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

(Rs. in Lakhs)

	Year Ended									
	31-3-15	31-3-14	31-3-13	31-3-12	31-3-11	31-3-10	31-3-09	31-3-08	31-3-07	31-3-06
SHARE CAPITAL	1289*	2089	2789	3289	3289	3289	1289	1289	1289	1289
RESERVES & SURPLUS	34592	34250	34458	33168	29542	27189	22780	17697	12984	9625
NET WORTH	35881	36339	37247	36457	32831	30478	24069	18986	14273	10914
FIXED ASSETS (NET)	69486	66453	60639	54374	50668	33448	13147	12653	11704	7572
GROSS INCOME	70893	75723	88971	72654	37626	42289	41788	41604	30051	20680
GROSS PROFIT	10680	8024	11348	15208	8224	11052	11369	11284	8321	3448
DEPRECIATION	3431	3409	3197	2935	1233	1056	914	858	618	519
INTEREST	4886	4473	3812	3795	1394	949	671	692	444	444
PROFIT BEFORE TAX	2363	120	4339	8478	5597	9047	9784	9734	7259	2485
PROFIT AFTER TAX	1587	127	3046	6153	4135	6002	6591	6654	4829	1750
EARNINGS PER SHARE(Rs)**	1.17	-0.04	2.16	4.56	2.99	45.88	51.13	51.62	37.46	13.58
BOOK VALUE PER SHARE(Rs)**	27.84	27.57	27.34	26.73	23.92	220.93	186.72	147.27	110.72	84.66
DIVIDEND ON EQUITY(%)	75	10	100	150	100	100	100	100	100	50
DEBT EQUITY RATIO	0.89	0.86	0.54	0.51	0.71	0.33	0.27	0.15	0.21	0.39

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

(Rs. in Lakhs)

	Year Ended									
	31-3-15	31-3-14	31-3-13	31-3-12	31-3-11	31-3-10	31-3-09	31-3-08	31-3-07	31-3-06
SHARE CAPITAL	1289*	2089	2789	3289	3289	3289	1289	1289	1289	1289
RESERVES & SURPLUS	51887	48425	47574	46890	41684	33434	26791	19601	13532	9219
NET WORTH	53176	50514	50363	50179	44973	36723	28080	20890	14821	10508
FIXED ASSETS (NET)	75737	74502	67124	61561	57821	40750	22401	20084	18377	14391
GROSS INCOME	129229	118246	133590	115004	72100	69471	60401	58059	42575	28835
GROSS PROFIT	17990	14766	18316	23625	15288	17298	15428	14462	11150	5338
DEPRECIATION	4821	4713	4442	4104	2233	2167	2015	1605	1312	1262
INTEREST	5146	4631	3971	4154	1565	1336	1279	912	923	908
PROFIT BEFORE TAX	8023	5422	9903	15367	11490	13795	12134	11945	8915	3168
PROFIT AFTER TAX	5028	3449	6524	10605	7874	9076	8118	8022	5945	2133
EARNINGS PER SHARE(Rs)**	3.84	2.54	4.89	8.01	5.89	69.7	62.98	62.23	46.12	16.55
BOOK VALUE PER SHARE(Rs)**	41.25	38.57	37.91	37.38	33.33	269.38	217.84	162.06	114.98	81.52
DIVIDEND ON EQUITY(%)	75	10	100	150	100	100	100	100	100	50
DEBT EQUITY RATIO	0.60	0.60	0.39	0.38	0.53	0.42	0.07	0.17	0.38	0.26

** During the year 2010-11 the Equity Shares of Rs. 10/- each were sub-divided into 10 Equity Shares of Re. 1/- each. EPS and Book Value per Share are reworked accordingly.

* During the year 2014-15 last tranche of 80,00,000 preference shares of Rs. 10/- each have been redeemed.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. V.L. DUTT

Chairman and Managing Director

Smt. V.L. INDIRA DUTT

Joint Managing Director

Smt. KAVITHA D. CHITTURI

Executive Director

Sri. V. GANDHI

Technical Director

INDEPENDENT DIRECTORS

Sri. O. SWAMINATHA REDDY

Sri. V.H. RAMAKRISHNAN

Sri. VIJAY SANKAR

Sri. P.S. KUMAR

Sri. M. NARASIMHAPPA

CHIEF FINANCIAL OFFICER

Sri. M.R. RAMACHANDRAN

AUDITORS

M/s. **BRAHMAYYA & CO**

Chartered Accountants, Vijayawada

BANKERS

BANK OF BARODA

BANK OF INDIA

CANARA BANK

HDFC BANK LTD

INDIAN OVERSEAS BANK

REGISTERED AND CORPORATE OFFICE

"Ramakrishna Buildings"

2, Dr. P.V. Cherian Crescent

Egmore, Chennai - 600 008

Ph: 044 - 66772600 Fax: 66772620

E-mail: investor@kcp.co.in

Website: www.kcp.co.in

CEMENT UNITS

Macherla - 522426

Guntur District, Andhra Pradesh

Muktyala - 521175

Krishna District, Andhra Pradesh

HYDEL POWER UNIT

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

THERMAL POWER UNIT

Macherla, Guntur District, AP

CAPTIVE POWER PLANT

Muktyala, Krishna District, Andhra Pradesh

BOARD COMMITTEES & CONSTITUTION

AUDIT COMMITTEE

Sri. O. Swaminatha Reddy, Sri. V.H. Ramakrishnan, Sri. Vijay Sankar,
Sri. P.S. Kumar, Sri. M. Narasimhappa, Smt. Kavitha D. Chitturi.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Sri. O. Swaminatha Reddy, Sri. V.H. Ramakrishnan, Sri. Vijay Sankar,
Sri. P.S. Kumar, Sri. M. Narasimhappa.

NOMINATION AND REMUNERATION COMMITTEE

Sri. O. Swaminatha Reddy, Sri. V.H. Ramakrishnan, Sri. Vijay Sankar,
Sri. P.S. Kumar, Sri. M. Narasimhappa, Dr. V.L. Dutt.

RISK MANAGEMENT COMMITTEE

Smt. Kavitha D. Chitturi, Smt. V.L. Indira Dutt, Sri. V. Gandhi, Sri. Vijay Sankar,
Sri. P.S. Kumar, Sri. M.R. Ramachandran, Dr. G.V.K. Prasad, K. Ramakrishna.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Smt. V.L. Indira Dutt, Smt. Kavitha D. Chitturi, Sri. V. Gandhi, Sri. Vijay Sankar,
Sri. P.S. Kumar.

INNOVATION AND BEST PRACTICES COMMITTEE

Sri. M. Narasimhappa, Sri. V. Gandhi, Sri. V.H. Ramakrishnan, Sri. Vijay Sankar,
Smt. Kavitha D. Chitturi,

FINANCE COMMITTEE

Dr. V.L. Dutt, Smt. V.L. Indira Dutt, Smt. Kavitha D. Chitturi, Sri. V. Gandhi,
Sri. Vijay Sankar, Sri. P.S. Kumar.

INVESTMENT COMMITTEE

Sri. O. Swaminatha Reddy, Sri. V.H. Ramakrishnan, Sri. Vijay Sankar,
Sri. P.S. Kumar, Sri. M. Narasimhappa.

COMPANY SECRETARY

Sri. Y. VIJAYA KUMAR

COST AUDITORS

M/s. **NARASIMHAMURTHY & CO**

Cost Accountants, Hyderabad

M/s. **S. MAHADEVAN & CO**

Cost Accountants, Chennai

INTERNAL AUDITORS

M/s. **R.G.N PRICE & CO**

Chennai

M/s. **M. BHASKARA RAO & CO**

Hyderabad

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: 28140801/803 Fax: 281424790 E-mail:
yuvraj@integratedindia.in Website: www.integratedindia.in

PLANT LOCATIONS

ENGINEERING UNITS

Tiruvottiyur - 600 019

Chennai, Tamilnadu

Arakonam - 631 004

Mosur Road, Ekhunagar, Tamilnadu

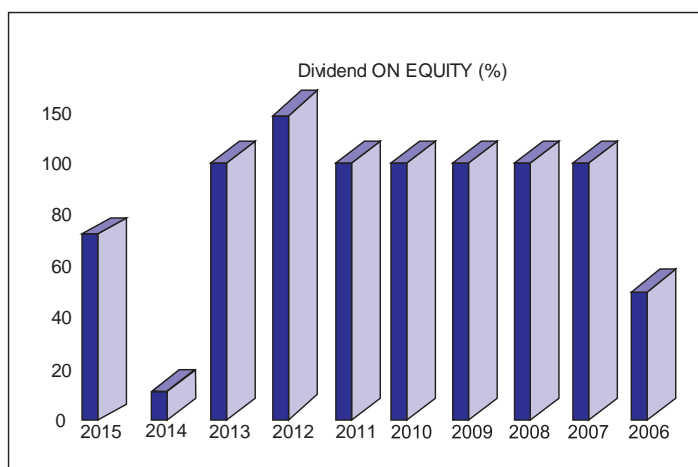
SOLAR POWER UNIT

Muktyala, Krishna District, Andhra Pradesh

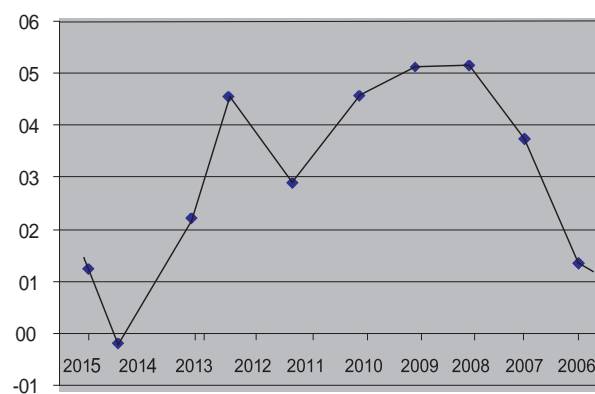
WIND MILLS

Uthumalai Village, Tirunelveli District, Tamilnadu

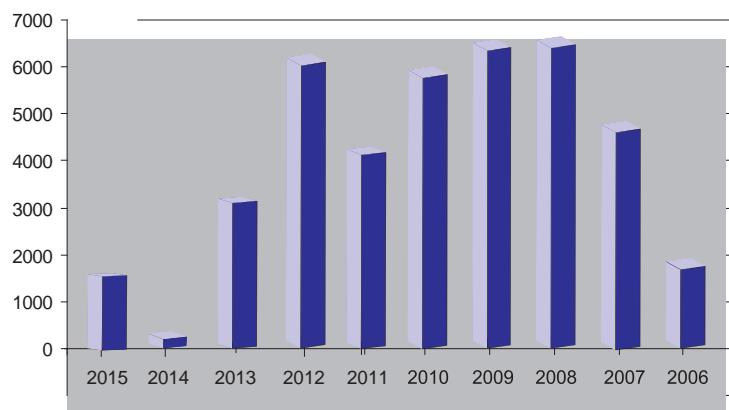
At a Glance



Dividend History



Earnings Per Share (EPS)



Profit after Tax (Rs. in Lakhs)

(Not to Scale)

From the Chairman's Desk

Dear Shareholder,

It is fascinating for me to recapitulate the turn of events during the last year. The industry has become more vocal and liberated from the various clutches and controls. Greater transparency is being ingrained into the operation of the financial and capital markets.

Indian Economy during the fiscal year 2014-15 was rather peculiar with some industries doing well and some found limping. The decline pattern in the growth though appears to have bottomed out, the desired incremental growth did not take place last year, Primary catalyst of the demand for cement, would be infrastructure spends a part from housing. The pick up in demand from infrastructure is delayed. Urban housing demand has been stagnant due to high levels of inventory in most metros. Rural demand slowed down due to unseasonal rains.



Slowing demand led to lower prices in the first half of 2014-15 coupled with diesel price hikes resulting in escalated freight costs.

A year passed since the new set of governance has taken place in the Centre and it is time that the Government policies reflect in overall robust economic development.

The Government is Pushing through GST Bill, Land Acquisition Bill etc which would encourage industry with new investments. The road ahead might be bumpy but reforms are necessary for putting back the economy on good growth trajectory, at rates seen earlier.

With the fall in crude prices and consequent reduction in trade deficit, government is enabled to focus on developmental activities, which in turn should help growth of the economy.

Coming to the company's operations, it could be seen that the operations for the fiscal year 2014-15 that had ended was a mixed bag, with the cement and power divisions performing creditably and the Engineering Division lagging behind.

The cement prices, languishing till the first half of the year under review at a low level, corrected itself to some extent, but this was followed by the increase in the cost of inputs like coal, put paid to the unit's ambitious plan for substantial redemption which did not happen. Nevertheless the unit has put up a comparatively strong performance and it is expected that the trend would continue and the volumes presently stagnant would also have an upward shift in the near future. This can happen only when there is a paradigm forward movement of the economy rather than a mere price increase.

Power division which is also basically captive have done well thanks also to a reasonably good monsoon in the previous year.

The new Thermal Power Plant at Muktyala would ensure that quality and continuous power would be made available for cement production there. The Solar plant of a very marginal capacity is doing its bit by getting the Renewable Energy Certificates though the realisation is lagging far behind.

The Engineering sector, being closely associated with the manufacturing and infrastructure sectors of the economy is of strategic importance to India's economy. Growth in the sector is driven by various sub-sectors such as infrastructure, power, steel, automotive, oil and gas, consumer durables etc. The MAKE IN INDIA campaign in order to succeed has to get the attention of several infrastructure and engineering multinationals.

Performance of the Engineering Division of the company was not satisfactory. With no real economic development there were literally no major orders. A turnaround is expected only by the second half of the current fiscal which it is hoped would revive the fortunes of the ailing engineering capital goods industry.

Going forward, the future for both Cement and Engineering segments looks positive in the long term with the Government focus on development and infrastructure. The cement market in India is expected to grow at a compound annual growth rate (CAGR) of 8.96 percent during the period 2014-2019. In 12th Five year plan, government plans to increase investment of USD 1trillion in infrastructure, which should help the industry. Government plans of 100 smart cities, construction of state capital in AP augurs well for cement industry as well as our company. It is worth noting that per capita consumption of cement in India is less than 200 kg against world average of about 500 kg, a number which suggests a growth in demand, given a proper platform for growth. Rise in GDP from various initiatives, should provide an additional impetus for especially the cement sector given the strong correlation between the GDP growth and the cement industry.

With help from the Government in terms of friendlier laws, lower taxation rates, and more infrastructure spending, the sector is likely to grow and will take India's economy forward along with it.

The Company works to ensure that sustainability considerations and values, are understood, implemented, measured and communicated to all stakeholders across the Company's value chain, so that they form a seamless part of the business practice and help customers be more effective and successful. It is committed to developing manufacturing processes that focus on clean energy and resource efficiency, and also extends its sustainability contributions to customers by developing and offering products that are resource efficient and facilitate the use of renewable energy sources.

The stakeholders trust and confidence in the capabilities of the company to protect and enhance the value, continues to grow and rather it fuels the company even further to attain greater heights.

Best Regards,

V L Dutt
Chairman and Managing Director

Interactive session with the Joint Managing Director



How do you view the performance of the company during the year 2014-15?

In order to answer this question, I need to first say a few words on the prevailing scenario in the sectors in which the company is operating.

With the continuing stagnation in the Heavy Capital Goods sector, the demand for the engineering unit has been deeply impacted and the unit had to accept even low or nil contribution orders to keep the unit afloat. A recovery in this sector is foreseen only by the second half of the fiscal 2015-16, which would provide a stimulus for the unit and more higher value orders may be expected.

As regards cement sector, though there has been some correction in the price, volumes are still stagnant. Improvement can happen only when there is a spurt in the demand for cement which would happen only when there is a rise in demand in the construction industry. Increase in Operations born out of demand increase is more lasting than such increase in operations coming out temporary correction in prices.

After the monsoon period, we expect to see a scaling up of demand for cement arising out of increased consumption in the Infrastructure segment.

With reference to power sector, the outputs from all the units were highly satisfactory and it is hoped that a decent monsoon would replenish the waters in the reservoirs for the current fiscal which would result in good power generation from the Hydel plant. The company has commissioned the 18MW Thermal power plant in Jan 2015 which would ensure quality power availability to the cement units. The Solar Plant has been a great boon by providing fossil free power and also in bringing of REC (Renewal Energy Certificates). It has always been the aim of the company to have quality and continuous power for all the manufacturing units and the installation of the Thermal power plant and the small solar power plant are steps in the right direction.

How do you position the company in the current fiscal?

Much depends on the outlook for the Monsoon. Indian economy being agrarian based, a fall in water resources triggers a chain of reaction causing decreased agricultural production and leading to fall in demand for cement and engineering goods due to low availability of liquidity with the people. This leads to fall in the production and the rise in cost of production resulting in losses. Hence we are looking for a normal monsoon which would be an impetus to further industrial development. An indicator for industrial development is the demand for Heavy Capital Goods signifying overall upward movement of industry. Our Engineering unit is gearing itself to meet this opportunity as and when it comes through.

The company simultaneously is also striving to be near to the customer as possible and the Building Materials Division is a forward integration step in this direction. The company has just formally launched the Bricks, Hollow Blocks and Pavers in the market and a detailed feedback is awaited. Preliminary response has been very encouraging. If found acceptable to the market, more such plants could be considered.

How the company does fulfil its CSR's requirements?

Service to the Community has been and continues to be the motto of the organisation. The company takes pride in being a catalyst in the improvement of the livelihood of the regions where the units are situated. This, among others, consists of having RO water facilities, schools for the children, training for the women Self Help Groups (SHG) to tap their vocational skills. I would also like to point out that the company had long back since inception started the services to the local community even before CSR concept came into existence.

"The best way to find yourself is to lose yourself in the service of others." said Mahatma Gandhi. Going by that advice, the company has been and continues to contribute its mite to the service of the community especially those in the vicinity of the operating units.

What is your vision for the company?

In our quest to achieve the vision "Organisational Excellence through Innovation", we have been taking all-round efforts to bring about the Best Practices in the way we run our operations. Every activity is being mapped and compared with the best practices available and course correction if any is being taken.

Board of Directors



Dr. V.L. Dutt
DIN: 00143013
Chairman & Managing Director

Dr. V L Dutt was educated in London, England and secured the Grad BIM Degree. Dr. Dutt is the Chairman of The KCP Limited, Fives Cail - KCP Limited and KCP Vietnam Industries Limited and Director of V Ramakrishna Sons Private Ltd.

Dr. Dutt was a Director on the Board of DCM Shriram Industries Limited and was the Chairman of Chennai Willingdon Corporate Foundation.

Presently, he is the Honorary Consul General of the Republic of Turkey in Chennai, for the States of Tamilnadu, Kerala, Karnataka, Andhra Pradesh and Union Territory of Pondicherry.

Dr. Dutt is the Chairman of Finance committee and Member of Nomination and Remuneration committee of the company.



Smt. V.L. Indira Dutt
DIN: 00139883
Joint Managing Director

Smt. V.L. Indira Dutt, B.A (Economics) from Madras University

She serves as Director of Fives Cail - KCP Limited, Velagapudi Foundation, KCP Vietnam Industries Limited and V Ramakrishna Sons Private Limited.

Smt. V.L.Indira Dutt is the Chairperson of the Corporate Social Responsibility Committee, Member of Finance committee and Risk management committees of the company.

Presently she serves as the President of Andhra Chamber of Commerce.



Smt. Kavitha Dutt Chitturi
DIN: 00139274
Executive Director

Smt. Kavitha Dutt Chitturi is a graduate in Business Management from Cedar Crest College Allentown, Pennsylvania with specialization in International Business. She also holds a Post-Graduate Diploma in Human Resources from New York University (NYU).

She is also a Director on the Board of DCM Shriram Industries Limited, ABI Showatech (India) Ltd, V Ramakrishna Sons Private Limited, KCP Vietnam Industries Limited, Velagapudi Foundation and Chennai Willingdon Corporate Foundation.

Smt. Kavitha Dutt Chitturi is the Chairperson of the Risk management committee, Member of Audit committee, Finance committee, Innovation and Best practices committee and Corporate Social Responsibility Committees of the company.



Sri. V. Gandhi
DIN: 00140320
Technical Director

Sri. V. Gandhi is a part of the senior management of KCP Ltd with 31 years of experience. He is a Metallurgist by profession. He served as General Manager, Planning and Procurement in Fives-cail KCP Limited.

Sri. V. Gandhi is a Director on the Boards of Fives Cail - KCP Limited and BGE Engineering (India) Private Limited.

He is a member of the Risk management committee, Finance committee, Investment Committee, Innovation and Best practices committee and Corporate Social Responsibility Committees of the company.



Sri. O. Swaminatha Reddy
DIN: 00006391
Independent Director

Sri. O. Swaminatha Reddy, a Chartered Accountant by profession has vast banking and industrial experience spanning over decades. He has held various high ranking posts which include Chairman of Andhra Bank and Chairman and Managing Director of Andhra Pradesh State Financial Corporation.

He is the Chairman of Sagar Cements Ltd, TCI Finance Ltd, Sagar Power Ltd and a Director on the Boards of TCI Developers Limited, Transport Corporation of India Ltd and Surana Ventures Limited and Bhagyanagar India Ltd.

Sri. O. Swaminatha Reddy is the Chairman of the Audit committee, Investment Committee, Nomination and Remuneration committee, Stakeholders relationship committees of the Company.



Sri. V.H. Rama Krishnan
DIN: 00143948
Independent Director

Sri. V.H.Ramakrishnan, a Chartered Accountant and a Cost Accountant is a retired General Manager of the Bank of India, with 35 years of experience in India and abroad. He was a Director of Andhra Bank. He Serves as a Director on the Board of Sagar Cements Limited and a member of the Group of Advisers of Shriram Group of Companies.

Sri. V.H.Ramakrishnan is a member of the Audit committee, Investment Committee, Nomination and Remuneration committee, Stakeholders relationship committee and Innovation and Best practices committees of the Company.



Sri. Vijay Sankar
DIN: 00007875
Independent Director

Sri. Vijay Sankar holds a Masters in Business Administration from J.L. Kellogg Graduate School of Management, Northwestern University and is also a qualified Chartered Accountant. He is the Deputy Chairman of Sanmar Group and is a Director of Sanmar Holdings Limited, SHL Securities (Alfa) Limited and Sanmar Consolidations Limited.

He is also serving as the Honorary Consul for Spain in Chennai and as Vice President of the Tamilnadu Tennis Association.

Sri. Vijay Sankar is a member of the Audit committee, Investment Committee, Risk management committee, Finance committee, Nomination and Remuneration committee, Innovation and Best practices committee and Corporate Social Responsibility Committees of the company.



Sri. P.S. Kumar
DIN: 00267280
Independent Director

Sri P.S. Kumar, holds a Bachelor degree in commerce from University of Madras and is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He is a practicing Chartered Account and is the partner-in-charge of M/s.Brahmayya &Co., Chennai office and Managing partner of Bangalore office.

He served as the president of Andhra Chamber of Commerce, Chennai and is a Member of the Executive Committee of the International Chamber of Commerce (Indian Branch), New Delhi and Sub-committee for Corporate Laws and Legal Affairs of FICCI, New Delhi. He is a Director on the Board of Brahmayya Consultants Private Limited.

Sri. P.S.Kumar is a member of the Audit committee, Investment Committee, Risk management committee, Finance committee, Nomination and Remuneration committee and Corporate Social Responsibility Committees of the company.



Sri. M. Narasimhappa
DIN: 03319847
Independent Director

Sri M.Narasimhappa holds a Masters degree in Economics from Sri Venkateswara University, Tirupathi. He served in various capacities in Indian Revenue Service (IRS) like Joint commissioner, Addl. commissioner, Commissioner of Income Tax and retired as Chief Commissioner of Income Tax.

He has received awards for Excellence in Tax Administration from Management Association of Pune (2009) and Delhi Telugu Academy (2004). Presently, he is the Chairman, Board of Directors of Eesavyasa Technologies Pvt, Ltd and a Director of Eesavyasa Agrotech(P) Ltd, Amara Raja Power System Ltd and Vijay Nirman (P) Ltd.

Sri M.Narasimhappa is the Chairman of the Innovation and Best practices committee and a member of the Audit committee, Investment Committee, Nomination and Remuneration committee and Stakeholders relationship committees of the Company.