



Progressive Growth

70<sup>th</sup> Annual Report 2010-2011

The  Limited



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

(Rs. in Lakhs)

	Year Ended									
	31-3-11	31-3-10	31-3-09	31-3-08	31-3-07	31-3-06	31-3-05	31-3-04	31-3-03	31-3-02
SHARE CAPITAL	3289	3289	1289	1289	1289	1289	1289	1289	1289	1289
RESERVES & SURPLUS	29542	27189	22780	17697	12984	9625	8610	8084	8112	8435
NET WORTH	32831	30478	24069	18986	14273	10914	9899	9373	9401	9724
FIXED ASSETS (NET)	50668	33448	13147	12653	11704	7572	6850	7091	7556	8146
GROSS INCOME	37626	42289	41788	41604	30051	20680	16863	14722	14353	14092
GROSS PROFIT	8224	11052	11369	11284	8321	3448	2445	1386	1123	2734
DEPRECIATION	1233	1056	914	858	618	519	494	667	688	695
INTEREST	1394	949	671	692	444	444	489	584	774	1051
PROFIT BEFORE TAX	5597	9047	9784	9734	7259	2485	1462	135	-339	988
PROFIT AFTER TAX	4135	6002	6591	6654	4829	1750	967	117	-178	790
EARNINGS PER SHARE(Rs)*	2.99	45.88	51.13	51.62	37.46	13.58	7.50	0.91	-1.38	6.13
BOOK VALUE PER SHARE(Rs)*	23.92	220.93	186.72	147.27	110.72	84.66	76.79	72.71	72.93	75.43
DIVIDEND ON EQUITY(%)	100	100	100	100	100	50	30	10	10	20
DEBT EQUITY RATIO	0.67	0.33	0.27	0.15	0.21	0.39	0.03	0.05	0.13	0.23

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

(Rs. in Lakhs)

	Year Ended									
	31-3-11	31-3-10	31-3-09	31-3-08	31-3-07	31-3-06	31-3-05	31-3-04	31-3-03	31-3-02
SHARE CAPITAL	3289	3289	1289	1289	1289	1289	1289	1289	1289	1289
RESERVES & SURPLUS	41676	33434	26791	19601	13532	9219	7846	7092	6728	7015
NET WORTH	44965	36723	28080	20890	14821	10508	9135	8381	8017	8304
FIXED ASSETS (NET)	57821	40750	22401	20084	18377	14391	14247	15604	16648	18823
GROSS INCOME	72100	69471	60401	58059	42575	28835	23604	17898	17477	13888
GROSS PROFIT	15280	17298	15428	14462	11150	5338	4314	2606	2821	2380
DEPRECIATION	2233	2167	2015	1605	1312	1262	1221	1430	1655	745
INTEREST	1565	1336	1279	912	923	908	688	1017	1456	1581
PROFIT BEFORE TAX	11482	13795	12134	11945	8915	3168	2405	159	-290	54
PROFIT AFTER TAX	7866	9076	8118	8022	5945	2133	1602	136	-167	167
EARNINGS PER SHARE(Rs)*	5.89	69.7	62.98	62.23	46.12	16.55	12.43	1.06	-1.30	1.30
BOOK VALUE PER SHARE(Rs)*	33.33	269.38	217.84	162.06	114.98	81.52	70.87	65.02	62.20	64.42
DIVIDEND ON EQUITY(%)	100	100	100	100	100	50	30	10	10	20
DEBT EQUITY RATIO	0.52	0.42	0.07	0.17	0.38	0.26	0.20	0.09	0.15	0.84

\* During the year 2010-11 the equity shares of Rs.10/- each were subdivided into 10 equity shares of Rs.1/- each EPS, Book Value per share were reworked accordingly.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

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

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

**KAVITHA D. CHITTURI**  
Executive Director

**GANDHI V.**  
Technical Director

#### INDEPENDENT DIRECTORS

**KOTESWARA RAO P.**

**RAMAKRISHNA A.**

**RAMAKRISHNAN V.H.**

**SWAMINATHA REDDY O.**

#### CHIEF FINANCIAL OFFICER

**RAMACHANDRAN M.R.**

#### COMPANY SECRETARY

**VIJAYA KUMAR Y.**

#### AUDITORS

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

#### COST AUDITORS

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

#### BANKERS

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

#### INTERNAL AUDITORS

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

#### REGISTERED AND CORPORATE OFFICE

"RAMAKRISHNA BUILDINGS"  
2, DR. P.V. CHERIAN CRESCENT  
EGMORE, CHENNAI - 600 008  
Ph: 66772600 Fax: 66772620  
E-MAIL: corporate@kcp.co.in

#### REGISTRAR & SHARE TRANSFER AGENTS

**M/S INTEGRATED ENTERPRISES (INDIA) LIMITED**  
II FLOOR "KENCES TOWERS"  
NO.1 RAMAKRISHNA STREET  
NORTH USMAN ROAD, T. NAGAR  
CHENNAI - 600 017  
Ph: 28140801 Fax: 28142479  
Website: www.iepindia.com

### PLANT LOCATIONS

#### CEMENT

**Macherla** - 522426  
Guntur District, Andhra Pradesh  
**Muktyala** - 521175  
Krishna District, Andhra Pradesh

#### ENGINEERING

**Tiruvottiyur**  
Chennai 600 019, Tamilnadu  
**Arakonam**  
Mosur Road, Ekhunagar, 631 004, Tamilnadu

#### HYDEL UNIT

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

#### WIND POWER

Uthumalai Village, Tirunelveli District, Tamilnadu

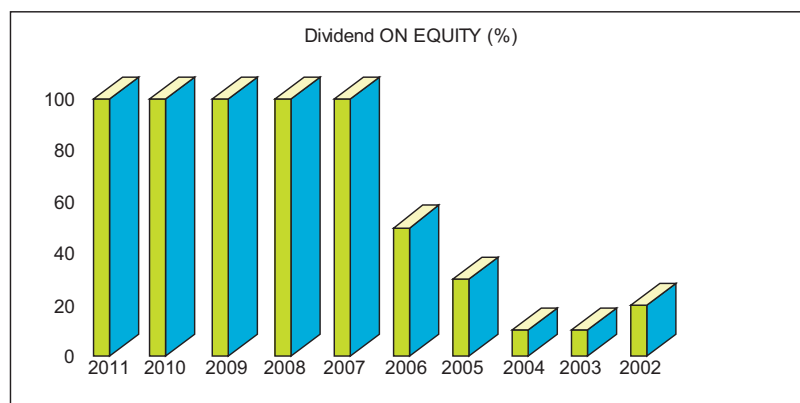
#### THERMAL UNIT

Macherla - 522426, Guntur District, AP

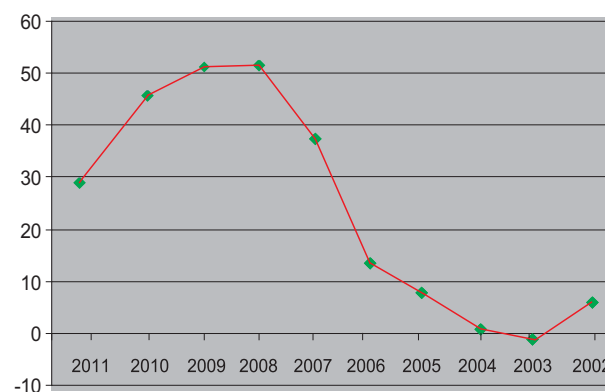
#### BIO TECH

Plot No.14, S.P.Biotech Park, Genome Valley,  
Turkapally (village) – 500078,  
Shameerpet (Mandal), R.R.District, AP

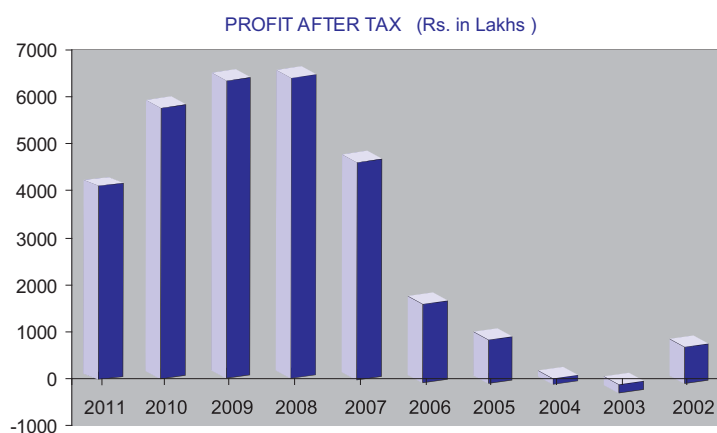
# At a Glance



**Dividend History**



**EPS**



# From Chairman's Desk

## On the occasion of the Company's Seventieth Anniversary

Dear Shareholders,



Any landmark in the history of an institution is an occasion to recount, rejoice, reaffirm and review the path it has covered, its genesis, the progress made, the lessons to be imbibed and to define its future. Your company would be completing 70 years of its existence in the current financial year. While for an institution, it could be but a small milestone, for individuals connected with it, it is a definitive landmark to feel proud and take note of. As part of the recounting and rejoicing on this occasion, it cannot be denied that our valued shareholders are the backbone of the entire corporate structure and it is with a sense of deep gratitude that I convey my thanks for their unstinted faith in the management and for the support extended to the company over the years.

To recall in brief, the journey of the company commenced in 1941 with the acquisition of a sick cooperative sugar mill in Vuyyuru, Krishna District followed by the establishment of the Cement Factory at Macherla, Guntur District and later, the Engineering Unit at Chennai. It was the vision of the late Sri V Ramakrishna I.C.S, with his vast experience in Government in the development of industries that led to the founding of this company and the growth that followed. The cement factory to cater to the needs of the then prestigious construction of the Nagarjuna Sagar Dam, a momentous irrigation project and the engineering workshop at Madras (now Chennai) to provide the necessary technical and mechanical support to the two factories, were well crafted strategies at a time when the State of Madras, as it was then, was just on the threshold of industrial growth. The continued expansion of the Sugar Unit to become a leader in the industry with its technical achievements being considered benchmarks by its peers, the modernization of the cement unit and the humungous expansion of the Engineering Unit into a versatile capital goods manufacturer catering to the sugar and cement industries during the peak periods of their own growth are all part of the company's history. The company also witnessed in its later years, an acquisition of an adjacent sugar factory by an amalgamation, establishment of captive power generation for the cement unit from hydel sources and for the engineering factory through windmills. As the time demanded, later in 1996, the company demerged its sugar businesses under an independent management with the shareholders retaining their respective stakes in both companies.

The events of the past 70 years, the extraordinary support it has received from its stakeholders, the staff and the community in which it works, has given great moral strength to the management in the conduct of its affairs with transparency and concern and make a mark as one of the reputed companies in the country with a high value on Corporate Governance. The company also takes pride in the support by its employees in its growth over the years and the mutual trust and confidence that is marked by low attrition rates, the absence of labour unrest, the reputation as a good place to work in etc. Turning the few pages of its history, the company justifiably feels proud to have in its fold nearly 1500 employees which in turn accounts for a total of about 3000 livelihoods who contribute to its varied resources and are in turn benefitted by well established employee-relationship policies.

Your company has been encouraged to pursue a course of conservative growth backed by prudent financial management by virtue of the success of similar policies in the past resulting in consistent reward to the shareholders with good returns while simultaneously conserving resources for its planned growth in the coming years.

Strengthened by the availability of sufficient internal financial resources and ability to leverage debt for a healthy debt-equity ratio, the company embarked on a path of growth to ensure a robust increase in its top and bottom lines in the next few years.

It is a matter of immense satisfaction that the Greenfield cement plant with a capacity of 1.52 MTPA at Mukthiyala has been commissioned in this 70th year making its entry as a long-term player in the industry. It has also been thought prudent to complement the larger production with adequate captive power with a proposed 36 MW coal-based power plant which will make available quality power at lower cost.

Another significant area that the company has ventured into is the Hotel industry with a 130 room four star Project by putting to beneficial use, the available land in a strategic location in Hyderabad. The Hotel will be supported in technical management and marketing by a leading international chain, the terms of which are under finalization.

The many policies of transparent management with a set of prudent corporate governance principles have also led the company to associate with companies in the global arena established as world leaders in the fields in which we are focused. The association with Fuller of USA in the cement technology sector resulted in the formation of Fuller K C P Ltd which performed exceedingly well and paid rich dividends. The ultimate sale of the company's stake in the Joint Venture with substantial returns was the result of policies of the American group which bought out Fuller Inc itself. Needless to say, the company's business association with the corporation still continues to mutual advantage and benefit.

Presently, the company has an association with Fives group of France in the sugar technology sector under the name of Fives Cail KCP Ltd and has been doing competently well with generous technical support from its partners.

After the demerger of the sugar businesses in 1996 mentioned earlier, the company with its rich experience in the sugar industry and in the field of machinery manufacturing for that industry set up a subsidiary, KCP Vietnam Industries Ltd in Vietnam. This venture has expanded its crushing capacities since its inception and has been performing extremely well in the recent past and presently has become debt free except for working capital loans.

Dear shareholders, your steadfast support through the years has ensured that the company trains its sights in the right direction and endeavors to build up a thriving corporate asset with robust growth as behoves a responsible corporate entity to serve as the foundation to see it through the future.

The company's infrastructure in its different manufacturing units established over the years has also richly contributed to the establishment and expansion of a thriving ancillary segment giving a boost to economic activity in the area and improving the quality of life of the residents and their families.

The basic logic behind Corporate Social Responsibility has been firmly rooted in the minds of the management long before it became a formalised concept going on to become part of pronounced Government policies. The welfare of employees and that of the neighbouring communities has been the moving force behind the establishment of many educational institutions, social and community projects in the vicinity of its factories. The company has always viewed it as part of its responsibility to the community from which it derives its resources for business and has always responded in generous measure. Your company believes that Corporate Social Responsibility is as important as its manufacturing operations itself and the company has in its own way practiced this by making its surroundings greener and the environment more resident-friendly. While the details of the projects are to be found in the annual reports, it is worthwhile mentioning that community welfare measures


such as provision of drinking water, maintenance of a healthy surrounding, educating the community including children of its own employees etc have been the main creed of the company's CSR.

Looking back at the past and venturing to peep into the future, it is my earnest belief that the KCP's journey would continue with its firm belief in the core value of ethics propounded by its Founder Sri V Ramakrishna. This has, in the past enabled us to earn the goodwill of shareholders, bankers and lending institutions, employees, business associates, State and Central Governments, the public at large comprising of deposit-holders and very many others. The bankers, in particular have been a great source of strength with their trust placed in our management and the growth plans for the future, leading to their unstinted support at all times.

It is my privilege to have been given an opportunity to lead your company as Chairman for the last 35 years and to continue to steer the company forward. On behalf of the Board of Directors, the Management and the team-KCP, may I once again thank you for your continued trust and support.

Our sources of inspiration remain unchanged and we would remain steadfast in our commitment to growth with responsibility as our humble contribution to the corporate world and to the overall economic growth of the country.

Best regards,  
Yours sincerely,



(V.L. DUTT)

Chairman & Managing Director



# Evolution of KCP Group in 70 Years



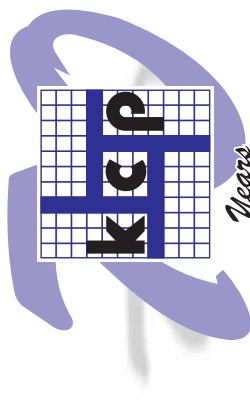
Heavy Engineering Unit,  
Tiruvottiyur, Chennai (1955)



Sugar Factory, Vuyyuru (1941)



Sri. Velagapudi Ramakrishna, I.C.S.  
Founder Chairman



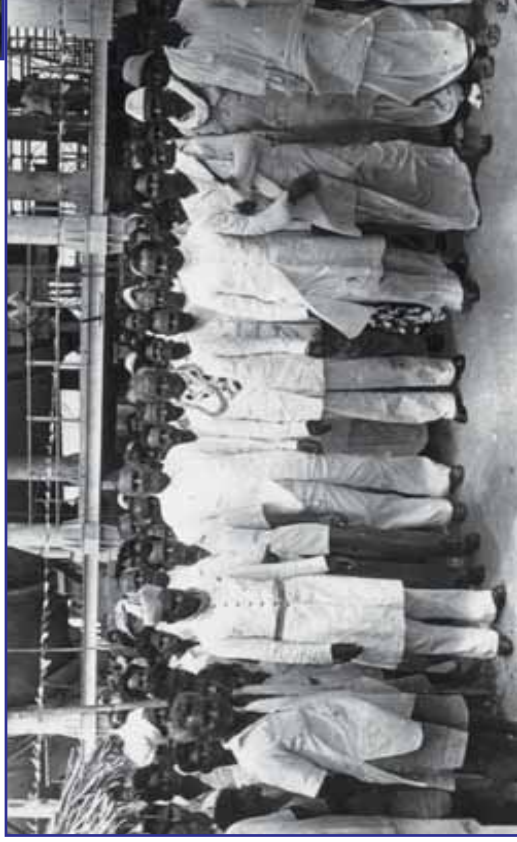
Progressive Growth



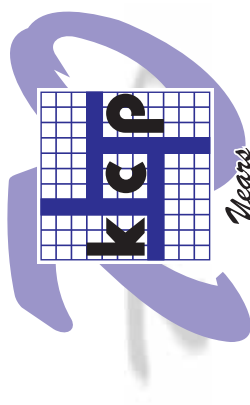
**V. Ramakrishna Hr. Sec. School,  
Tiruvottiyur, Chennai (1967)**



**Cement Production Unit,  
Macherla (1958)**



**Inauguration of Cement Production  
Unit, Macherla (1958)**



**Progressive Growth**