: Long-Term Borrowings**

**Hire Purchase Loans (Secured)**

Secured by Vehicle purchased repayable in Equated Monthly Instalments and last instalment due on 01-02-2016

**TOTAL**

1020706 303520

1020706 303520



PARTICULARS	AS AT 31-03-2013	AS AT 31-03-2012
<b>Note 4: Deferred tax liability (Net)</b>		
a) <b>Deferred tax liability</b>		
Deferred tax liability on account of depreciation	1008045	3296375
b) <b>Deferred tax asset:</b>		
On account of other timing differences	(45277)	(415991)
Total Deferred tax asset	(45277)	(415991)
<b>Net Deferred tax Liability</b>	<b>962768</b>	<b>2880384</b>
<b>Note 5: Short Term Borrowings (Secured)</b>		
a) <b>Working capital Loan from Bank of India</b>	55302495	61313824
b) <b>Buyer's Credit</b>	59856747	58086611
The entire borrowing limits availed/to be availed by the company from Bank of India are secured primarily by First Charge in favour of the Bank, of all the company's Stock of Raw Materials, Semi-finished goods, finished goods Stores & Spares, Book Debts, Plant & Machinery, both present and future, and collaterally secured by First Charge of the company's Factory Land and Buildings, situated at S/No. 676/1, 674/1, 669, 672 & 670/2 in No. 117, STROTTRIUM Enatur Madhura Chettiar Pettai Village by way of Equitable Mortgage. The entire facilities are also collaterally secured by personal property of Director's and also guaranteed by all Directors of the Company and by two relatives.		
<b>TOTAL</b>	<b>115159242</b>	<b>119400435</b>
<b>Note 6: Trade Payables</b>	10803786	50950287
The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Act, 2006. The disclosures relating to amounts unpaid as at the year end together with interest payable / paid under this act has not been given.		
<b>TOTAL</b>	<b>10803786</b>	<b>50950287</b>
<b>Note 7: Other current liabilities</b>		
a) Current maturities of long term debt	915782	558458
b) Interest accrued but not due on borrowings	85989	89008
c) Unclaimed dividends	631201	756001
d) Other payables		
i) Statutory	2125645	2052480
ii) Others	11569945	12316732
<b>TOTAL</b>	<b>15328562</b>	<b>15772679</b>
<b>Note 8: Short term provisions</b>		
a) Provision for employee benefits		
i) Gratuity	29070	371989
ii) Leave Encashment	139552	61571
b) Provision for taxation	9000000	1600000
c) Proposed Dividend ( Including dividend distribution tax)	7269250	-
<b>TOTAL</b>	<b>16437872</b>	<b>2033560</b>



**Note 9: Fixed Assets Schedule**

Particulars	Gross Block			Depreciation				Net Block	
	Balance as on 01.04.12	Additions	Deletions	Balance as on 31.03.13	Upto 01.04.2012	Depreciation for the period	Adjustments	As on 31.03.2013	Net Block- 31.03.2012
TANGIBLE ASSETS									
Land	812918	0	0	812918	0	0	0	812918	812918
Buildings	22101102	0	0	22101102	9871951	738176	0	11490975	12229151
Plant & Machinery	90817438	3956061	0	94773499	71772966	9530895	0	81303861	19044472
Electrical Installations	6401960	990023	0	7391983	5711920	665330	0	6377250	690040
Lab Equipments	421581	0	0	421581	288543	43592	0	332135	133038
Vehicles	4439209	2564124	798857	6204476	1453257	501552	269882	1684927	2985952
Air Conditioners	504450	105500	0	609950	238094	24706	0	262800	266356
Office Equipments	635784	41840	0	677624	319020	31202	0	350222	316764
Computers	1691174	167305	0	1858479	1544925	206676	0	1751601	146249
Furnitures	790167	0	0	790167	759719	30448	0	790167	30448
Sub-Total	128615783	7824853	798857	135641779	91960395	11772577	269882	103463090	36655388
INTANGIBLE ASSETS									
Software	88189	0	0	88189	65501	14296	0	79797	22688
Total	128703972	7824853	798857	135729968	92025896	11786873	269882	103542887	36678076
Previous Year									
TANGIBLE ASSETS	121127987	7791096	303300	128615783	80858468	11312545	210618	91960395	40269519
INTANGIBLE ASSETS	88189	0	0	88189	51206	14295	0	65501	36983
Total	121216176	7791096	303300	128703972	80909674	11326840	210618	92025896	40306502



PARTICULARS	AS AT 31-03-2013	AS AT 31-03-2012
<b>Note 10: Long Term Loans And Advances (Unsecured, considered good)</b>		
a) Security Deposits	1632422	2037625
<b>TOTAL</b>	<b>1632422</b>	<b>2037625</b>
<b>Note 11: Inventories</b>		
a) Raw Materials (Including Goods under Clearance)	62259538	62214973
b) Work in progress	26558849	43073023
c) Finished Goods	15603746	7052454
d) Store, Fuel & Packing Materials	2407359	3337030
<b>TOTAL</b>	<b>106829492</b>	<b>115677480</b>
<b>Note 12: Trade Receivables (Unsecured and Considered good)</b>		
a) Trade receivables outstanding for a period exceeding six months from the date they are due for payments	35508	278586
b) Trade receivables outstanding for a period less than six months from the date they are due for payments	29305898	35088793
<b>TOTAL</b>	<b>29341406</b>	<b>35367379</b>
<b>Note 13: Cash and bank balances</b>		
a) <b>Cash and cash equivalents</b>		
i) Cash on hand	67922	69285
ii) Balance with scheduled banks in current a/c	497498	939131
b) <b>Other bank balances</b>		
i) Balance with scheduled banks in deposit a/c held as margin money	15200000	16050000
ii) Earmarked Balances with bank a/c - Dividend Warrant	631201	765951
<b>TOTAL</b>	<b>16396621</b>	<b>17824367</b>
<b>Note 14: Short term loans and advances (Unsecured, considered good)</b>		
a) Security deposits	153000	75000
b) Balances with govt authorities	17588673	25453070
c) Prepaid expenses	277408	226216
d) Loans and advances to employees	852000	613400
e) Others	6133983	1852088
<b>TOTAL</b>	<b>25005064</b>	<b>28219774</b>
<b>Note 15: Other Current Assets</b>		
a) Interest accrued but not due on deposits with banks	488729	321957
b) Claims receivable	1631812	2899354
c) Others	3271	434302
<b>TOTAL</b>	<b>2123812</b>	<b>3655613</b>



PARTICULARS	For the year ended 31-03-2013	For the year ended 31-03-2012
<b>Note 16: Revenue from operations</b>		
a) <b>Revenue from sale of products (Gross)</b>		
Sale of products		
i) Camphor	433357180	415400969
ii) Dipentine	71010513	54896158
iii) Others	69186987	64378091
	<b>573554680</b>	<b>534675218</b>
b) <b>Other operating revenues (Gross)</b>		
Sale of Scrap	1135119	1105960
<b>Total (a+b)</b>	<b>574689799</b>	<b>535781178</b>
<b>Note 17: Other Income</b>		
a) Interest income from bank	1402602	928506
b) Interest income from others	58899	28783
c) Commission received	-	778824
<b>TOTAL</b>	<b>1461501</b>	<b>1736113</b>
<b>Note 18: Cost of materials consumed</b>		
<b>Raw materials</b>		
<b>Imported :</b>		
a) Oleo Pine Resin	16591741	33369538
b) Commercial Alpha Pinene	253566487	217323996
c) Gum Turpentine	11862635	60818112
d) Other Raw Materials	25538780	16714871
<b>Indigenous :</b>		
e) Other Materials	60603192	53593572
<b>TOTAL</b>	<b>368162835</b>	<b>381820089</b>
<b>Note 19: Change in inventories of finished goods, work in progress</b>		
a) Opening stock	50125477	67363867
b) Closing stock	(42162595)	(50125477)
c) Change in inventory	<b>7962882</b>	<b>17238390</b>
<b>Note 20: Employee benefits expenses</b>		
a) Salaries and wages	17565927	12233425
b) Contribution to provident and other funds	888215	1151357
c) Staff welfare expenses	1023552	842323
<b>TOTAL</b>	<b>19477694</b>	<b>14227105</b>



PARTICULARS	For the year ended 31-03-2013	For the year ended 31-03-2012
<b>Note 21: Finance Costs</b>		
a) Interest expense on cash credit and others	12071182	10850745
b) Bank charges	3569781	3775572
<b>TOTAL</b>	<b>15640963</b>	<b>14626317</b>
<b>Note 22: Other expenses</b>		
a) Consumption of stores & spare parts	1872477	1448511
b) Power and fuel	36495749	24988454
c) Rent	1057289	1270246
d) Repairs to buildings	835935	195336
e) Repairs to machinery	4164786	4139164
f) Repairs to others	1945129	1766154
g) General expenses	4010102	1158529
h) Insurance	768722	588022
i) Rates and taxes	771975	439658
j) Communication expenses	438287	440971
k) Travelling and conveyance	708470	374939
l) Printing and stationery	327361	351937
m) Selling expenses	8789466	4851615
n) Donations and contributions	154500	191100
o) Legal and professional charges	2283000	2250203
p) Payments to auditors	388000	319000
q) Net loss on foreign currency transactions and translation	4721176	9478950
r) Loss on fixed assets sold	267070	32783
<b>TOTAL</b>	<b>69999494</b>	<b>54285572</b>

**NOTE 23: SIGNIFICANT ACCOUNTING POLICIES****a. ACCOUNTING CONCEPTS :**

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting principles generally accepted in India and in compliance with the accounting standards notified by the Central Government of India, under the Companies (Accounting Standards) rules 2006 and relevant provisions of the Companies Act, 1956.

**b. REVENUE RECOGNITION :**

Sale of Finished Goods is recognized upon despatch of goods. Sales are accounted net of Excise Duty, returns, Sales Tax and freight.

Interest income is recognized using time proportion method.

**c. FIXED ASSETS :**

Fixed Assets are stated at cost less depreciation. The assets are depreciated under straight line method. Depreciation is provided in accordance with Schedule XIV of the Companies Act, 1956.

**d. INVENTORIES :**

Inventories are valued at lower of cost and net realisable value. Cost includes all costs of purchase, conversion cost and other costs incurred in bringing the inventories to their present location and condition. The inventories are valued at First-in-First-out (FIFO) method.

**e. EMPLOYEE RETIREMENT BENEFITS :**

Contribution payable by the Company under defined contribution scheme towards Retirement Benefits in the form of Provident Fund for the year are charged to Profit & Loss account.

Gratuity Liability is funded and the appropriate accrual of Liability for the year is Charged to Profit and Loss based on actuarial valuation.

Provision towards Leave encashment is made based on actuarial valuation and is funded with Life Insurance Corporation of India.

The actuarial valuation is done as per projected unit credit method.

Actuarial gains / losses are immediately taken to Profit and Loss Account.

**f. FOREIGN CURRENCY TRANSACTIONS :**

Foreign Currency transactions are accounted on the basis of exchange rates prevailing on the transaction date and gain or loss on settlement is recognised in the Profit and Loss Account.

Foreign Currency Assets and Liabilities outstanding at the end of the year are being converted at the closing rates. The exchange gain / loss is adjusted to Revenue.

**g. TAXATION :**

Income tax expense comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability are calculated by applying tax rate applicable and tax laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisations, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

**NOTE 24. OTHER NOTES**

a. Contingent Liabilities not provided for : as on 31.03.2013 Rs.Nil (P.Y. Rs.Nil)

b. Related Party Disclosure:-

1. List of Related Parties with whom control exists:

- |                          |                     |
|--------------------------|---------------------|
| a. Shri. Suresh V Shah   | Managing Director   |
| b. Shri. Arun V Shah     | Director            |
| c. Shri. Deepesh S. Shah | Whole Time Director |

2. Description of relationship - Presumption of significant influence



**c. Related Party Transactions**

S.No.	Name	Nature of Relation	Nature of Transaction	Total Amount		Amount Outstanding as on 31.3.2013	
				Current Year	Previous Year	Current Year	Previous Year
1	Suresh Shah	Director	Remuneration Including Contribution to Provident Fund and other perquisites	14,61,699	(Rs 11,90,360/- )	NIL	NIL
2	Deepesh Shah	Director	Remuneration Including Contribution to Provident Fund and other perquisites	12,40,965	(Rs 10,46,360/- )	NIL	NIL
3	Deepesh Shah	Director	Interest	NIL	(Rs 58,139/- )	NIL	NIL
4	Mukhesh Goal	Relative	Consultancy Charges	6,60,000	(Rs 5,50,000/- )	NIL	NIL
5	Mukhesh Goal	Relative	Telephone Charges	1272	NIL	NIL	NIL
6	Mukhesh Goal(HUF)	Relative	Interest	NIL	(Rs 86,847/- )	NIL	NIL
7	A.Soniya	Relative	Interest	NIL	(Rs 61,768/- )	NIL	NIL
8	Kavitha Jain	Relative	Interest	NIL	(Rs 79,300/- )	NIL	NIL
9	Pushpa S.Jain	Relative	Interest	2,56,750	(Rs 23,337/- )	NIL	NIL
10	Shantha V.Jain	Relative	Interest	NIL	(Rs 24,808/- )	NIL	NIL
11	Varshaa M	Relative	Interest	NIL	(Rs 14,571/- )	NIL	NIL
12	Suresh Industries	reference 1	Sales	12,78,457	(Rs 49,93,378/-)	4,79,048	(Rs.5,18,456/-)
13	Pushpa S.Jain	Relative	Rent	NIL	(Rs 42,000/- )	NIL	NIL

Reference 1: Proprietary Concern where Director is a Proprietor

**d. Computation of Earnings per share**

Particulars	As On 31.03.2013	As On 31.03.2012
Number of shares at the beginning and at the end of the Year	4142200	4142200
Face Value per share	Rs. 10/-	Rs. 10/-
Profit after Tax [ Rs.in lakhs ]	129.52	(36.40)
Basic and Diluted Earnings Per share [ Rs.]		
Before Exceptional items	3.13	(0.88)
After Exceptional items	3.13	(0.88)

**e. Segment Reporting** The Company is engaged in Single business of Camphor and allied products and in single geographical segment and hence "Segment Reporting" is not applicable.

**f. Managerial Remuneration (Salary paid to Mr.Suresh Shah and Mr.Deepesh Shah)**

Particulars	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Remuneration	2136000	1896000
Contribution to PF	18720	18720
Other Perquisites	547944	322000
<b>Total</b>	<b>2702664</b>	<b>2236720</b>



**g. Auditors Remuneration**

Statutory Audit and Tax Audit	375,000	300,000
Others	13,000	19,000
<b>Total</b>	<b>388,000</b>	<b>319,000</b>

**h. Confirmation Of Balances**

Confirmation of Balances have not been received from Debtors, Creditors, and in respect of Loans & Advances, Deposits and other Liabilities.

**i. Rounding off of Balances**

Figures have been rounded off to the nearest rupee and the figures for the previous year have been regrouped and reclassified wherever necessary, to confirm to current period's classification.

J. There is no amount to be transferred to Investor Education and protection Fund account as at 31-3-2013.

**k. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"**

1. Valuation in respect of Gratuity and Leave Encashment have been carried out by LIC as at the Balance Sheet date based on the following assumptions:

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
i	Discount Rate (Per Annum)	8%	8%	8%	8%
ii	Salary Escalation	7%	7%	7%	7%

**2 Changes in present value of obligation**

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
i	Present Value of obligations as at the beginning of the year	2337360	1728694	314475	321907
ii	Interest Cost	186989	138296	25158	25753
iii	Current Service Cost	193987	163107	134096	138116
iv	Benefits Paid	0	(47900)	0	(15317)
v	Actuarial gain/(loss) on plan assets	(80485)	355163	(58512)	(155984)
vi	Present Value of obligations as at the end of the year	2637851	2337360	415217	314475


**3 Changes in fair value of pian assets**

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
i	Fair Value of Plan Assets at the beginning of the year	1965371	1850098	252904	246879
ii	Expected return on plan assets	179175	163173	22761	21342
iii	Contributions	464235	0	0	0
iv	Benefits Paid	0	(47900)	0	(15317)
v	Actuarial gain/(loss) on plan assets	NIL	NIL	NIL	NIL
vi	Fair Value of Plan Assets at the end of the year	2608781	1965371	275665	252904

**4 Percentage of each category of pian assets to total fair value of plan assets**

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
	Administered by LIC	100%	100%	100%	100%

**5 Reconciliation of Present Value of Defined Present Obligations and the Fair Value of Assets**

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
i	Closing Balance of Present Value of Obligation	2637851	2337360	415217	314475
ii	Closing Balance of Fair Value of Plan Assets	2608781	1965371	275665	252904
lii	(Asset)/Liability recognised in the Balance Sheet	29070	371989	139552	61571

**6 Amounts recognised in the Balance Sheet**

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
i	Closing Balance of Present Value of Obligation	2637851	2337360	415217	314475
ii	Closing Balance of Fair Value of Plan Assets	2608781	1965371	275665	252904
iii	Unfunded Liability recognised in the Balance Sheet	29070	371989	139552	61571



**7 Expenses recognised in the Profit and Loss Account**

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
i	Current Service Cost	193987	163107	134096	138116
ii	Interest Cost	186989	138296	25158	25753
iii	Expected return on plan assets	(179175)	(163173)	(22761)	(21342)
iv	Net Actuarial Gain/(Loss)	(80485)	355163	(58512)	(155984)
v	Expenses recognised in the Profit and Loss Account	121316	493393	77981	(13457)

**8 Disclosure as required under para 120(n)**

S.No	Particulars	Gratuity		Leave Encashment	
		2012-13	2011-12	2012-13	2011-12
i	Present Value of defined benefit obligation	193987	163107	134096	138116
ii	Fair Value of plan assets	186989	138296	25158	25753
iii	Surplus/ (Deficit) in the plan	(179175)	(163173)	(22761)	(21342)

**I. Value of Raw Materials & Component Parts Consumed**

Particulars	For the year Ended 31.03.2013	For the year Ended 31.03.2012
<b>Imported :</b>		
-Oleo Pine Resin	16591741	33369538
-Commercial Alpha Pinene	253566487	217323996
-Gum Turpentine	11862635	60818112
-Other Raw Materials	25538780	16714871
<b>Local :</b>		
Other Materials (Indigenous)	60603192	53593572
<b>Total</b>	<b>368162835</b>	<b>381820089</b>

**m. Production Details**

Product	Year Ending 31-03-2013	Year Ending 31-03-2012
	12 Months Actual Production (Kgs)	12 Months Actual Production (Kgs)
Gum Rosin	238373	242903
Turpentine	35124	49365
Camphor	1612295	1320255
Sodium Acetate Trihydrate	1581351	1212625
Dipentine (Litres)	993939	879798



**n. Opening & Closing Stock of Finished Goods**

Product	UOM	For the Year Ended 31.3.2013		For the Year Ended 31.3.2012	
		Opening Stock	Closing Stock	Opening Stock	Closing Stock
Gum Rosin	kgs	8843	0	1200	8843
Camphor	kgs	7840	43580	102060	7840
Turpentine	kgs	6850	12488	0	6850
Sodium Acetate Trihydrate	kgs	29325	90625	27750	29325
Dipentene	Litres	26131	69161	10269	26131

**o. Value of Imported /Indigenous Raw Materials/Components/Stores and Spares Consumed**

	31.03.2013 (In Rs.)	%	31.03.2012 (In Rs.)	%
Imported Landed Cost	307559643	83.54%	328226517	85.96%
Indigenous	60603192	16.46%	53593572	14.04%
	<b>368162835</b>	<b>100.00%</b>	<b>381820089</b>	<b>100.00%</b>
Stores, Spares & Tools				
Imported Landed Cost				
Indigenous	660546	100.00%	790998	100.00%
	<b>660546</b>	<b>100%</b>	<b>790998</b>	<b>100%</b>

**p. Expenditure in Foreign Currency During the Year :**

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
Foreign Travel Expenditure (in Rs.)	175690	70781
Subscription (in Rs.)	32422	33082
Seminar Fees (in Rs.)	262465	0

**q. Value of Imports CIF Basis :**

	31.03.2013 (In Rs.)	31.03.2012 (In Rs.)
Raw Materials	277612109	322849800

**r. Value of Exports FOB Basis :**

31.03.2013 (In Rs.)	31.03.2012 (In Rs.)
18487276	37717939

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Pursuant to Clause 32 of the Listing Agreement)

	01.04.2012 To 31.03.2013		01.04.2011 To 31.03.2012	
<b>A . CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/Loss before direct tax & extra-ordinary items		20,035,148		(4,331,031)
Adjustments for:				
Depreciation	11,786,872		11,326,840	
Interest paid	15,640,963		14,626,317	
Interest received	(1,461,501)		(957,289)	
Profit/Loss on sale of assets (net)	267,070	26,233,404	32,784	25,028,652
<b>Operating Profit / (Loss) before Working Capital changes</b>		<b>46,268,552</b>		<b>20,697,621</b>
Adjustments for:				
Inventories	8,847,988		(18,143,144)	
Trade Receivable and Loans & Advances	16,177,686		(20,326,521)	
Trade & Other Payables	(41,088,080)		16,933,894	
Interest Paid on Working Capital Advance	(15,640,963)		(14,626,317)	
Direct taxes paid	(6,600,000)		(8,400,000)	
Working Capital Advance	(4,241,192)	(42,544,561)	47,563,312	3,001,224
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>3,723,991</b>		<b>23,698,845</b>
<b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest received	1,461,501		957,289	
(Increase)/ Decrease in Deposits	984,750		(7,775,400)	
Purchase of Fixed Assets	(7,824,853)		(7,791,096)	
Sale of Fixed Assets	261,905		59,905	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>(5,116,697)</b>		<b>(14,549,302)</b>
<b>C.CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase/Decrease in H P	1,074,510		17,075	
Increase/Decrease in Unsecured Loan	-		(8,685,599)	
Payments of Dividend	(124,800)		-	
Payments of Dividend Distribution Tax	-		-	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>949,710</b>		<b>(8,668,524)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(442,996)</b>		<b>481,019</b>
Cash and Cash equivalents at the beginning		1,008,416		527,397
Cash and Cash equivalents at the close		565,420		1,008,416
		<b>(442,996)</b>		<b>481,019</b>

For and on behalf of the Board, of **KANCHI KARPOORAM LTD.**Place : Chennai  
Date : 30.05.2013Sd/-  
**Suresh Shah**  
Managing Director  
Sd/-  
**Arun V. Shah**  
Director

We have examined the attached Cash Flow Statement of M/s.Kanchi Karpooram Limited, Kanchipuram-631552 for the Year ended 31.03.2013. The said statement is in accordance with the requirements of listing agreement executed with the concerned Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company, covered by our report of even date, to the members of the Company.

Vide our Report of even date attached,  
For **R.SUBRAMANIAN AND COMPANY**  
Chartered Accountants.  
FRN 004137S

Place : Chennai  
Date : 30.05.2013Sd/-  
**A.S.RAMANATHAN, (Partner)**  
M.No.11072

If undelivered, Please return to:

**KANCHI KARPOORAM LIMITED**

Chennai Office: No.1, Barnaby Avenue, Barnaby Road,  
Kilpauk, Chennai - 600 010, Tamil Nadu.