



*We are not above nature,  
we are a part of nature*



## **The KCP Limited**

---

80th Annual Report 2020-2021



॥ नैनं छिन्दन्ति शस्त्राणि नैनं दहति पावकः ॥  
न चैनं क्लेदयन्त्यापो न शोषयति मारुतः ॥

*Weapons can't cut the Soul, neither fire burn it, nor water wet it, nor the wind dry it.  
It is eternal, all-pervading, divine, beyond the interaction of material objects.*

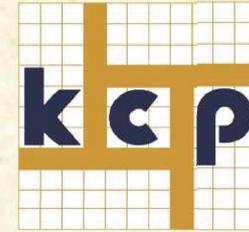
*- Bhagvad Gita, Ch 2, Text 23*



You left us a year ago, yet you continue  
to inspire us with the extraordinary  
life you have led. Today we renew our pledge  
to carry forward your legacy and vision.



**In loving memory, The KCP Family**



**The KCP Limited**

**Dr. Velagapudi Lakshmana Dutt**

27<sup>th</sup> December, 1937 - 18<sup>th</sup> February, 2020

**Former Chairman**



**KCP Vietnam Industries Limited**



**fives**

**Fives Cail KCP Limited**

# Contents

|  | Page No. |
|--|----------|
| 1. Corporate Information   | 3        |
| 2. Board of Directors  | 7        |
| 3. Corporate Social Responsibility (CSR)                         | 11       |
| 4. Directors' Report   | 15       |
| 5. Management Discussion and Analysis                            | 24       |
| 6. Directors' Report Annexures                                   | 31       |
| • Annual Report on Corporate Social Responsibility (CSR)         | 34       |
| • Form AOC-1   | 39       |
| • Form AOC-2   | 40       |
| 7. Secretarial Audit Report                                      | 41       |
| 8. Business Responsibility Report                                | 45       |
| 9. Corporate Governance Report                                   | 56       |
| 10. Corporate Governance Certifications                          | 75       |
| 11. CEO / CFO Certification                                      | 76       |
| 12. Independent Auditors' Report                                 | 77       |
| 13. Standalone Financial Statements<br>(The KCP Limited)         | 86       |
| 14. Consolidated Financial Statements<br>(The KCP Limited Group) | 143      |

## Key Financial Highlights - The KCP Limited

Year Ended

(Rs. In Lakhs)

|                                 | 31-3-21  | 31-3-20 | 31-3-19  | 31-3-18  | 31-3-17 | 31-3-16 | 31-3-15 | 31-3-14 | 31-3-13 | 31-3-12 |
|---------------------------------|----------|---------|----------|----------|---------|---------|---------|---------|---------|---------|
| Share Capital                   | 1,289    | 1,289   | 1,289    | 1,289    | 1,289   | 1,289   | 1,289   | 2,089   | 2,789   | 3,289   |
| Reserves & Surplus              | 60,650   | 45,411  | 47,744   | 45,289   | 39,768  | 36,652  | 34,592  | 34,250  | 34,458  | 33,168  |
| Net Worth                       | 61,939   | 46,700  | 49,033   | 46,578   | 41,057  | 37,941  | 35,881  | 36,339  | 37,247  | 36,457  |
| Fixed Assets (Net)              | 90,766   | 95,769  | 98,110   | 90,710   | 72,223  | 71,838  | 69,486  | 66,453  | 60,639  | 54,374  |
| <b>Gross Income</b>             | 1,33,699 | 97,052  | 1,16,360 | 1,10,048 | 95,476  | 86,582  | 70,893  | 75,723  | 88,971  | 72,654  |
| Gross Profit                    | 32,859   | 10,242  | 14,092   | 19,669   | 14,835  | 14,965  | 10,680  | 8002    | 11,348  | 15,208  |
| Depreciation                    | 6,942    | 7,141   | 5,193    | 4,903    | 4,861   | 3,912   | 3,431   | 3,409   | 3,197   | 2,935   |
| Interest                        | 4,241    | 5,641   | 3,419    | 3,529    | 4,725   | 4,541   | 4,886   | 4,473   | 3,812   | 3,795   |
| Profit Before Tax               | 21,676   | (2,540) | 5,480    | 11,237   | 5,249   | 6,512   | 2,363   | 120     | 4,339   | 8,478   |
| <b>Profit After Tax</b>         | 15,332   | (677)   | 3,951    | 8,127    | 3,381   | 4,286   | 1,587   | 127     | 3,046   | 6,153   |
| Other Comprehensive Income      | 100      | (353)   | (206)    | (27)     | (266)   |         |         |         |         |         |
| Total Comprehensive Income      | 15,432   | (1,030) | 3,745    | 8,100    | 3,115   |         |         |         |         |         |
| <b>Earnings Per Share (Rs.)</b> | 11.89    | (0.52)  | 3.06     | 6.30     | 2.62    | 3.32    | 1.17    | (0.04)  | 2.16    | 4.56    |
| Book Value Per Share (Rs.)      | 48.05    | 36.23   | 38.04    | 36.13    | 31.85   | 29.43   | 27.84   | 27.57   | 27.34   | 26.73   |
| Dividend On Equity (%)          | 200      | 15      | 100      | 100      | 200     | 100     | 75      | 10      | 100     | 150     |
| Debt Equity Ratio               | 0.64     | 1.09    | 1.14     | 1.03     | 1.01    | 1.04    | 0.89    | 0.86    | 0.54    | 0.51    |

## Key Financial Highlights - The KCP Limited Group

Year Ended

(Rs. In Lakhs)

|                                 | 31-3-21  | 31-3-20  | 31-3-19  | 31-3-18  | 31-3-17  | 31-3-16  | 31-3-15  | 31-3-14  | 31-3-13  | 31-3-12  |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Share Capital                   | 1,289    | 1,289    | 1,289    | 1,289    | 1,289    | 1,289    | 1,289    | 2,089    | 2,789    | 3,289    |
| Reserves & Surplus              | 98,272   | 82,543   | 79,766   | 72,324   | 66,251   | 59,473   | 51,896   | 48,425   | 47,574   | 46,890   |
| Net Worth                       | 99,561   | 83,832   | 81,055   | 73,613   | 67,540   | 60,762   | 53,185   | 50,514   | 50,363   | 50,179   |
| Fixed Assets (Net)              | 111,873  | 119,567  | 122,773  | 116,408  | 98,078   | 97,512   | 76,542   | 74,502   | 67,124   | 61,561   |
| <b>Gross Income</b>             | 1,71,935 | 1,42,771 | 1,66,926 | 1,52,952 | 1,37,118 | 1,41,450 | 1,29,229 | 1,18,246 | 1,33,590 | 1,15,004 |
| Gross Profit                    | 39,028   | 19,487   | 23,827   | 25,558   | 22,855   | 24,140   | 17,990   | 14,766   | 18,316   | 23,625   |
| Depreciation                    | 9,171    | 9,609    | 7,562    | 7,051    | 6,259    | 4,829    | 4,821    | 4,713    | 4,442    | 4,104    |
| Interest                        | 4,637    | 5,940    | 3,909    | 4,234    | 4,993    | 5,234    | 5,146    | 4,631    | 3,971    | 4,154    |
| Profit Before Tax               | 25,220   | 3,938    | 12,356   | 14,273   | 11,603   | 14,077   | 8,023    | 5,422    | 9,903    | 15,367   |
| <b>Profit After Tax</b>         | 16,299   | 2,713    | 8,223    | 8,951    | 7,655    | 9,335    | 5,037    | 3,449    | 6,524    | 10,605   |
| Other Comprehensive Income      | (376)    | 1,366    | 517      | (291)    | (869)    |          |          |          |          |          |
| Total Comprehensive Income      | 15,923   | 4,079    | 8,739    | 8,660    | 6,786    |          |          |          |          |          |
| <b>Earnings Per Share (Rs.)</b> | 12.64    | 2.10     | 6.38     | 6.94     | 5.94     | 7.24     | 3.84     | 2.54     | 4.89     | 8.01     |
| Book Value Per Share (Rs.)      | 77.24    | 65.04    | 62.88    | 57.11    | 52.40    | 47.14    | 41.26    | 38.57    | 37.91    | 37.38    |
| Dividend On Equity (%)          | 200      | 15       | 100      | 100      | 200      | 100      | 75       | 10       | 100      | 150      |
| Debt Equity Ratio               | 0.47     | 0.65     | 0.73     | 0.76     | 0.76     | 0.78     | 0.60     | 0.60     | 0.39     | 0.38     |

Debt includes current maturities / short term borrowings.

Figures for FY 2015-2016 and 2016-2017 have been restated in accordance with implementation of Indian Accounting Standards w.e.f. 01.04.2017.

# Corporate Information

## Board of Directors

### Executive Directors

Dr. V.L. Indira Dutt  
Chairperson & Managing Director  
Smt. V. Kavitha Dutt  
Joint Managing Director

### Independent Directors

Sri. P.S. Kumar  
Sri. V.H. Ramakrishnan  
Sri. Vijay Sankar  
Sri. M. Narasimhappa  
Smt. Janaki Pillai

### Non- Executive Non-Independent Directors

Sri. V. Chandrakumar Prasad  
Dr. Subbarao Vallabhaneni  
Sri. Ravi Chitturi

### Chief Financial Officer

Sri. G.N. Murty

### Company Secretary

Sri. Y. Vijayakumar

### Auditors

M/s. K.S. RAO & CO.,  
Chartered Accounts,  
Flat No. 601A, Golden Green Apartments,  
Irrummangil Colony, Hyderabad 500 082

### Internal Auditors

M/s. Sriramamurty & Co., Visakhapatnam, Andhra Pradesh  
M/s. M. Bhaskara Rao & Co. Hyderabad, Telangana

### Registered & Corporate Office

"Ramakrishna Buildings",  
2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008, India.  
Phone: +91 44 66772600 E-Mail: investor@kcp.co.in,  
www.kcp.co.in

### Registrar & Share Transfer Agents

M/s. Integrated Registry Management Services Pvt. Ltd  
II Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road  
T. Nagar, Chennai 600 017 Ph: 044-28140801/803 Fax: 044-28142479  
yuvraj@integratedindia.in, www.integratedindia.in

### Cost Auditors

M/s. Narasimhamurthy & Co., Cost Accountants, Hyderabad  
M/s. S. Mahadevan & Co., Cost Accountants, Chennai

### Secretarial Auditor

Smt. Sobana Pranesh, Company Secretary in Practice, Chennai

### Board Committees & Constitution

#### Audit Committee:

|                      |                         |
|----------------------|-------------------------|
| Sri. P.S. Kumar      | Sri. V. H. Ramakrishnan |
| Sri. Vijay Sankar,   | Smt. V. Kavitha Dutt    |
| Sri. M. Narasimhappa |                         |

#### Stakeholders Relationship Committee:

|                      |                         |
|----------------------|-------------------------|
| Sri. P.S. Kumar      | Sri. M. Narasimhappa    |
| Dr. V.L. Indira Dutt | Sri. V. H. Ramakrishnan |
| Sri. Vijay Sankar,   |                         |

#### Nomination and Remuneration Committee:

|                         |                      |
|-------------------------|----------------------|
| Sri. V. H. Ramakrishnan | Sri. Vijay Sankar    |
| Dr. V.L. Indira Dutt    | Sri. M. Narasimhappa |
| Sri. P.S. Kumar         |                      |

#### Risk Management Committee:

|                             |                        |
|-----------------------------|------------------------|
| Smt. V. Kavitha Dutt        | Sri. G.N. Murty        |
| Dr. V.L. Indira Dutt        | Sri. V.M. Rao          |
| Sri. P.S. Kumar             | Sri. B.V.P.S. Chowdary |
| Sri. Vijay Sankar           | Sri. K. Ramakrishna    |
| Sri. V. Chandrakumar Prasad | Sri. M. Narayana Rao   |
| Sri. Ravi Chitturi          |                        |

#### Corporate Social Responsibility Committee:

|                      |                   |
|----------------------|-------------------|
| Dr. V.L. Indira Dutt | Sri. P.S. Kumar   |
| Smt. V. Kavitha Dutt | Sri. Vijay Sankar |
| Smt. Janaki Pillai   |                   |

#### Innovation and Best Practices Committee:

|                      |                         |
|----------------------|-------------------------|
| Sri. M. Narasimhappa | Sri. V. H. Ramakrishnan |
| Sri. P.S. Kumar      | Smt. V. Kavitha Dutt    |
| Sri. Vijay Sankar,   | Sri. Ravi Chitturi      |

#### Finance Committee:

|                      |                   |
|----------------------|-------------------|
| Dr. V.L. Indira Dutt | Sri. P.S. Kumar   |
| Smt. V. Kavitha Dutt | Sri. Vijay Sankar |

#### Investment Committee:

|                         |                      |
|-------------------------|----------------------|
| Dr. V.L. Indira Dutt    | Sri. Vijay Sankar    |
| Sri. P.S. Kumar         | Sri. M. Narasimhappa |
| Sri. V. H. Ramakrishnan |                      |

#### Bankers:

|                      |                     |
|----------------------|---------------------|
| Bank of Baroda       | State Bank of India |
| Canara Bank          | HDFC Bank           |
| Bank of India        | AXIS Bank           |
| Indian Overseas Bank |                     |

## Plant Locations

### Cement Plants

Macherla, Guntur District, Andhra Pradesh  
Muktyala, Krishna District, Andhra Pradesh

### Heavy Engineering

Thiruvottiyur, Chennai, Tamilnadu  
Mosur Road, Ekhunagar, Arakkonam, Tamilnadu

### Hydel Power

Nekarikallu, Guntur District, Andhra Pradesh

### Waste Heat Recovery

Macherla, Guntur District, Andhra Pradesh

### Thermal Power

Muktyala, Krishna District, Andhra Pradesh

### Solar Power

Muktyala, Krishna District, Andhra Pradesh

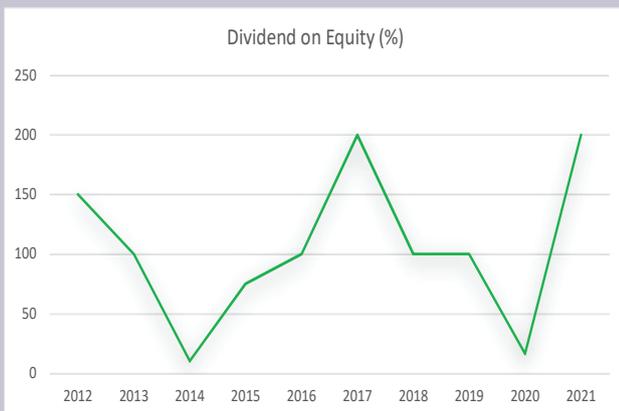
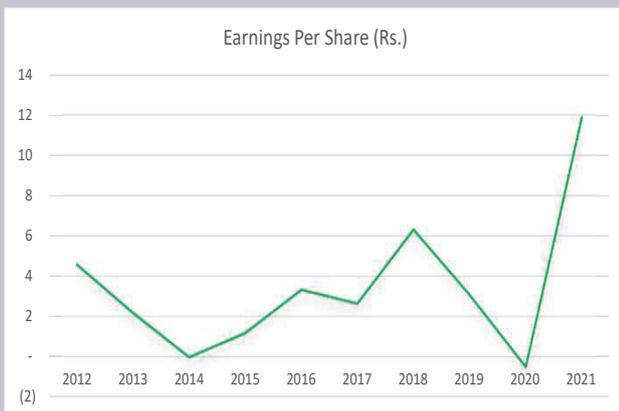
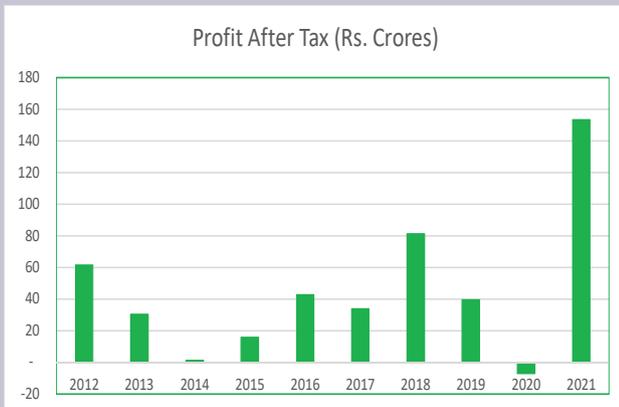
### Wind Power

Uthumalai Village, Tirunelveli District, Tamilnadu

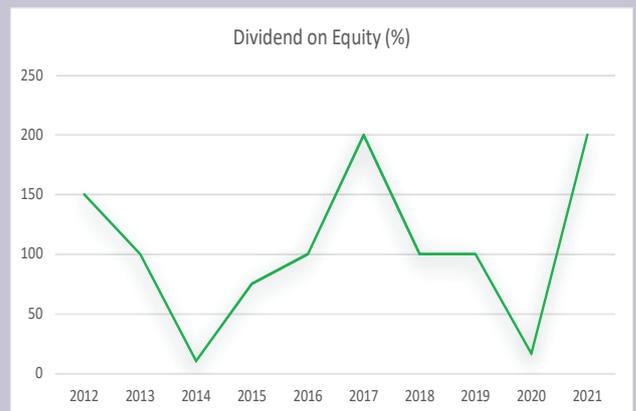
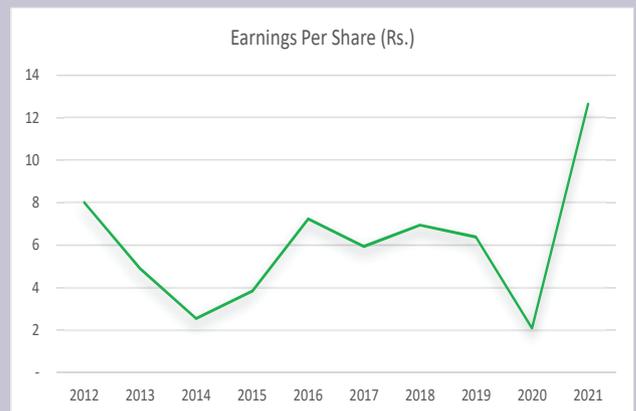
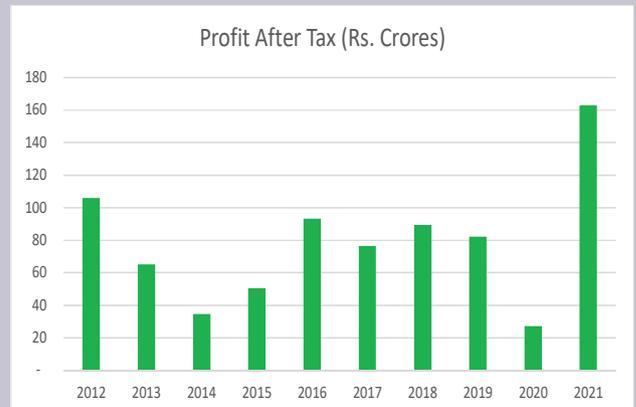
### Hotel

Mercure Hyderabad KCP  
Somajiguda, Hyderabad, Telangana

The KCP Limited



The KCP Limited (Group)



## From The Chairperson and Managing Director



Dear Shareholders,

I would like to, first, acknowledge and applaud, the dedication and courage of the medical community, sanitation workers, essential service providers, and law enforcement agencies, in keeping the country healthy and away from the pandemic, day in and day out.

COVID-19 has turned into a global crisis, it is changing human attitudes and behaviors today. Your Company is relentlessly endeavoring to ensure the safety and health of not only employees, but all the communities living around our areas of operation.

The difficult times for the people and economies of the world and the country, have not abated. Waves after waves of the pandemic are striking the country with ever-increasing vigor and variations. But every problem is to be taken as a gift, since, without problems, we would not be sharp and vigilant.

The tapering of the Covid-19 second wave, coupled with an aggressive vaccination push, brightened the near-term prospects for the Indian economy. The real gross domestic product (GDP) growth was estimated at 22.1 percent in the April-June quarter, as the Reserve Bank of India (RBI) said in its July bulletin. A solid increase in aggregate demand is yet to take shape, as per RBI. Agricultural conditions are turning buoyant with the revival in the monsoon.

But, the danger of the third wave, is lurking around the corner. The country and your company are braced for the impact. The recovery of the economy would to a large extent, depend on the pace of vaccination, the timing of government's expenditure, and the extent of stimulus to the industry.

The latest forecast of GDP growth is about 9.5% and an almost similar growth rate is predicted for Cement, which is a flagship segment of your Company. With the world striving to relocate their sourcing, the opportunities for Indian manufactures would get greatly enhanced.

Coming to the operations of your Company, the pandemic of Covid impacted the company, during the most period of the financial year 2020-21. However, the company endured the vagaries. I am happy to state that your company recorded best-ever performance from the Cement Segment. It is not an overnight success, but a result of planning ahead even in difficult times, like our expansion of cement lines.

Despite the lockdown, which started right from March 2020, the cement sector found demand for its products. The pent-up demand for cement helped in enhancing the volumes as well as realizations. On the costs side, the lower prices of coal helped in lower costs. The company also resorted to a stringent cost-control regime. Of course, being on right track is not enough. We are conscious of the fact that competitors would try to run over us. In recent times, freight rates, coal prices have risen substantially. As part of persistent efforts to reduce costs, we are setting up a packing plant near Chennai.

The Heavy Engineering unit could reasonably contain the losses, as the Company remained committed to its customer deliverables, despite halting the manufacturing process for a few months. Here again, the cost control helped in reducing some expenditure and thus leading to lower losses. The segment is exploring new opportunities to ensure better margins. With the revival of fortunes of cement and steel, it is hoped that a few orders, for equipment replacements would flow in.

In the Power segment, hydel generation was decent with a good monsoon. Similarly, with higher cement production levels, waste heat recovery and thermal powers performed better owing to economies of scale.

The cause of worry is the Hospitality segment. The hotel, which is dependent on occupancies of rooms, had to face severe losses, due to complete lockdown conditions. When the recovery was around the corner, the second wave hampered the progress. This segment is totally dependent on free travel, which in turn depends on the impact and pace of vaccinations.

Regarding the sugar manufacturing facility in Vietnam, the performance of the subsidiary started improving from Quarter 4 of the financial year 2020-21, due to improvement in realizations. Dumping from across the borders of that country is being discouraged with a levy of duties.

Going forward, with vaccinations picking up pace, supporting faster normalization of mobility levels and various initiatives of the Government of India, including privatization of public sector enterprises, monetization of assets, implementation of National Infrastructure pipeline targeted investment incentives through the production-linked incentives scheme, and the new Labor Code could spur investments and growth. The primary drivers of growth will be infrastructure and affordable housing. Rural demand, aided by prosperity due to good monsoons, would be a silver lining.

For your Company, sustainability is an integral part of the business philosophy.

Our business growth and profitability are integrated with its contribution to societal well-being and we continue to engage for the development of the communities where we operate with social projects in education, environmental conservation, healthcare, digital literacy, and culture.

As Winston Churchill said Success is not final; failure is not fatal: it is the courage to continue that counts. And at KCP we believe that success usually comes to those who are too busy to be looking for it.

On behalf of the Board of Directors of the company, I would like to thank all the stakeholders including investors, suppliers, employees, banks, people around our facilities, and the governments at the States and at the Centre, for all the support given and confidence reposed in the Company, with a long history.

## Board of Directors



**Dr. V.L. Indira Dutt**  
DIN: 00139883  
Chairperson and  
Managing Director

Dr. V. L. Indira Dutt, has a B.A (Economics) from Madras University and serves as Chairperson & Managing Director of the Company.

She has over 20 years of experience and has played key role in the strategic planning & direction of the operations of the company and has personally contributed towards the growth and operations of the Cement Plants at Macherla and Muktyala.

Presently, she serves as Chairperson of Fives Cail - KCP Limited, KCP Vietnam Industries Limited Director of Velagapudi Foundation and V. Ramakrishna Sons Private Limited. She is the President of the World Telugu Federation (WTF) and Chairperson of Andhra Chamber of Commerce.

Dr.V.L. Indira Dutt is the Chairperson of the Corporate Social Responsibility Committee, Investment Committee, Finance Committee and Member of Nomination and Remuneration Committee, Risk Management Committee and Stakeholders relationship Committees of the company.



**Smt. V Kavitha Dutt**  
DIN: 00139274  
Joint Managing Director

Smt. V Kavitha Dutt is the Joint Managing Director of the company. She is a graduate in Business Management (BBA) with specialization in International Business from Cedar Crest College, Allentown, Pennsylvania. She also holds a Post-Graduate Diploma in Human Resources from New York University (NYU), New York. She has over 16 years' experience and has significantly contributed at all levels of management, including in particular overseeing new projects, financial and human resources management, besides steering budgetary policies and review procedures for effective monitoring and follow up.

Presently, she serves as Director on the Boards of DCM Shriram Industries Limited, Apollo Hospitals Enterprise Limited, ABI Showatech (India) Limited, Bharat Biotech International Limited, Centum Electronics Limited, V Ramakrishna Sons Private Limited, KCP Vietnam Industries Limited, Velagapudi Foundation and Chennai Willington Corporate Foundation.

She is a Member of Young Presidents' Organization, (YPO),Tamilnadu chapter, Vice President of World Telugu Federation (WTF ) and she was the President of FICCI Ladies Organization (FLO), Vice Chairperson of SCWEC, India, and was the President of Madras Management Association (MMA).

Smt. V Kavitha Dutt is the Chairperson of the Risk Management Committee and member of the Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Investment Committee, Finance committee and Innovation and Best Practices Committees of the company.



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

Sri.V.H. Ramakrishnan is a Chartered Accountant and a Cost Accountant and has extensive experience spanning over 35 years in both domestic and international banking with his long stint with Bank of India (BOI), from where he retired as the General Manager in April 2001. During his tenure at BOI, he headed various departments such as International Operations, Comptrollers Department, Treasury and Subsidiaries. He also has significant international banking exposure, first as Manager Nairobi Branch and then as Executive Director of Allied Bank of Nigeria Ltd. Post retirement he was a Shareholders' Director in Andhra Bank for 6 years from 2006-12. He was also a director in a few companies as Nominee of UTI and IDBI. Canara Bank had also appointed him as a director in their Joint Venture Canara Rebeco AMC Ltd for a period of about 4 years.

He serves as a Director on the Boards of Sagar Cements Limited and Sagar Cements (R) Limited.

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



**Sri. Vijay Sankar**  
DIN: 00007875  
Independent Director

Sri. Vijay Sankar who holds a Masters in Business Administration from the J L Kellogg Graduate School of Management, Northwestern University, USA, is also a qualified Chartered Accountant. Vijay earned his Bachelor of Commerce degree from Loyola College in Chennai, India.

Vijay Sankar is the Deputy Chairman of The Sanmar Group. He is responsible for the Group's operational management. Apart from organic growth of the main businesses, Vijay Sankar has been actively involved in Sanmar's entry overseas in the Group's core areas.

Vijay Sankar is an Independent Director on the Boards of Oriental Hotels Limited, Kaveri Retreats & Resorts Ltd. and Transport Corporation of India Limited. He serves as President of the Indian Chemical Council and as Vice President of the Tamil Nadu Tennis Association.

Vijay Sankar is the Honorary Consul General of Denmark in Chennai with jurisdiction over the States of Tamil Nadu, Andhra Pradesh, Telangana, Kerala, Karnataka and the Union Territory of Puducherry. He had earlier served as the Honorary Consul for Spain in Chennai for close to 10 years.

Vijay Sankar is a member of Audit Committee, Stakeholders Relationship Committee and member of Investment Committee, Nomination and Remuneration Committee, Innovation and Best Practices Committee, Finance Committee, Risk Management committee, Corporate Social Responsibility Committees of the company.

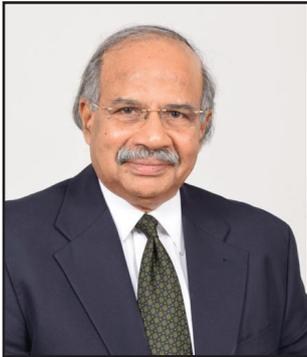


DIN: 03319847  
Independent Director

Sri. M. Narasimhappa holds a Masters degree in Economics from Sri Venkateswara University, Tirupathi. He served in various capacities in the Indian Revenue Service (IRS) like Joint Commissioner, Additional 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). He is the Chairman, Board of Directors of Eesavyasa Technologies (P), Limited and a Director of Eesavyasa Agrotech (P) Ltd, Amara Raja Power System Limited and Vijay Nirman (P) Limited.

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



**Sri. P.S. Kumar**  
DIN: 00267280  
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) and Institute of Chartered Accountants of India, Mr. Kumar is a practicing Chartered Accountant and is the Managing partner of Brahmayya & Co.,Chartered Accountants, Bengaluru.

Sri. Kumar served as President of Andhra Chamber of Commerce, Chennai and serving currently as a member of the Executive Committee. He is currently a Member of the Executive Committee of the International Chamber of Commerce (Indian Branch), New Delhi.

He is the Chairman of the Board of Directors of Sri Sarvaraya Sugars Ltd.

Sri. Kumar serves as an Independent Director and Chairman of the Audit Committee, Stakeholders Relationship Committee and Member of Investment committee, Nomination and Remuneration Committee, Innovation and Best Practices Committee, Finance committee, Risk Management committee, Corporate Social Responsibility Committees of the company.



**Mrs Janaki Pillai**  
DIN: 08713712  
Director

Smt. Janaki Pillai has a B.A.(hons) in Economics from Lady Shri Ram college, Delhi University and a Ph.D in Sociology from Jawaharlal Nehru University. She also has a Special Graduate diploma in Development, Law and Social Justice from the Institute of Social Studies, The Hague.

Over the last thirty years,she has worked as a lecturer, trainer and a development professional.

She is currently Director- Programmes at Ability Foundation and is also an English language trainer.

She is a Member of Corporate Social Responsibility Committee of the Company.



**Dr. Subbarao Vallabhaneni**  
DIN: 008746927  
Director

Dr. Subbarao Vallabhaneni MD FACS, US National (NRI) is a physician by profession.

He has received MBBS degree from Andhra University and Completed residency in General Surgery at ST. Joseph's Hospital and Medical Center in Paterson, NJ.USA. the Board Certified him in General Surgery and became a fellow of the American College of Surgeons.

He was in private practice during the years 1977 – 2008 and afterwards retired from the Practice.



**Sri. V. Chandrakumar Prasad**  
DIN: 008744154  
Director

Sri. V. Chandrakumar, US national (NRI) has a B.S. in Chemistry from Loyola College, Chennai and M.S. in Management Science (Chemical Engineering, Economics, Finance and Industrial Psychology) from Stevens Institute of Technology, New Jersey (USA). He has attended Special courses in Low Acid Food Canning (University of Maryland), Increase Productivity in Manufacturing (New Jersey Institute of Technology) and SAP in Procurement/Engineering (Nestle University, USA).

He has held several jobs at Buitoni Foods (Head quartered in Italy) from 1969-1991 reporting directly to the owner. He held various positions from project leader to Director of procurement. He was responsible to build 3 green field factories for Buitoni Foods in USA; with a capital spending of \$200 million.

On acquisition of Buitoni Foods by NESTLE, Switzerland; He joined them as a Corporate project Engineer and Strategic procurement Manager for Nestle USA; which eventually expanded to Nestle North America. During 1992-2006 he handled 60 factories in this region and globally on various project activities. He retired in 2013.

He is a Director on the Board of Fives Cail KCP Limited.

Sri. V. Chandrakumar Prasad is a member of the Risk Management Committee of the Company.



**Sri. Ravi Chitturi**  
DIN: 00328364  
Director

Sri. Ravi Chitturi, has a Bachelor Degree in Mechanical Engineering from College of Engineering Guindy, Anna University, Chennai and Master's Degree in Computer Science from Alabama A & M University, Huntsville, AL, USA.

He has over 33 years experience in Automotive, Banking, IT and Capital Goods Manufacturing sector with specific expertise in Portfolio & Risk Management and Manufacturing strategies.

He was the Managing Director of KCP Technologies Limited. Earlier he was a Senior Technology Analyst with Republic New York Corporation, New York.

Currently he is on the Boards of KCP Technologies Limited, BGE Engineering India Private Limited and KCP Vietnam Industries Limited.

Sri. Ravi Chitturi is a Member of Risk Management Committee and Innovation and Best Practices Committees of the Company.

# Corporate Social Responsibility

Corporate Social Responsibility (CSR) is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives and our company has been involved in community development work way before the CSR law was introduced in the country.

At KCP our CSR initiatives are focused on activities that promote inclusive growth and address the basic needs of the underprivileged and weaker sections of the society and they also address the issues of Community Development with thrust on Healthcare, Education, Sanitation, Skill development, Infrastructure creation for Rural Development, Environmental Sustainability, Disaster Management in and around our areas of operation.

These initiatives address the needs of the people by working with the beneficiaries, NGOs and the government agencies.

During the year our company has carried out various CSR initiatives such as improvement in facilities at public healthcare / educational institutions, Scholarship / financial assistance to the deprived students for improving the quality of life, creating sanitation and drinking water facilities, construction/ renovation of roads, providing lab equipment to schools, providing equipment to technical institutes, operationalization of smart classes, etc.

Our company is also continuing to undertake several Skill Development initiatives under CSR by imparting livelihood-oriented skill development training programs to unemployed youth.

## Education

OUR CSR initiatives in the area of education includes universalizing elementary education and improving quality parameters for primary education through community involvement and to spark the desire for learning and knowledge at every stage of growth and development of a child.

COVID-19 has affected a large number of students across regions. The shutting down of schools and the decision of shifting traditional classrooms to digital platforms is not only increasing learning inequality among children, but also pushing a large

number of children out of school due to the digital divide.

KCP has been supporting KIDS Patasala, Macherla to digitize their classrooms and make them more conducive for learning and enhance classroom interactivity and teaching-learning processes with the help of technology tools like projectors, interactive boards, laptops, speakers, wi-fi routers.

M/s Vivisha Technology Solutions, Hyderabad provided the technical support and digital content for the same.



Our CSR initiatives in Education are also working to improve the quality of education in rural schools through infrastructure, training methodology and capacity building initiatives and the pre-primary sections in Sri Raja Vasireddy Rama Gopala Krishna Maheshwara Prasad Memorial (SRVRGKMPM) School are being run with the funding and academic support of KCP.



During Covid -19 pandemic teachers actively interacted with students and their parents over phone and also conducted online classes through WhatsApp/ Video calls and we have provided the students with necessary Text and Note Books.

Availing regular and safe transportation to schools are an ordeal for most of the children from economically challenged backgrounds and remote villages, for the convenience of children of Muktyaala Village, to pursue their formal education at Jaggaiahpetta town our Company has reintroduced the school bus facility.



We are supporting the initiatives of Sri.V.Ramakrishna Higher Secondary School, Thiruvottiyur, Chennai in construction/repair of school buildings/classrooms, toilets in school and provided furniture/lab equipment.



We are also supporting the initiatives of Sri V.Ramakrishna Polytechnic College, Thiruvottiyur, Chennai in their capacity building by way of providing equipment for their Electrical & Electronics Engineering, Mechanical Engineering and Computer Engineering Departments.



### Healthcare

Our initiatives in Health care include services to provide regular health care services, to build the capacity of the communities in terms of higher awareness and developing a higher degree of self-reliance to handle their own primary health care needs.

Our Company has initiated health awareness programs for Muktyala women, sessions were organized on different topics like, General health problems for women / Children, Healthy food habits, Vitamins & Nutritional values in our daily food, Thyroid and other lifestyle deceases and their precautions.

In association with Rotary club of Macherla, our Macherla cement unit staff participated in polio immunization program on 31st January 2021 in surrounding villages of Macherla, Veldurthi and Durgi mandals along with Macherla town and also arranged vechicle to tarnsport the Vaccine to the villages.



### COVID-19 Measures:

KCP contributed Rs.1 crore to the AP Chief Minister's Relief Fund to support the Government in COVID-19 relief work and are also working with the community for enhancing awareness on the COVID-19 spread and prevention along with social distancing practices, distributed masks and hand sanitizers, grocery packets, Sanitized villages and also distributed Ayurvedic immunity builder drops, inhalant drops to the residents of Muktyala village, Gram Panchayati staff, village health workers, Village Volunteers.





### Infrastructure development

Infrastructure is a key enabler for provision of essential services in any society. We support communities with safe drinking water, initiatives for health and hygiene, we have helped the communities around our operation to build community halls, school blocks, playgrounds, approach roads, RO plants for safe drinking water and are also maintaining the same.

As a CSR initiative we have installed and maintaining RO water plants in Macherla town and Muktyala Villages to provide access to safe and potable drinking water to rural communities thereby controlling waterborne diseases.

On the eve of Mahashivaratri festival we have distributed to the devotees the water and are also supplying water to Terala village, where there is scarcity for ground water from our mine's office through our water tanker.



### Sustainable livelihoods

Our Sustainable Livelihoods initiatives wherein it works towards creating and strengthening rural livelihoods and imparting skill development to youth, including the differently-abled, in rural and peri-urban areas.

On the occasion of world disability day, we have extended support to two physically handicapped persons by providing Tricycles through Vikalangula Seva Sangham, Dacheppalli.



Our programmes for women empowerment include skill enhancement, vocational training and we have formed Self-Help Groups (SHGs) in Muktyala village to enhance livelihood opportunities.

These women were trained in tailoring, embroidery, mask making and paper bag making

These SHGs transform lives by running small scale businesses, providing employment to local villagers.



As a part of our CSR initiatives and to develop Skills amongst the un employed youth, we did demand survey in the surrounding villages with the support of TMI e2E academy, Hyderabad.



As part of our social obligation and to enhance the well-being of the People infected / affected with HIV, Leprosy and Lymphatic Filariasis, we are supporting LEPRa Society and provided financial assistance to households and scholarships to the children.



**Environment Conservation**



As a part of Smart village development and preserve the environment in a sustainable and responsible way, KCP is continuing the maintenance of Muktyala Park .

The company supports to the ‘Swachh Bharat Abhiyan’ with various projects on solid waste management and safe sanitation by using three cycle rickshaws, a six-member team is engaged collecting dry and wet garbage from Muktyala village and dumping at designated place on daily basis.



Tree plantation has been a regular activity at KCP our team not only plants trees and also ensures their survival by erecting tree guards.

Our Macherla unit supported the initiatives of the AP forest department in their greenery development program by planting Saplings at Madugula village, Macherla reserve forest area and also contributed tree guards for the plantation program at Macherla.



# Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting their 80<sup>th</sup> Annual Report together with the Audited Financial Statements for the financial year ended 31st March, 2021.

## 1. Financial information – Standalone and Consolidated:

(Rs in Lakhs)

| Particulars   | For the year ended |                | For the year ended   |                 |
|---|--------------------|----------------|----------------------|-----------------|
|   | 31-03-2021         | 31-03-2020     | 31-03-2021           | 31-03-2020      |
|   | Standalone         |                | Consolidated (GROUP) |                 |
| <b>Revenue from Operations</b>                            | <b>1,30,107</b>    | <b>93,797</b>  | <b>1,71,375</b>      | <b>1,42,359</b> |
| Profit for the year (PBDIT)                               | 32,859             | 10,242         | 39,028               | 19,487          |
| <b>Less: a) Interest and Finance charges</b>              | <b>4,242</b>       | <b>5,641</b>   | <b>4,637</b>         | <b>5,940</b>    |
| b) Depreciation   | 6,942              | 7,141          | 9,171                | 9,609           |
| Profit before Tax   | 21,676             | (2,540)        | 25,220               | 3,938           |
| Tax Expense   | 6,343              | (1,863)        | 6,343                | (1,863)         |
| <b>Profit for the Year</b>                                | <b>15,332</b>      | <b>(677)</b>   | <b>18,877</b>        | <b>5,801</b>    |
| Add : Share of Profit from Joint Vetur                    |                    |                | (381)                | 29              |
| Less : Non-Controlling Share of Profit                    |                    |                | 2,198                | 3,117           |
| <b>Profit / (Loss) after Non controlling interest</b>     | <b>15,332</b>      | <b>(677)</b>   | <b>16,299</b>        | <b>2,713</b>    |
| Other Comprehensive Income (OCI)                          | 100                | (353)          | (681)                | 2,322           |
| Add : Share of OCI from Joint Vetur                       |                    |                | 14                   | -               |
| Less : Non-Controlling Share of OCI                       |                    |                | (291)                | 955             |
| <b>OCI after Non controlling share</b>                    | <b>100</b>         | <b>(353)</b>   | <b>(376)</b>         | <b>1,367</b>    |
| <b>Total Comprehensive Income (TCI)</b>                   | <b>15,433</b>      | <b>(1,030)</b> | <b>17,829</b>        | <b>8,152</b>    |
| Less : Non-Controlling Share of TCI                       |                    |                | <b>1,906</b>         | <b>4,072</b>    |
| <b>Total Comprehensive income after minority interest</b> | <b>15,433</b>      | <b>(1,030)</b> | <b>15,923</b>        | <b>4,080</b>    |

## 2. COVID-19

The COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, the company has closed down all its offices and manufacturing facilities and Hotel by taking necessary precautions and with minimum staff, the employees are allowed to work from home wherever possible to work remotely and securely.

The company has implemented a phased and safe return to work plan once lockdown restrictions were released.

## 3. Indian Accounting Standards (IND AS)

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by SEBI. The Ind AS are prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended.

#### 4. Dividend

The Board of Directors have recommended a payment of dividend at a rate of Rs. 2/- per equity share (200 %) for the year ended March 31, 2021 subject to the approval of the Members at the 80<sup>th</sup> Annual General Meeting ('AGM') of the Company.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), the Company has formulated a Dividend Distribution Policy. The policy is available on the Company's website and can be accessed at [www.kcp.co.in](http://www.kcp.co.in).

Unclaimed dividend for the year 2012-13 has been transferred to the Investor Education and Protection Fund ('IEPF') in accordance with statutory requirements.

#### 5. Transfer to Reserves

The Company has not transferred any amount to the Reserves for the year ended March 31, 2021.

#### 6. Share Capital

The Company's paid-up equity share capital continues to stand at 12,89,21,160 as on March 31, 2021.

During the year, the Company has not issued any shares or convertible securities. The Company does not have any scheme for the issue of shares, including sweat equity to the Employees or Directors of the Company.

#### 7. Credit Rating

CRISIL a reputed rating agency has revised the ratings of the Company (The KCP Limited) bank loan facilities and other debt facilities as detailed below.

|  |   |
|--|---|
| <b>Long-term rating</b>                          | CRISIL A/Stable (Upgraded from "CRISIL A-/Stable")                        |
| <b>Short-term rating</b>                         | CRISIL A1 (Upgraded from "CRISIL A2+")                                    |
| <b>Rs 125.00 crore fixed deposit programme</b>   | F A+/Stable (Upgraded from "FA/Stable")                                   |
| <b>Rs 70.00 crore non-convertible debentures</b> | CRISIL A/Stable (Upgraded from "CRISIL A- / Stable" and Rating Withdrawn) |

#### 8. Fixed Deposits:

The total amount of Fixed Deposits outstanding as on 31st March, 2021 was Rs.8,507.33 lacs as compared

to the figure of Rs.8,577.05 lacs as on 31-3-2020. As on 31st March, 2021, Fixed Deposits matured and remained unclaimed were Rs.942.31lacs from 447 depositors.

As on the date of this report, Fixed Deposits relating 102 Depositors amounting to Rs.270.86 lacs have been renewed and Fixed Deposits of Rs.74.80 lacs of 37 depositors repaid.

Depositors have been intimated regarding the maturity of deposits with a request to either renew or claim their deposits. As per the provisions of Section 125 of the Companies Act, 2013, deposits remaining unclaimed for a period of seven years from the date they became due for payment has to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, during the year, an amount of Rs.2.41lacs towards unclaimed deposits and NIL towards Stale cheque unclaimed on deposits has been transferred to the IEPF.

#### 9. Particulars of Loans, Guarantees and Investments

The Company has no Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014.

#### 10. Management Discussion & Analysis report:

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report.

#### 11. Particulars of Contracts or Arrangements with Related Parties:

The Company has developed a Related Party Transactions Manual and Standard Operating Procedures for the purpose of identification and monitoring Related Party transactions.

All transactions with Related Parties are placed before the Audit Committee as also the Board for approval.

Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature. The transactions entered into pursuant to the approvals so granted are subjected to audit and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis. The statement is supported by a certificate from the Chairperson & Managing Director and the CFO.

The details of contracts or arrangements entered with the related parties along with the Justification is provided in Form AOC 2 as **Annexure- 6** of this report.

There were no materially significant related party transactions with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

For the policy on Related Party Transactions as approved by the Board is available at the website of the Company.

No whole time Director or Managing Director of the company is in receipt of any salary or Commission from Subsidiary company in terms of Section 197(4) of the Companies Act, 2013.

## 12. Corporate Social Responsibility (CSR)

As part of its initiatives under “Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of Education, Livelihood, Women empowerment, Health, Water and Sanitation. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The Company is committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged sections of the society through education, healthcare, drinking water & sanitation and eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programmes;
- Promotion of sports through training of sports persons;
- Undertake rural development projects;

The Company has constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Committee has formulated and recommended to the Board, a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company’s website at [www.kcp.co.in](http://www.kcp.co.in).

The Company’s CSR Policy as stated earlier is in alignment with the requirements of the Act. The CSR Policy Statement and Report on the activities

undertaken during the year is annexed to the Board’s Report as **Annexure ‘3’**.

Details of various social projects and initiatives undertaken as part of our Corporate Social Responsibility are given in report on CSR activities which forms part of this Annual Report.

## 13. Risk Management

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities.

This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company’s competitive advantage. The business risk framework defines the risk management approach across the organization at various levels, including documentation and reporting.

The Board of Directors of the Company has formed a Risk Management Committee to monitor the risk management plan for the Company and ensuring its effectiveness. The key risks identified by the Company and their mitigation measures are as under:

**Raw Materials:** Limestone being one of the primary raw materials used in the manufacture of cement, it is imperative for the Company to ensure its uninterrupted long-term availability.

Most of the Company’s mining leases extended up to March 31, 2052 thereby ensuring adequate limestone reserves to cater to the requirements of its plants till the said date, where after the Company will have to participate in auctions.

To address the possible risks, the Company might be participating in auctions with a view to secure new mining leases for its existing plants as well as for its expansions at different locations, as and when necessary.

**Market Competition:** The cement industry is witnessing a significant imbalance in its total installed capacity vis-a-vis the capacity utilization. Despite the capacity overhang, capacity expansion still continues, resulting in intense competition and adverse impact on the Company’s market share, sales volume and profitability.

Efforts are also being made by the Company to widen the product portfolio by increasing the share of its products and expand into new areas for marketing.

**Cyber Security:** With increased reliance on IT systems and the widespread usage of internet for doing business there is a constant threat to the Company’s sensitive

data assets being exposed to unethical hacking and misuse. The ramifications from cyber-attacks may not only be confined to mere loss of data but may result in business and reputation loss.

The Indian Government having recognized the cyber risks, has also introduced tighter Cyber Security laws. Responsibilities have been entrusted to the Directors of the Company under the Companies Act, 2013 to take appropriate steps to ensure cyber security.

The Company's cyber security management framework aligns with industry standards and regulations.

The Company has adequate processes and systems in place to review on a regular basis the cyber security risk.

**Legal Risks:** The risks arising out of pending legal cases are reviewed on a regular basis by the Board from the perspective of probability of imposition of heavy penalty or receiving adverse orders which could have a high financial and/or reputational impact on the Company.

All-important cases are closely monitored by the Company and a broad strategy is outlined for effective management of litigation related risks.

#### **Financial risk:**

The financial risk for your Company emanates from fluctuations in interest rate, exchange rate and commodity prices. Your Company has well defined policies for foreign exchange, treasury investments, interest rate and imported coal hedging. The policies are reviewed periodically to align with the changes in financial market practices and regulations.

The Company has formulated a Risk Management Policy, which is available on company website.

#### **14. Internal controls system and their adequacy**

The internal financial controls within the Company are commensurate with the size, scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed.

The Company has robust policies and procedures which, inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors and the Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including

adherence to the Company's policies, and timely preparation of reliable financial disclosures.

#### **15. Vigil mechanism / Whistle blower policy**

We have over the years established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour, Whistle blower policy is the vigil mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee of the Board oversees the functioning of this policy. Protected disclosures can be made by a whistle blower through several channels to report actual or suspected frauds and violation of Company's Code of Conduct and/or Ethics Policy. Details of the Whistle blower policy have been disclosed on its Company's website.

#### **16. Subsidiary, Associate and Joint venture companies**

##### **Joint venture**

Our company has a joint venture company Fives Cail KCP Limited.

##### **Subsidiary Company:**

KCP Vietnam Industries Limited, Vietnam is the material subsidiary as per the thresholds laid down under the SEBI Listing Regulations.

Our Company does not have any Indian Subsidiary company.

The Board of Directors of the Company has approved a Policy for determining material subsidiaries in line with the SEBI Listing Regulations as amended and the Policy has been uploaded on the Company's website.

Pursuant to Section 129 (3) of the Companies Act, 2013 and Ind -AS 110 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial statements of its subsidiary and Joint Venture.

In terms of provisions of Section 136 of the Companies Act, 2013, separate audited accounts of the subsidiary companies shall be available on its website. The Company will make available physical copies of these documents upon request by any shareholder of the Company interested in obtaining the same.

The Audit Committee and Board review the financial statements, significant transactions, working and the financial results of the subsidiary company in Vietnam, KCP Vietnam Industries Limited.

There is no material change in the nature of the business of the subsidiary. A statement containing brief financial details of the subsidiary and Joint venture company is included in the Annual Report in Form AOC 1 as **Annexure 5**.

### 17. Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company for the Financial Year March 31, 2021 is uploaded on the website of the Company and can be accessed at [www.kcp.co.in](http://www.kcp.co.in).

### 18. Human resources / industrial relations

Our Company continuously focus on people related programmes aimed at attracting, developing and retaining talent within organisation by way of:

- a) Employee Engagement - Company enjoys high engagement levels from its employees which is reflected in its consistently improving performance. Company continuously aims to enhance the engagement levels of its people by ensuring that its business practices are in alignment with the holistic growth and development of its people which drives them to be actively engaged with the Company.
- b) Talent Management - Company is continuously working on strengthening and building talent in its Human Resources management team for supporting its growth.
- c) Work Environment - Company provides a congenial work atmosphere where every employee enjoys his work and It works on creating people practices which makes it the best place to work for everyone.
- d) Occupational Health and Safety

Safety of employees and workers is of utmost importance to the Company. To reinforce the safety culture in the Company, it has identified occupational Health & Safety as one of its focus areas. Various training programmes have been conducted at the plants.

Company regularly conducts Safety Audit to identify and eliminate potential safety risks through an objective assessment of various equipments. Further, Mock drills on emergency preparedness are conducted to meet any contingency.

### Industrial Relations

Employee Relations at all the Units and divisions of the company remained cordial.

### 19. Sustainability

Company's sustainability initiatives are focussed on low carbon emission, use of alternate fuels, water & resource conservation and environment management. Focus on sustainability is manifested in the Company being recognised as one of the most efficient cement manufacturing organisations with low energy consumption levels, use of alternative fuel and raw materials, low GHG emissions, etc.

### 20. Report under the Prevention of Sexual Harassment Act

Pursuant to the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed there under Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace, all women, permanent, temporary or contractual including those of service providers are covered under the policy and an Internal Complaints committee has been formed to redress the complaints. There were no complaints reported during the year.

### 21. Directors and KMP

In terms of the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, Dr.V.L. Indira Dutt, Chairperson & Managing Director, Smt.V.Kavitha Dutt, Joint Managing Director, Sri.G.N.Murty, CFO and Sri. Y. Vijayakumar, Company Secretary are the Key Managerial Personnel of the Company.

Policy on Directors' appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As of March 31, 2021, the Board had ten members, two of whom are executive directors, five are independent directors, including Independent Women Director and three are Non-Executive, Non-Independent Directors.

### **Policy on Directors' Appointment and Remuneration and Other Details**

The Board of Directors have framed a policy (N&R Policy) which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to Executive and Non-executive Directors, Key Managerial Personnel, Senior Management and payment of remuneration to other employees.

The policy also provides the criteria for determining qualifications, positive attributes and Independence of Director and criteria for appointment and removal of Directors Key Managerial Personnel / Senior Management and performance evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors. The Policy sets out a framework that assures fair and optimum remuneration to the Directors, Key Managerial Personnel, Senior Management Personnel and other employees such that the Company's business strategies, values, key priorities and goals are in harmony with their aspirations. The policy lays emphasis on the importance of diversity within the Board, encourages diversity of thought, experience, background, knowledge, ethnicity, perspective, age and gender are considered at the time of appointment.

The Nomination, Remuneration and Board Diversity policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high calibre talent. The Nomination, Remuneration and Board Diversity Policy is displayed on the Company's website.

### **Declaration by Independent Directors**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she continue to meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Familiarization program for independent Directors:**

All new independent directors inducted into the Board attend an orientation program. The details of the training and familiarization program are provide in the Corporate Governance Report.

Appointment of Directors retiring by rotation. Sri. V. Chandrakumar Prasad, Dr. Subbarao Vallabhaneni Sri. Ravi Chitturi are the Directors liable to retire by rotation.

A brief resume of the Director proposed to be re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held Directorships, committee memberships/ chairmanships, their shareholding etc., are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting of the company (AGM).

The Directors recommend their appointments at the ensuing AGM.

### **Board Evaluation**

In accordance with the Companies Act, 2013 and Listing Regulations, the Board has carried out evaluation of its own performance, the performance of Committees of the Board and also the directors individually. The manner in which the evaluation was carried out and the process adopted has been given in the Corporate Governance Report.

### **22. Disclosure on Audit Committee**

The Audit Committee as on March 31, 2021 comprises of the following Directors:

Sri. P.S. Kumar (Chairman), Smt. V. Kavitha Dutt, Joint Managing Director, Sri V.H. Ramakrishnan, Sri. Vijay Sankar, and Sri. M. Narasimhappa are members of the committee.

All recommendations of Audit Committee were accepted by the Board of Directors.

### **23. Material changes and commitments affecting the financial position of the Company.**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

### **24. Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013, the Board of Directors of the company have recommended for the appointment of M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad (Firm Register No. 003109S) as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of the 80th Annual General Meeting until the conclusion of 85th Annual General

Meeting of the Company on the recommendations of Audit Committee of the Company.

M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad have confirmed that they satisfy the Independence criteria required under Companies Act, 2013. Code of Ethics issued by Institute of Chartered Accountants of India and their consent for re-appointment.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

## **25. Cost Auditors and their Report**

As per Section 148 of the Companies Act, 2013 read with Rules framed there under, M/s Narasimhamurthy & Co, Cost Accountants, Hyderabad and M/s S. Mahadevan & Co, Cost Accountants, Chennai were appointed as the Cost Auditors for the Cement and Engineering units for the year 2020-21 were re-appointed as Cost Auditors for the financial year 2021-22 to conduct cost audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee. The requisite resolution for ratification of remuneration of Cost Auditors by members of the Company has been set out in the Notice of ensuing annual general meeting. The Cost Auditors have certified that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from appointment within the meaning of the said Act.

The Cost Audit Report for the financial year 2019-20, of M/s. Narasimhamurthy & Co, Cost Accountants, Hyderabad and M/s. Mahadevan & Co, Chennai Cost Auditors was filed with the Ministry of Corporate Affairs within the due date.

## **26. Secretarial Auditors and their Report**

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board appointed Mrs. Sobana Pranesh, Practising Company Secretary as Secretarial Auditor of the Company for financial year 2021-2022.

The Secretarial Audit Report submitted by her in the prescribed form MR- 3 is attached as `Annexure- 7' to this Report.

There are no qualifications or observations or adverse remarks or disclaimer of the Secretarial Auditors in the Report issued by them for the financial year 2020-2021.

## **Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government:**

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013 and rules made there under.

## **27 Number of Meetings of the Board**

4 (four) Meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report.

## **28. Corporate Governance**

The report on corporate governance along with a certificate from the Statutory Auditors as required under the Listing Regulations is annexed to this Report. The report also contains the details required to be provided on the board evaluation, remuneration policy, implementation of a risk management policy, whistleblower policy /vigil mechanism etc.

The Chairperson and Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) read with Schedule II of Part B of the Listing Regulations.

## **29. Transfer to the Investor Education and Protection Fund**

In line with the statutory requirements, the Company has transferred to the credit of IEPF set up by the Government of India, equity shares in respect of which dividend had remained unpaid/unclaimed for a period of seven (7) consecutive years within the timelines laid down by the Ministry of Corporate Affairs. Unpaid/unclaimed dividend for seven (7) years or more has also been transferred to the IEPF pursuant to the requirements under the Act.

Further according to the Rules, the shares in respect of which dividend has not been encashed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created

by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends. Further, the corresponding shares will be transferred as per the requirements of the IEPF rules, details of which are provided on our website.

### 30. Particulars of Employees

A statement comprising the names of top 10 employees in terms of remuneration drawn and employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure 1 and forms part of this report.

#### The information required under Section 197(12) of the Companies Act, 2013 and the rules made there under, as amended.

a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:

| Name of the Director        | Director remuneration (Rs. Lacs) | Median employee's remuneration (Rs. Lacs) | Ratio |
|-----------------------------|----------------------------------|---|-------|
| Smt. V.L. Indira Dutt - CMD | 822.94                           | 7.54                                      | 109:1 |
| Smt. V. Kavitha Dutt - JMD  | 617.20                           | 7.54                                      | 82:1  |

b) The percentage increase/ (decrease) in the median remuneration of employees in the Financial Year: 60.77%

c) The number of permanent employees (Management staff) on the rolls of company: **691**

d) **If remuneration is as per the remuneration policy of the company: Yes**

### 31. Significant and Material orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

### 32. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars relating to conservation of energy, technology absorption, research and development, foreign exchange earnings and outgo as required to be disclosed under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in Annexure- 2 to this Report.

### 33. Other Disclosures

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India. (ICSI).

### 34. Business Responsibility Report

In terms of Regulation 34(2) (f) of the listing regulations, a Business Responsibility forms part of this Annual Report.

### 35. Director's Responsibility Statement

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Act:

(i) that in the preparation of the Annual Accounts for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(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 as at March 31, 2021 and of the profit of the Company for the year ended on that date;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Acknowledgements**

The Board of Directors wishes to place on record their gratitude to the Central Government, State Governments, Company's Bankers, Customers, dealers and other business associates for the assistance, co-operation and encouragement they extended to the Company. Your Directors wish to whole heartedly thank the employees for their sincere and devoted contribution to the company's continued performance.

Your Directors are thankful to the shareholders and deposit holders for their continued patronage.

**For and on behalf of the Board of Directors**

**(Dr.V.L. Indira Dutt)**

Place: Chennai

**Chairperson & Managing Director**

Date: 25th June, 2021

# Management Discussion and Analysis

## Overview:

The Covid-19 pandemic continued to ravage the economies through 2021, across the globe and India was no exception. The Second Shock has not left anyone untouched.

India took a heavy beating in the second wave of pandemic, which started infecting the younger generation

However, Indian economy, appeared to be on the path of recovery. There has been a recovery across sectors, led by higher volumes and commodity prices, although consumer discretionary services, such as airline services, hospitality and media, continue to tread water. But the second wave has left uncertainties in recovery as predicted earlier.

## Global Economy:

The COVID-19 pandemic revealed new risks to globalization – specifically related to ‘just in time’ global supply chains that rely on the timely delivery of intermediary goods for production to take place. If lockdowns are to become part of a ‘new normal’, global value chains might intermittently grind to a halt. This kind of dependency could lead multinational corporations to rethink how to build resilience into their supply chains, with a focus on building inventory through ‘just in case’ production. Less trade with China and diversifying production centers could follow, as well as attempts to re-shore some production to domestic suppliers.

Reversal of mobility across borders and agglomeration could be a factor in denting global growth. The world’s estimated 164 million migrant workers who only temporarily travel to another country for work would be particularly impacted by reduced cross-border mobility. Not only do migrant workers bring economic benefits to their host countries, they often provide significant remittances to their home countries.

Rising production costs, fewer migrant workers, less travel, and the need for social distancing, could all boost automation and digitisation in a post-COVID world. Working from home accelerated the use of technologies that were previously feasible but not

widely adopted. Whereas most jobs in high-skilled roles can be performed at home, the same cannot be said for jobs in agriculture, hotels and restaurants, and retail. All this could further widen existing divides in incomes. On positive side lockdowns helped in lower emissions and cleaner skies.

Early estimates predicated that, should the virus become a global pandemic, most major economies will lose at least 3 percent of their gross domestic product (GDP) over 2020. This forecast was already restated to a GDP loss of nearly 5 percent.

Led by the United States, which is expected to see a rate of growth not experienced since the heydays of the mid-1980s, all regions of the world are projected to see significant improvements from the pandemic-driven dive they took in 2020.

IMF projects Global growth at 6% in calendar year 2021, moderating to 4.4% in calendar 2022. The projections for 2021 and 2022 are stronger than predicted in October 2020. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. In the midst of a crisis such as the current pandemic, it is extremely difficult to predict which changes will become permanent and which will quickly be forgotten.

However, a post-COVID world is likely to see the global economy become less integrated as a result of trade barriers, reshoring of supply chains, and reduced labour migration and foreign direct investment. These changes are likely to have macroeconomic implications too. Global business cycles could become less synchronised, while growth and inflation could become more volatile again. Only time will tell how it will play out.

## Indian Economy:

After contracting in the first half because of the Covid-19 pandemic, the economy rebounded in the second half, growing 0.5% and 1.6% in the third and fourth quarters, on-year, respectively.

According to the provisional estimates released by the National Statistical office, India's real GDP growth last fiscal stood at -7.3% versus the earlier estimate of -8.0%. This de-growth is against a growth by 4.0% in fiscal 2020.

While agriculture (3.6%) and utilities (1.9%) registered positive growth, trade, hotels, transport, communication and services related to the broadcasting sector declined the most (18.2%), followed by construction (8.6%), mining (8.5%), manufacturing (7.2%) etc.

The impact of COVID-related measures is likely to accelerate already established trends, such as de-globalization, automation and sustainability and reverse decade-long trends, such as international mobility and urbanization.

### Cement industry in India

Lockdown-led demand disruption was the highest in the first quarter of Financial Year 2021 on the back of suspension of production, stalled construction activities and a mass exodus of labor.

However, starting early June, the pent-up and pre-monsoon construction requirement cushioned demand de-growth to a large extent.

Rural demand continued to be the silver lining for cement consumption while that from the infrastructure sector was in a slower lane. This was led by agricultural profitability, government spending, coupled with gradual normalization in labor availability. Infrastructure demand witnessed gradual pick-up from September onwards on the back of improving government spending, coupled with gradual normalisation in labour availability

Going forward, the primary drivers of growth would be infrastructure and affordable housing. Highways and roads, metro rail projects and dedicated freight corridors are expected to see increased levels of activity with sharply higher budgetary allocations.

Although urban housing has also seen a pick up in the latter parts of the year, in select markets, the sustainability remains to be seen.

In addition, the announcements, with focus on real estate, PMAY-Urban and infrastructure sector as part of the 'Atmanirbhar Bharat 3.0' package, are likely to support cement demand.

### KCP's Segments' performance

#### A. CEMENT:

Considering the massive disruptions encountered at the beginning of the financial year, the financial year

2021, was gratifying from the standpoint of profitability. The performance reflected the resilience built over the years to external shocks.

Aided by the boost to the demand from retail and rural sector, the Company started to see rise in demand for cement in AP, Telangana and Tamilnadu.

Coupled with the demand the prices also started picking up and were better overall compared to the financial year 2020, which saw dismal performance of many companies in the industry.

The demand and the good prices continued upto the end of the year, enabling the company to register one of the best performances in the recent years.

The Prices of coal which were easing in the beginning of the financial year, started rising and might exert pressure on the margins. Your Company did not use pet coke considering the costs and environmental issues.

The cost reduction initiative to set up a packing plant near Chennai encountered roadblocks in the form of disruptions from lockdowns. However, the plant will be completed by first half-year of financial year 2021-22, subject to resumption of normalcy in suppliers facilities.

The performance of cement segment is as under during the year 2020-21

(Amounts in Rs. Lakhs):-

| Particulars                  | FY 2020-21 | FY 2019-20 |
|------------------------------|------------|------------|
| Revenue                      | 1,20,004   | 84,411     |
| Profit before interest & tax | 23,674     | 2,645      |

#### Way forward:

The eastern states of India are likely to be the newer and untapped markets for cement companies and could contribute to the bottom lines of companies in future. Cement plants near the ports, will have an added advantage for export and will logistically be well armed to face stiff competition from cement plants in the interior of the country. India's cement production capacity is expected to reach 550 MT by 2025. (Source: IEBF)

Due to the increasing demand in various sectors such as housing, commercial construction and industrial construction, cement industry is expected to reach 550 million tonnes per annum (MTPA) by the year 2025.

KCP started looking at the ways to minimize the costs of long distance transportation by setting up packing plants

nearer to the markets and also container transportation.

**Risks:**

In the wake of the second wave of the pandemic, the year ahead looks more challenging through demand predictions are favourable. India’s ability to contain the pandemic through rapid inoculation and other means holds the key to economic revival.

Government’s ability to concentrate on the economic activity, despite massive pandemic related activity, would also be a key driver.

**B. HEAVY ENGINEERING**

The impact of the COVID19 pandemic has been on the global as well as regional production networks, as supply chains around the world were disrupted. However, even before the pandemic broke, global trade was going through tough times owing to several trade issues including the US-China trade war. As a result, several countries are on the verge of de-globalizing or adopting a much more protectionist stance to safeguard themselves better from any future shocks. Therefore, in the post-pandemic situation, countries are expected to reshuffle their supply bases and increase dependence on local production.

In India, too, the administration has been urging industries to make their supply chains local. The Prime Minister spoke of an ‘Atmanirbhar Bharat’ or a self-reliant India to lessen India’s import dependency and at least for those products that can be manufactured locally. Proper implementation of declared measures will not only help in import substitution but also increase India’s export capability.

Within India’s engineering sector, the capital goods industry is among the most import-dependent and attracts significant negative trade balance, especially with China. This is despite the fact that in many areas the industry has domestic capacity, which is evident in their exports.

This import dependency is exacerbated by the fact that the industry witnesses low investment in technology and talent.

Our Heavy Engineering Unit has been facing difficulties mirroring the travails of the Industry across, in recent years.

With the onset of covid lockdowns, KCP started taking measures like rescheduling deliveries, prioritizing

production based on customer revised requirements and a few initiatives in cost reduction.

The production was ramped up gradually and deliveries were made under constrained conditions.

The unit could have done better but for steep rise in prices of input materials like steel and erratic flow of supplies.

With the higher deliveries during the year and cost control measures, the unit could reduce the losses substantially. The Unit hold a reasonable order book of about Rs.90.32 Crores, under the tough conditions of Covid.

(Amount Rs. Lakhs)

| Particulars                  | FY 2020-21 | FY 2019-20 |
|------------------------------|------------|------------|
| Revenue                      | 8,902      | 7,288      |
| Profit before interest & Tax | (957)      | (2,352)    |

**Way forward:**

The unit is looking to diversify the products made in the unit, considering the fact that India is dependent for several items of capital goods on China and the government is encouraging Indianising.

Secondly the pick-up in manufacturing activity in the country also might create demand for the replacements.

**Risks:**

The Second wave of pandemic ravaged the economy with the possibility third wave. The possibility of devastation that might arise in the wave after wave creates uncertainties in scheduling the production activities. The return of normalcy would only help in reasonable planning and commitments.

The rising costs of steel is also a cause of concern

**C. POWER:**

The Company generates power from various sources like Thermal, Hydel, Solar, wind and waste heat recovery

**Thermal Power:**

Located in our Muktyala Cement Plant in AP, the Captive power plant operated at a plant load factor of 85% during the year, to meet the record ever production requirements of cement.

Though the costs of production of thermal power is more or less same as that of bought out power, we save on demand charges and also assured power supply ensure availability to the extent of captive generation.

The company made a FSA tie up to meet part of the demand for coal. However, coal is also imported and mixed with domestic coal to get optimum benefits.

The prices of imported coal were quite low in the beginning of the year, but started in northward direction in the latter half of the year.

#### **Hydel Power:**

The Hydel unit saw good level of operation during the year due to copious flow of water in the canal where we have Hydel units. However the financial performance was impacted by the adverse judgment on transmission and wheeling charges, whereby we had to provide for the charges of Rs. 551.73 lakhs right from 2002-03 onwards. The judgment impacted all the power generating units depending on wheeling by the power distribution companies owned by the respective state governments.

Going forward, the performance of unit depends on the monsoon and water flows in to the dams in AP/ Telangana. At present met department predicts a normal

monsoon for FY 2022.

#### **Waste Heat Recovery:**

The waste heat recovery plant is located in our cement unit located in Macherla in AP.

The unit generates power from the waste heat generated by the Macherla Cement Unit

The unit performed well as the production of clinker was good in the cement plant. The cost of generation of power from waste heat is much lower compared to the power imported from the grids.

Since, the input is only internal, there are no external risks to the unit except the level of performance of the cement unit.

#### **Wind Power and Solar power:**

The solar plant is located in our Cement Unit at Muktyala in AP and meets the needs of that unit.

The performance of the unit was satisfactory and should not have any adverse impacts as the source is only sun light and it is abundant in the region.

The wind power unit is located in Tamilnadu and caters to the needs of our Heavy Engineering unit in Chennai. The performance of this unit also was satisfactory

| Details  | Thermal Plant |        | Hydel |       | Waste Heat Recovery |       | Windmill |       | Solar |       |
|--|---------------|--------|-------|-------|---------------------|-------|----------|-------|-------|-------|
|  | 20-21         | 19-20  | 20-21 | 19-20 | 20-21               | 19-20 | 20-21    | 19-20 | 20-21 | 19-20 |
| <b>Generation (MWH)</b>                                | 120537        | 100624 | 21631 | 19297 | 12326               | 10745 | 6240     | 5856  | 1533  | 1600  |
| <b>Profit before interest &amp; tax (Rs. in Lakhs)</b> | 343           | 38     | (21)  | (451) | 443                 | 378   | 182      | 189   | 23    | 27    |

#### **D. HOSPITALITY**

Overnight, the pandemic put a stop not only to tourism, but also to international business travel, and migration. Countries rely on air travel for different reasons and would be affected by a permanent reduction in air travel in differing ways. The travel sector may only recover partially after restrictions are lifted, as government regulations and changes in people's behaviour reduce the ease and frequency of travel. Hotels are dependent completely on travel and their fortunes are aligned now with abatement of pandemic.

Mercure KCP Hyderabad, as the name of the hotel goes, is located in the heart of Hyderabad, a happening city, even during pandemic.

When the hotel started registering improved occupancy levels post lifting of lockdown restriction, post first wave, the operation started were severely impacted due to devastation caused by the second wave. Before onset of the pandemic, the hotel started making cash profits and we expected a break even at net profit levels, but for the set back.

(Rs. in Lakhs)

| Details                               | 2020-21 | 2019-20 |
|---------------------------------------|---------|---------|
| Revenue                               | 573     | 1,802   |
| Profit/(Loss) before interest and tax | (956)   | (415)   |

**Way Forward & risks:**

The unit is dependent on the pandemic free world. As can be seen from the decision of European countries to allow tourists, with vaccination certificates and subject to some restrictions, India also might ease some travel restrictions with plateauing curve in the beginning of 2021-22.

**E. SUBSIDIARY & JOINT VENTURE**

**KCP Vietnam Industries Limited: (KCP VIL)**

| Details                            | 2020-21 | 2019-20 |
|------------------------------------|---------|---------|
| Crushing capacity (TPD)            | 11,000  | 11,000  |
| Cane crushed (MTS)                 | 420,736 | 909,958 |
| Sugar produced (MTS)               | 68,489  | 82,678  |
| Recovery rate (%)                  | 10.84%  | 9.09%   |
| Average sales realization (Rs./MT) | 43,450  | 37,530  |
| Turnover (Rs lakhs)                | 412,84  | 485,91  |
| PBT (Rs lakhs)                     | 65,93   | 93,50   |

**Risks:**

Company operated with a total crushing capacity of 7,000 TCD (Son Hoa Unit – 6,000 TCD and Dong Xuan Unit – 1,000 TCD) due to inadequate raw material. The total cane crushed was 420,736 Mts with a recovery rate of 10.84% and the refined sugar produced was 68,489 MTs including reprocessing of raw sugar 23,804 Mts. Compared to the previous season, the sugarcane crushed, the quality of the sugar cane and the sugar production are lower. Compared to the previous season, the raw material availability for the milling decreased by 49% and the quality of the sugar cane was marginally higher.

At the beginning of the year, the domestic sugar industry expected to face two major negative factors, low sugarcane quantity due to severe drought and free flow of imported sugar due to free market to implement ATIGA (Asean Trade in Goods Agreement) from 1st Jan, 2020. These factors along with unforeseen impact of Covid-19 had brought down the domestic sugar prices to the lowest level in the first quarter.

With the levy of anti-dumping duties, the sugar prices started looking up from 3rd quarter onwards.

Once the final decision on this issue is in place in June, 2021, the domestic sugar prices would support the

domestic production but the fluctuations are expected in line with the international prices as market is free for imports.

At Son Hoa 30 MW Cogeneration Plant was operated at full capacity to export the power to the national grid. Company took initiative to cash upon the enhanced rates for exported power and purchased wood chips, De oiled cashew nut shells, rice husk etc from the neighboring areas to operate the power plant during off season. Though the operation met only direct expenses, Company maintained the production to cover expenses with improved turn over from power.

**JOINT VENTURE**

**Fives Cail KCP Ltd**

The total revenue for the year was Rs. 7,676 Lakhs compared to Rs. 24,189 Lakhs in the previous year. Unexpected lock down in the country due to Covid 19 and the aftereffects had deep impact on almost all sphere of activities of the Company and the customers. Consequently, only three incinerators were commissioned during this year. Their experiment in reducing the supplementary fuel to incinerate slop was successful.

The potential for incinerator segment remains good as the government supported production of ethanol through policy initiatives. In fact, the government has allowed production of ethanol even at the expense of sugar. This has also introduced input variance of slop, since production of ethanol could be from multiple stages of input, starting from juice itself. They are addressing the situation by modifying some aspects of the incinerator suitably. Beyond the silver lining of ethanol, Sugar industry continues to be in the downward trend, in India. Though they see encouraging scenario for international markets for both sugar and incinerator segments, they see a little prospect for domestic sugar machinery sales during the current year.

The Company recorded a loss of Rs. 1,164 Lakhs during the year ended 31st March 2021, owing to poor offtake due to covid -19 restrictions. Revenue could not support the overheads, completely. They have been operating fully compliant with the covid norms, SOPs in all their work places to ensure safety of their personnel. They have also inoculated their personnel with Vaccine as a responsible corporate.

They carry an order backlog of Rs. 21,960 Lakhs as at 1st April 2021. Though they started the year well, the second wave of covid and the oxygen diversion for medical use, along with lockdown has already

impacted the current year operations. Going by the current prediction of second and third wave of covid-19, we expect another difficult year ahead.

## F. NEW PROJECTS

### Packing Terminal:

To reduce cost of transportation, the Company started construction of packing terminal near Chennai. But the construction schedule got severely impacted by the pandemic lockdowns and restriction, which not only affected progress at site but also at the locations of suppliers equipment manufacture.

The plant is likely to be completed in the first half of 2021-22.

However the project costs are under control.

### E. Internal control systems and their adequacy:

The Company has internal financial controls backed by proper procedures, delegation of powers. The company has clearly defined reporting system to Chairperson and Managing Director, Joint Managing Director, Heads of the Units and Functional Heads. The Company is ISO certified and has quality and procedure manuals.

Statutory Auditors have further certified on the internal financial controls in their report which is part of this Annual Report.

### F. Accounting Policies and Procedures:

In the preparation of financial statements, the company followed all laid down guidelines and standards. The company has policies in line with the applicable accounting standards and a few significant polies have been disclosed as part of accounts which are part of the Annual Report

## G. Details of significant changes in key ratios by more than 25% on stand-alone accounts of the company.

| Ratio                       | FY 2020-21 | FY 2019-20 |
|-----------------------------|------------|------------|
| Inventory Turnover Ratio    | 5.02       | 3.20       |
| Interest Coverage Ratio     | 7.74       | 1.82       |
| Current Ratio               | 1.19       | 0.67       |
| Debt Equity Ratio           | 0.64 : 1   | 1.09 : 1   |
| Operating Profit Margin (%) | 19.38%     | 3.20%      |
| Net Profit Margin (%)       | 11.47%     | (0.70%)    |

### Cautionary Statement:

Statements in the “Management Discussion and Analysis” describing the Company’s objectives, expectations or predictions are as perceived currently. Actual results may differ materially from those expressed in this statement. Important factors that could influence the Company’s operations include domestic supply and demand conditions affecting selling prices of finished goods, input prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

**For and on behalf of the Board of Directors**

**Dr. V.L. Indira Dutt**

Place: Chennai                      Chairperson & Managing Director  
Date: 25th June, 2021

## ANNEXURE 1

## DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES 2014, amended.

| No. | Employee Name             | Designation                          | Remuneration Received | Qualification                    | Age | Total Experience | Date of Commencement of Employment | Particulars of Previous Employment |                       |                                 |
|-----|---------------------------|--------------------------------------|-----------------------|----------------------------------|-----|------------------|------------------------------------|------------------------------------|-----------------------|---------------------------------|
|     |                           |                                      |                       |                                  |     |                  |                                    | Organisation                       | Designation           | Period for which last post held |
| 1   | 2                         | 3                                    | 4                     | 5                                | 6   | 7                | 8                                  | 9                                  | 10                    | 11                              |
| 1.  | Dr. V.L. Indira Dutt      | Chairperson & Managing Director (MD) | 822.93                | B.A.                             | 81  | 25               | 1/7/1996                           | -                                  | -                     | -                               |
| 2.  | Smt. V. Kavitha Dutt      | Joint Managing Director (JMD)        | 617.20                | Grad. Business Management, PGDHR | 50  | 22               | 1/10/1999                          | -                                  | -                     | -                               |
| 3.  | Sri. K. Ramakrishna       | Executive President – CMU            | 109.49                | B.Sc, PGDMSM                     | 56  | 36               | 22/04/1991                         | Annapurna Cements Ltd              | -                     | 10 years                        |
| 4.  | Sri. GN Murty             | Chief Financial Officer              | 92.47                 | CA, CWA, CS, M.B.A., PGDCA       | 66  | 41               | 02/07/2015                         | Vizag Steel Plant                  | Executive Director    | 35 Years                        |
| 5.  | Sri. Chowdary BVPS        | Senior General Manager               | 65.69                 | B.Com, ICWA                      | 51  | 24               | 19/12/1997                         | -                                  | -                     | -                               |
| 6.  | Sri. V. Madhusudhanrao    | Vice President – Operations CPU II   | 70.89                 | AMIE                             | 51  | 26               | 16/02/2019                         | Bharati Cement                     | Senior GM             | 10 Years                        |
| 7.  | Sri. A. Srihari           | CPO- HR                              | 40.01                 | B.E, M.E., MBA                   | 47  | 25               | 04/03/2020                         | JK Fenner India Ltd                | HR & Admn             | 3 years.                        |
| 8.  | Sri. Roop Singh Chaudhary | Vice President & Head Procurement    | 39.81                 | B.E (Mechanical) M.B.A           | 49  | 25               | 31/03/2018                         | Ultratech Cement Limited           | Asst. Vice President  | 9 years                         |
| 9.  | Sri. M. Narayanarao       | President – Heavy Engineering        | 82.50                 | B.E. (Mechanical)                | 66  | 44               | 04/06/2020                         | MTAR Technologies Ltd              | CEO                   | 2 years                         |
| 10. | Sri. Y. Vijayakumar       | Company Secretary                    | 34.63                 | ACS BGL MBA                      | 51  | 23               | 05/03/2008                         | Cavincare Pvt. Ltd.                | Asst. Mgr Secretarial | 1 year                          |

## Notes:

1. Remuneration received includes salary, commission, allowances, medical and leave travel expenses, leave encashment paid, monetary value of perquisites as per Income Tax Rules and Company's contributions to Provident and Superannuation Funds.
2. Nature of employment is Contractual in the case of Whole Time Directors.
3. In respect of all the other employees, the nature of employment is non-contractual, terminable by notice on either side and liable to transfer to any division / subsidiary of the Company.
4. None of the employees except Dr. V.L. Indira Dutt and Smt. V. Kavitha Dutt mentioned above is/ are relative of any Director of the Company.
5. None of the employee except Dr. V.L. Indira Dutt (7.67%) owns more than 2% of the outstanding shares of the Company as on March 31, 2021.
6. Total experience shown in Column 7 includes service with previous employers.

# Annexures to the Director's Report

## ANNEXURE - 2

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PRESCRIBED UNDER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

#### A. CONSERVATION OF ENERGY:

##### a) Steps taken or impact on the conservation of energy

##### Cement Production Unit, Macherla

- Effective utilization of the system and power generated from Waste Heat Recovery by providing interlocks in PLC to cut off the loads energy savings of 1,120 KVA per month and cost savings of Rs. 5,32,000/- per month (further savings of Rs.13,30,000/- per year by way of consumption deposit).
- Installation of VFD for staff colony water pump in July 2020, Energy savings of 16 KWH/day.
- Replacement of 2 Nos of old 1.5 Ton split Acs in Staff colony AAQ room and Main Office Telephone exchange with 2 Nos. of 1 Ton 5 star Inverter split Acs, Energy savings of 30 KWH/ day.
- Replacement of 71 Nos of 70 Watts SV lamp fittings with 25 Watts LED light fittings Energy savings of 8,869 KWH per year.
- By Optimizing the cooling tower and boiler operation Aux. power consumption at Waste heat recovery reduced from 7.32 % to 6.98 % and by optimizing the boiler rapping system WHR power generation increased from 2.26 MW to 2.31 MW.
- Modification of Flyash dust collector Draft point into PLC by adjusting the Flyash dust collector fan damper, energy savings of 4,380 KWH per year.
- Optimization of Kiln outlet Graphite seal blower, expected power savings of 1.52 KWH/ Hour.
- By effective planning and utilization of plant equipment to avail the Energy Tariif TOD benefit by utilizing the load mostly during Off-peak tariff time cost saving of Rs. 80,24,800/- per year.
- Changing of J-8A packer Dust collector purging operation control from Timer mode to DP mode, Energy savings of 34 KWH/ Hour.
- Clubbing of J-129 packing plant air compressor and cement mill air compressor by providing control valve for packing plant operation to optimize the J-129 compressor operation, Energy savings of 15 KWH/ Hour.

##### Cement Production Unit, Muktyala.

- Cement mill-3 output increased from 190TPH to 194TPH by reduction of DAM ring height 20mm. Saved energy 200KW/Hr and cost saving of Rs.85,53,600/- per annum.
- In cement Mill-2, installed fresh air butterfly damper at SKS rejects on other side facilitated to increase more coarse in reject resulted more fines move upward along with fresh air to improve SKS efficiency. Energy Savings: 5 KW/Hr. Cost saving of Rs.2, 13,840/- per annum.
- Optimized Cement silos vent Bag Filter Fan speed (RPM), Energy savings of 5KW/Hr. Cost savings of Rs.1, 97,100/- per annum.

- Extension of Raw Mill-2 grit cone feed chute by 300mm, saved energy 0.15KWh/MT of Raw meal and Cost Savings of Rs.4, 05,000/- per annum.
- Modified Raw Mill-2 water spray pipe line, achieved cost savings of Rs.86, 169/- per annum.
- By arresting false air in Raw Mill-2 circuit, achieved cost Savings of Rs.7 Lacs. Per annum.
- Coal Mill-2 output increased from 65TPH to 68TPH by reduction of DAM ring height, extension of feed chute and removal of stump cone. Saved energy 1KWh/MT of coal, Cost saving of Rs.8.9 Lacs per annum.
- Optimized equipment operation by implementing timer-based logic in PLC has reduced PJBH discharge conveying equipment run hours from 24Hrs to 16Hrs per day and cost savings of Rs.3,73,400/- per annum.
- Optimized blending silo calibration bin aeration and extraction air slide blowers operation. Energy Savings of 11KW/Hr. Cost savings Rs.3,13,423 /- per annum
- Replaced 64Nos. of 70W HPSV lamps with 40W LED Lights for Plant Lighting and achieved energy savings 6935 KWh/Year. Cost savings Rs.37, 450/- per annum.

### **b). Technology Absorption:**

- Conservation of resources through maximization of the use of low-grade limestone for cement manufacturing, improvement in the quality of blended cement through innovative process utilizing industrial by-products for improved quality and performance of Cement plants
- Maximization of industrial wastes utilization and looking into possibilities of environmentally friendly co-processing of wastes in cement manufacture leading to thermal substitution and conservation of natural resources
- Optimization of fuel mix for lowering the cost
- Effective replacement of the costlier natural Gypsum by cheaper by products without affecting the quality of cement
- Productivity research for increased efficiency in use of resources development of application Oriented Cements with decreased CO<sub>2</sub> emissions

### **c) In the case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

Nil

## B. EXPENDITURE ON R & D

(Rs. Lakhs)

| Particulars                               | FY 2020-21 | FY 2019-20 |
|---|------------|------------|
| a) Capital Expenditure                    | -          | -          |
| b) Recurring Expenditure                  | -          | 3.23       |
| c) Total Expenditure                      | -          | 3.23       |
| d) Total R&D expenditure as % of turnover | -          | 0.003      |

(Rs. Lakhs)

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

| <b>(a) Earnings in Foreign Exchange</b>                 |            |            |
|---|------------|------------|
| Particulars   | FY 2020-21 | FY 2019-20 |
| a) F.O.B. value of goods exported during the year       | 182.89     | 642.49     |
| b) Income from Service charge                           | 31.23      | 285.08     |
| c) Dividend from Investments held in Foreign Subsidiary | 3,028.00   | 2,872.00   |

| <b>(b) Expenditure in Foreign Currency</b> |            |            |
|--|------------|------------|
| Particulars                                | FY 2020-21 | FY 2019-20 |
| a) Travelling expenses                     | 0.56       | 4.79       |
| b) Membership                              | -          | 4.92       |
| c) Other matters                           | 4.58       | 11.36      |

## Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

### 1. Brief outline on CSR Policy of the Company:

The Company is actively contributing to the social and economic development of the communities in which it operates. The Company is doing so in sync with the United Nations Sustainable Development Goals to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

The Company's Corporate Social Responsibility ("CSR") policy conforms to the National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, Government of India.

### Scope

The CSR Policy encompasses formulation, implementation, monitoring, evaluation, documentation and reporting of CSR activities taken up by the Company.

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR ENDED 31ST MARCH 2021.

- Brief outline on CSR Policy of the Company.

**Available at [www.kcp.co.in](http://www.kcp.co.in)**

- Composition of CSR Committee:

| No. | Name of Director   | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|-----|--------------------|--------------------------------------|--|--|
| 1.  | Dr.V.L.Indira Dutt | Chairperson & Managing Director      | 1  | 1  |
| 2.  | Smt.Kavitha Dutt   | Joint Managing Director              | 1  | 1  |
| 3.  | Sri. P.S.Kumar     | Independent Director                 | 1  | 1  |
| 4.  | Sri.Vijaysankar    | Independent Director                 | 1  | 1  |

- Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company [www.kcp.co.in](http://www.kcp.co.in)

- Provide the details of Impact assessment of CSR Projects carried out in pursuance of sub- rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). NA

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

| No. | Financial Year | Amount available for set-off from preceding financial years (in Rs.) | Amount Required to be set-off for the financial year, if any (in Rs.) |
|-----|----------------|--|---|
|     | Total          | Nil  |   |

6. Average net profit of the Company as per Section 135(5). Rs. 1,965.28 lacs

7. a) Two percent of average net profit of the Company as per Section 135(5) Rs. 39.31 lacs

b) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. Rs. Nil

c) Amount required to be set off for the financial year, if any. Rs. Nil

d) Total CSR obligation for the financial year (7a + 7b+ 7c). Rs.39.31 lacs

8. a) CSR Amount spent or unspent for the financial year:

| Total Amount spent for the Financial year. (Rs.) | Amount Unspent in (Rs.)   |                  |  |        |                   |
|--|---|------------------|--|--------|-------------------|
|  | Total amount transferred to unspent CSR Account as per Section 135(6) |                  | Amount Transferred to any fund specified under Schedule VII as per second proviso to Section 135(5). |        |                   |
|  | Amount  | Date of transfer | Name of the Fund   | Amount | Date of transfer. |
|  | -   | -                | -  | -      | -                 |

## b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) | (2)                 | (3)   | (4)                 | (5)                     | (6)              | (7)                                       | (8)   | (9)  | (10)                                   | (11)   |
|-----|---------------------|---|---------------------|-------------------------|------------------|---|---|--|--|--|
| No. | Name of the project | Item from the list of activities in Schedule VII to the Act | Local Area (yes/No) | Location of the project | Project duration | Amount allocated for the project (in Rs.) | Amount spent in the current financial year (in Rs.) | Amount transferred to unspent CSR account for the project as per Section 135(6) (in Rs.) | Mode of implementation Direct (yes/no) | Mode of implementation Through implementing agency |
|     |                     |   |                     |                         |                  |   |   |  |  |  |
| 1.  |                     |   |                     |                         |                  |   |   |  |  |  |
| 2.  |                     |   |                     |                         |                  |   |   |  |  |  |
| 3   |                     |   |                     |                         |                  |   |   |  |  |  |
| 4   |                     |   |                     |                         |                  |   |   |  |  |  |
|     |                     |   |                     |                         |                  |   |   |  |  |  |

c) Details of CSR amount spent against other than ongoing project for the financial year:

| (1)<br>No. | (2)<br>Name of the project | (3)<br>Item from the list of activities in Schedule VII to the Act.  | (4)<br>Local area (Yes / No) | (5)<br>Local of the Project |                | (6)<br>Amount spent for the project (in Rs.) | (7)<br>Mode of implementation Direct (yes/no) | (8)<br>Mode of implementation – through implementing agency |                         |
|------------|----------------------------|--|------------------------------|-----------------------------|----------------|--|---|---|-------------------------|
|            |                            |  |                              | State.                      | Dist.          |  |   | Name  | CSR Registration number |
| 1.         | Health, Sanitation         | Promotion of Health care, Sanitation & Making availability of SDW  | Muktyala Macherla            | AP                          | Guntur Krishna | 12.37  | Y   | -   | -                       |
| 2.         | Education & Training       | Promoting education and Employment enhancing Vocational skills among Children, Women, Elderly and the Differently abled and Livelihood Enhancement Projects          | AP Tamilnadu                 | Guntur Krishna Chennai      | NA             | 47.90  | Y   | -   | -                       |
| 3          | Women empowerment          | Promoting Gender equality Empowering women and selling up homes for women and measures for reducing in equalities faced by Socially and Economically Backward groups | AP Tamilnadu                 | Guntur Krishna Chennai      | NA             | 1.00   | Y   | -   | -                       |
| 4          | Environment Protection     | Ensuring Environmental Sustainability Ecologicalbalance, Conservation of Natural Resources and maintaining quality of Soil Air, Water and Rural Development          | AP Tamilnadu                 | Guntur Krishna Chennai      | NA             | 3.45   | Y   | -   | -                       |
|            |                            | <b>Total</b>   |                              |                             |                | <b>64.72</b>                                 |   |   |                         |

(d) Amount spent in Administrative Overheads:

(e) Amount spent on impact assessment, If applicable: NA

(f) Total amount spent for the Financial year (8b+8c+8d+8e) 64.72 lacs

(g) Excess amount for set off; if any

| No. | Particular  | Amount in (Rs.) |
|-----|---|-----------------|
| 1)  | Two percent of average net project of the company as per Section 135(5)                                       | 39.31 lacs      |
| 2)  | Total amount spent for the Financial year   | 64.72 lacs      |
| 3)  | Excess amount spent for the financial year (2-1)  | 25.42 lacs      |
| 4)  | Surplus arising out of the CSR projects or programmes or activities of the previous financial years , if any. | Nil             |
| 5)  | Amount available for set off in succeeding financial years (3-4)  | 25.42 lacs      |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| No. | Preceding Financial year | Amount transferred to unspent CSR account under Section 135(6) in Rs. | Amount spent in the reporting Financial year in Rs. | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any. |                 |                  | Amount remaining to be spent in succeeding financial years in Rs. |
|-----|--------------------------|---|---|--|-----------------|------------------|---|
|     |                          |   |   | Name of the fund   | Amount (in Rs.) | Date of transfer |   |
|     | -                        |   | -   |  | -               | -                |   |

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s).

| 1   | 2           | 3                   | 4   | 5                | 6   | 7  | 8   | 9   |
|-----|-------------|---------------------|---|------------------|---|--|---|---|
| No. | Project ID. | Name of the project | Financial year in which the project was commenced | Project duration | Total amount allocated for the project in (Rs.) | Amount spent on the project in the reporting Financial Year in (Rs.) | Cumulative amount spent at the end of reporting Financial year in (Rs.) | Status of the project – Completed / Ongoing |
|     | -           |                     | -   | -                | -   |  | -   |   |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). - NA -

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5). - NA -

|  |   |   |
|--|---|---|
| <b>(Dr.V.L. Indira Dutt)</b><br>Chairperson & Managing Director<br>Chairperson CSR Committee | <b>(G.N.Murty)</b><br>Chief Financial Officer | <b>(Y.Vijayakumar)</b><br>Company Secretary<br>ACS: 16353 |
|--|---|---|

**FORM AOC-1**
**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures**

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

**Part "A" : Subsidiaries**

| 1  | Name of the subsidiary  | KCP VIETNAM INDUSTRIES LIMITED      |                  |
|----|---|-------------------------------------|------------------|
| 2  | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | January to December                 |                  |
| 3  | Reporting currency of foreign subsidiaries  | Vietnamese Dongs (VND) ('000)       | Indian Rs. Lakhs |
|    | Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries    | 1 INR = 313.85 VND as on 31.03.2021 |                  |
| 4  | Share Capital   | 545,856,275                         | 17,080           |
| 5  | Reserves & Surplus  | 1,343,683,246                       | 42,044           |
| 6  | Total Assets  | 2,354,140,723                       | 73,661           |
| 7  | Total Liabilities   | 464,601,202                         | 14,537           |
| 8  | Investments   | -                                   | -                |
| 9  | Turnover  | 1,307,016,737                       | 41,267           |
| 10 | Profit before taxation  | 215,944,137                         | 6,593            |
| 11 | Provision for taxation  | -                                   | -                |
| 12 | Profit after taxation   | 215,944,137                         | 6,593            |
| 13 | Dividend *  | 140,434,666                         | 4,394            |
| 14 | % of shareholding   | 66.667                              | 66.667           |

**Part "B" : Associates and Joint Ventures**

|   | Name of Joint Venture   | FIVES CAIL - KCP LIMITED   |
|---|---|--|
| 1 | Latest Unaudited Balance Sheet Date   | 31st March 2021  |
| 2 | Shares of Joint Venture held by the Company on the year end (no.)                       | 400,000  |
|   | Amount of Investment in Joint Venture (Rs. Lakhs)                                       | 40   |
|   | Extent of Holding %   | 40   |
| 3 | Description of how there is significant influence                                       | There is significant influence due to percentage (%) of Share Capital. |
| 4 | Reason why the Joint Venture is not consolidated  | N.A.   |
| 5 | Networth attributable to Shareholding as per latest unaudited Balance Sheet (Rs. Lakhs) | 578  |
| 6 | Profit / (Loss) for the year  |  |
|   | (i) Considered in Consolidation (Rs. Lakhs)**   | (381)  |
|   | (ii) Not Considered in Consolidation***   | 0  |

\* Dividend paid during the year

\*\* Relates to 40% interest in the joint venture.

\*\*\* Relates to Balance 60% interest in the Joint Venture.

(FOR AND ON BEHALF OF THE BOARD)

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**G N MURTY**  
Chief Financial Officer

**V. KAVITHA DUTT**  
Joint Managing Director

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

As per our report annexed  
**for K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

Place: Chennai  
Date: 25th June 2021

## ANNEXURE - 6

Particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

## FORM AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

## Details of contracts or arrangements or transactions at Arm's length basis.

| No. | Name of the Relate Party          | Nature of relationship  | Nature of the transaction | Value of the transaction (Rs. lakhs) |
|-----|-----------------------------------|---|---------------------------|--------------------------------------|
| 1   | Fives Cail KCP Limited            | Joint Venture   | Lease Rentals received    | 104.04                               |
| 2   | Dr.V.L.IndiraDutt                 | Chairperson & Managing Director (CMD), Mother of Smt. V. Kavitha Dutt (JMD) | Lease rentals paid        | 125.36                               |
| 3   | Smt.Uma.S.Vallabhaneni            | Sister of CMD   | Lease rentals paid        | 125.24                               |
| 4   | Smt.V.RamaKumari                  | Sister of CMD   | Lease rentals paid        | 92.88                                |
| 5   | BalaTripurasundari Ammavaru Trust | CMD is Trustee  | Lease rentals paid        | 122.81                               |
| 6   | Sri.V.Chandrakumar Prasad         | Brother of CMD  | Lease rentals paid        | 52.07                                |
| 7   | Smt. V. KavithaDutt               | Joint Managing Director (JMD)   | Lease rentals paid        | 4.29                                 |
| 8   | V. Ramakrishna Charitable Trust   | CMD, JMD are Trustees   | Lease Rentals received    | 0.13                                 |

(a) Name of the related party Nature of Relationship: As proved in the table above

(b) Nature, duration of the contract and particulars of the contract or arrangement.

1. The transactions at serial number 1 relates to leasing of office space owned by the company at "Ramakrishna Buildings" 2, Dr. P.V. Cherian crescent, Egmore, Chennai-600 006 to M/s. Fives Cail KCP Limited, (10,500 sft), at the rate prevailing in that area.
2. The transactions at serial numbers 2 to 7 relates to Lease Agreements with certain Land owners including the parties mentioned in the table who are related parties for lease of lands at Muktyala for mining limestone. The lease Rent payable to all parties both related and un-related is 25% of the Annual Dead Rent payable to the Government or 25% of the Royalty payable to the Government whichever is higher.
3. \*The transaction at Serial No. 8 relates to leasing of premises to V Ramakrishna Charitable Trust for education purpose.

(c) Duration of the contracts / arrangements/transactions - From 11 months to 53 years

(d) Salient terms of the contracts or arrangements or transactions including the value if any. As explained above.

(e) Date of approval by the Board 22/05/2014 and 29/05/2019

(f) Amount paid as advances, If any: NIL

(g) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 on 11/06/2014 and ordinary resolution passed on 7/8/2019.

(Dr. V.L. Indira Dutt)  
Chairperson & Managing Director

Place : Chennai  
Date : 25<sup>th</sup> June 2021

# Secretarial Audit Report

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH 2021

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

To,  
The Members,  
THE KCP LIMITED

I have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by THE KCP LIMITED (hereinafter called the Company). Secretarial Audit was conducted electronically due to the lock down imposed by the Government of India & various state governments which is still continuing due to Covid -19.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also based on information provided by the Company, Its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by THE KCP LIMITED for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- I. The Companies Act, 2013(the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management act, 1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment & Overseas Direct Investment. The company has no external commercial borrowings.

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act' )viz.:-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations, 2009 – **The Company has not issued any capital this year.**
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines, 1999 – **Not Applicable**
- e. The Securities Exchange Board of India (Issue and Listing of Debt securities) Regulations,2008 – **Not Applicable**
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009 – **Not applicable**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not**

### Applicable

VI. Sector Specific Laws as applicable to the Company

Necessary licenses, approvals required under the said acts have been obtained and are valid for the period under review.

- a. Mines Act, 1952
- b. Indian Boilers Act, 1923
- c. Environment Protection Act, 1986
- d. The Hazardous Waste (Management Handling & Transboundary Movement) Rules, 2008
- e. The Water (Prevention and Control of Pollution) Act, 1974
- f. The Air (Prevention and Control of Pollution) Act, 1981
- g. Legal Metrology Act, 2009
- h. Explosives Act, 1884

VII. The Company has maintained the registers required to be maintained under the following Laws and filed the required returns:

- a. Factories Act, 1948,
- b. Payment of Gratuity Act, 1972
- c. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- d. Employees' State Insurance Act, 1948
- e. Minimum wages Act, 1948
- f. Payment of wages Act, 1936
- g. Payment of Bonus (Amendment) Act, 2015
- h. The contract Labour (Regulation and Abolition) Act, 1970
- i. The Apprentices Act, 1961
- j. Sexual harassment of women at workplace (Prevention, prohibition, & redressal) Act, 2013
- k. The maternity benefit (amendment) Act, 2017

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above as applicable to the company.

### I further report that

The Board of Directors is duly constituted with proper balance of Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the act.

Adequate notice was given to all Directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least 7 days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All resolutions of the Board of Directors, during the period under review were passed unanimously.

**I further report** that there are adequate systems and process in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report** that during the audit period no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, Rules, Regulations, Guidelines, standards etc. has been identified.

SOBANA PRANESH  
Practising Company Secretary

Place: Chennai  
Date: 25<sup>TH</sup> June 2021

FCS No.: 9825  
C P No.: 2403  
UDIN: F009825C000515847

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## 'Annexure A'

The Members

The KCP Limited

Chennai

My report of even date is to be read along with this letter.

- 1 Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
- 2 I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3 I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4 Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5 The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6 The Secretarial Audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company..

Place: Chennai

Date: 25<sup>TH</sup> June 2021

SOBANA PRANESH  
Practising Company Secretary  
FCS No.:9825  
C P No.: 2403

## Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
THE KCP LIMITED  
"RAMAKRISHNA BUILDINGS",  
No.2, Dr. P.V. Cherian Crescent  
Egmore, Chennai 600008

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of THE KCP LIMITED having CIN: L65991TN1941PLC001128 and having its registered office at "Ramakrishna Buildings", No.2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008 (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C sub Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information according to the verification (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| No. | Name of Directors          | DIN      | Date of appointment in Company |
|-----|----------------------------|----------|--------------------------------|
| 1.  | Dr. V.L. Indira Dutt       | 00139883 | 29/02/2020                     |
| 2.  | Smt. V. Kavitha Dutt       | 00139274 | 01/07/2020                     |
| 3.  | Sri. Vijay Sankar          | 00007875 | 07/08/2019                     |
| 4.  | Sri. V.H. Ramakrishnan     | 00143948 | 07/08/2019                     |
| 5.  | Sri. P.S. Kumar            | 00267280 | 07/08/2019                     |
| 6.  | Sri. M. Narasimhappa       | 03319847 | 07/08/2019                     |
| 7.  | Smt. Janaki Pillai         | 08713712 | 29/02/2020                     |
| 8.  | Sri. V.Chandrakumar Prasad | 08744154 | 18/06/2020                     |
| 9.  | Dr. Subbarao Vallabhaneni  | 08746927 | 18/06/2020                     |
| 10  | Sri. Ravi Chitturi         | 00328364 | 18/06/2020                     |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

-sd/-  
(SobanaPranesh)  
Practising Company Secretary  
FCS : 9825  
CP: 2403

Place : Chennai  
Date : 25<sup>th</sup> June 2021

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

|  |  |                            |
|--|--|----------------------------|
| Disclosures  | Information/Reference sections   |                            |
| Corporate Identity Number (CIN) of the Company                           | L65991TN1941PLC001128  |                            |
| Name of the Company  | THE KCP LIMITED  |                            |
| Registered address   | No.2, Ramakrishna Buildings, Dr. P V Cherian Crescent, Egmore, Chennai - 600008  |                            |
| Website  | www.kcp.co.in  |                            |
| E-mail id  | corporate@kcp.co.in  |                            |
| Financial Year reported  | 2020-21  |                            |
| Sector(s) that the Company is engaged in (industrial activity code-wise) | <b>Industrial Group</b>  | <b>Description</b>         |
|  | 239  | Manufacture of cement.     |
|  | 281  | Manufacture of Machinery.  |
|  | 351  | Electric power generation. |
|  | 551  | Hotel.                     |
|  | Cement, Engineering, Power, Hospitality and Others. As per National Industrial Classification – The Ministry of Statistics and Programme Implementation. |                            |
| List of key products/services that the Company manufactures/provides     | Cement, Heavy Engineering Equipment, Power and Hospitality services.   |                            |
| Locations where business activity is undertaken by the Company           | Muktyala and Macherla in AP; Hyderabad in Telangana and Chennai in Tamilnadu   |                            |
| Markets served by the Company  | The Company's products and services are marketed across the country.   |                            |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

(Lakhs)

| No. | Disclosures   | Information / Reference Sections   |
|-----|---|--|
| 1.  | Paid up Capital   | Rs.1,289   |
| 2.  | Total Turnover (including other income)   | Rs. 1,33,699   |
| 3.  | Total Profit after taxes  | Rs. 15,332   |
| 4.  | Total Spending on Corporate Social Responsibility (CSR) as a percentage of PAT (%)        | *Rs. 64.72 (3.2%)  |
| 5.  | List of activities in which expenditure in above mentioned disclosures has been incurred. | Major activities are as under:<br>(a) Education<br>(b) Livelihood and Income Generation<br>(c) Healthcare and arrangement of drinking water<br>(d) Women empowerment and skill development<br>(e) Community Infrastructure and Rural Development<br>(f) Environment sustainability |

\*Based on average net profits of the company for last three financial years.

**SECTION C: OTHER DETAILS**

| Disclosures  | Information / Reference Sections   |
|--|--|
| <p>1. Does the Company have any Subsidiary Company/ Companies?</p> <p>2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).</p> <p>3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]</p> | <p>KCP has one subsidiary registered in Republic of Vietnam known as KCP Vietnam Industries Ltd. The subsidiary undertakes business responsibility activities in that country based on the requirements in that location and the subsidiary company complies with applicable laws concerning economic, social and environment discipline.</p> <p>KCP also involves the stakeholders in its BR initiatives which include socially responsible activities like running schools, vocational courses aimed at employment generation and other activities aimed at environment conservation.</p> <p>Other entities do participate to the extent possible but their participation level cannot be measured and expressed in terms of percentage.</p> |

**SECTION D: BR INFORMATION**

| Disclosures  | Information / Reference Sections  |             |         |            |    |      |               |             |                   |                  |              |          |                   |
|--|---|-------------|---------|------------|----|------|---------------|-------------|-------------------|------------------|--------------|----------|-------------------|
| 1. Details of Director/Directors responsible for BR  |   |             |         |            |    |      |               |             |                   |                  |              |          |                   |
| a. Details of the Director/ Directors responsible for implementation of the BR policy/policies | <p>DIN : 00139883<br/>Name: Dr. V.L. Indira Dutt<br/>Designation: Chairperson &amp; Managing Director</p> <p>DIN: 00139274<br/>Name: Smt. V Kavitha Dutt<br/>Designation: Joint Managing Director</p>   |             |         |            |    |      |               |             |                   |                  |              |          |                   |
| b. Details of the BR Head  | <table border="1"> <thead> <tr> <th>Particulars</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>DIN Number</td> <td>NA</td> </tr> <tr> <td>Name</td> <td>Y.Vijayakumar</td> </tr> <tr> <td>Designation</td> <td>Company Secretary</td> </tr> <tr> <td>Telephone Number</td> <td>044-66772622</td> </tr> <tr> <td>Email id</td> <td>vijaycs@kcp.co.in</td> </tr> </tbody> </table> | Particulars | Details | DIN Number | NA | Name | Y.Vijayakumar | Designation | Company Secretary | Telephone Number | 044-66772622 | Email id | vijaycs@kcp.co.in |
| Particulars  | Details   |             |         |            |    |      |               |             |                   |                  |              |          |                   |
| DIN Number   | NA  |             |         |            |    |      |               |             |                   |                  |              |          |                   |
| Name   | Y.Vijayakumar   |             |         |            |    |      |               |             |                   |                  |              |          |                   |
| Designation  | Company Secretary   |             |         |            |    |      |               |             |                   |                  |              |          |                   |
| Telephone Number   | 044-66772622  |             |         |            |    |      |               |             |                   |                  |              |          |                   |
| Email id   | vijaycs@kcp.co.in   |             |         |            |    |      |               |             |                   |                  |              |          |                   |

**2. PRINCIPLE-WISE AS PER NATIONAL VOLUNTARY GUIDELINES (NVGS) BR POLICY/POLICIES**

**(a). Details of compliance (Reply in Y/N):**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs have identified nine areas of Business Responsibility which have been coined in the form of nine business principles. These principles are as under:

|            |  |
|------------|--|
| <b>P-1</b> | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.                            |
| <b>P-2</b> | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. |
| <b>P-3</b> | Businesses should promote the well-being of all employees.   |

|            |   |
|------------|---|
| <b>P-4</b> | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| <b>P-5</b> | Businesses should respect and promote human rights.   |
| <b>P-6</b> | Businesses should respect, protect and make efforts to restore the environment.   |
| <b>P-7</b> | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.   |
| <b>P-8</b> | Businesses should support inclusive growth and equitable development.   |
| <b>P-9</b> | Businesses should engage with and provide value to their customers and consumers in a responsible manner.   |

| Questions  | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|--|----|----|----|----|----|----|----|----|
| 1. Do you have a policy/ policies for the BR principles ?  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2. Has the policy being formulated in consultation with the relevant stakeholders ?  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3. Does the policy conform to any national/international Standards? If yes, specify.   | Yes. The Business Responsibility Policies are broadly based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' issued by Ministry of Corporate Affairs, Govt of India   |    |    |    |    |    |    |    |    |
| 4. Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?     | Yes. The Policy is being approved by the Board and signed by the Chairperson & Managing Director of the Company.   |    |    |    |    |    |    |    |    |
| 5. Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Yes. The Board has constituted Corporate Social Responsibility committee (CSR Committee) consisting of 4 directors and Senior Executives of the Company carries out continuous monitoring and implementation of the policies.  |    |    |    |    |    |    |    |    |
| 6. Indicate the link for the policy to be viewed online?   | <a href="http://www.kcp.co.in/policies-procedures">www.kcp.co.in/policies-procedures</a>   |    |    |    |    |    |    |    |    |
| 7. Has the policy been formally communicated to all relevant internal and external stakeholders?                             | Communication is an on-going process. For this purpose, the relevant policies have been posted on the Company's website. For internal stakeholders, appropriate communication means such as notice boards, company magazines, intranet, etc. are used. Detailed report on CSR & Sustainability activities is prepared and presented in Annual report for all its stakeholders. |    |    |    |    |    |    |    |    |
| 8. Does the company have in-house structure to implement the policy/ policies?   | Yes, The Company has in house structure to implement the policy/policies.  |    |    |    |    |    |    |    |    |

|   |   |
|---|---|
| 9. Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes, Stakeholders Relationship Committee of the Board of Directors is responsible for addressing stakeholder concerns / grievances. Any grievance or feedback related to the policies can be sent to <a href="mailto:investor@kcp.co.in">investor@kcp.co.in</a> . |
| 10. Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                | As part of compliance with the ISO and other standards the Company also has a system of undertaking regular audit/review of the implementation of various standards/ compliance of applicable laws, provisions of which have been imbibed in the policies.        |

2 (b). If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| Questions  | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|----|----|----|----|----|----|----|----|----|
| 1. The company has not understood the Principles   | NA |    |    |    |    |    |    |    |    |
| 2. The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |    |    |    |    |    |    |    |    |    |
| 3. The company does not have financial or manpower resources available for the task  |    |    |    |    |    |    |    |    |    |
| 4. It is planned to be done within next 6 months   |    |    |    |    |    |    |    |    |    |
| 5. It is planned to be done within the next 1 year   |    |    |    |    |    |    |    |    |    |
| 6. Any other reason (please specify)   |    |    |    |    |    |    |    |    |    |

**3. Governance related to BR**

|   |   |
|---|---|
| (a). Frequency of assessing BRR performance                         | Corporate Social Responsibility Committee of the company annually reviews and assesses the BR performance of the Company.           |
| (b). Frequency of publishing a BR Report and hyperlink for the same | Company Annually will publish Corporate Sustainability Report on Company website <a href="http://www.kcp.co.in">www.kcp.co.in</a> . |

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

**1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. and Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others**

The policy relating to ethics, bribery and corruption is inclusive in code of conduct which is to be followed by all the employees and Directors of the Company. Our Joint Venture and foreign material subsidiary has its own policy and guidelines governing ethics, bribery and corruption commensurate to laws of jurisdiction in which it operates.

The Company, as far as possible, encourages all the associated parties including vendors, suppliers and contractors to follow the principles envisaged in the policy.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

There were 42 Queries/Complaints received from the Stakeholders during the year 2020-21. All these complaints were properly attended and necessary actions were taken.

**PRINCIPLE – 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Company, in its operations, has deployed best-in class technology and processes which optimally utilize resources and leave minimal footprints. This apart, Company's specific efforts in addressing environmental concerns in its operations include the following: -

- Utilizing fly-ash, pet coke and other waste materials in cement manufacturing to substitute natural materials & fuels;
- Implementation of Waste Heat Recovery Plants to capture waste heat of kilns and utilize the same for power generation and resultantly save water and fossil fuels;
- Installation of Air Cooled Condensers (ACC) in place of Water Cooled Condensers (WCC) in all its power plants to conserve water;
- Implementation of Ambient Air Quality Monitoring System (AAQMS) and Continuous Emission Monitoring System (CEMS) for better emission monitoring and online reporting to Pollution Control Boards;
- Installation of De NOx system for the control of NOx emissions;
- Installation/up-gradation of bag filters at various manufacturing facilities for emission reduction;
- Installation of wind power plants and solar power plant for increasing share of renewable power in captive power consumption;
- Continual improvement in efficiency to bring down station heat rate and auxiliary consumption in the thermal power plants;
- Utilization of sewage water after proper treatment in Sewage Treatment Plant (STP); and

- Installation of organic waste convertor for treatment and disposal of household waste in colony/villages.

For water conservation, the Company has been continuously exploring opportunities to increase use of recycled water and reduce water consumption in its operations. Additionally, the Company has been undertaking various studies for exploring ways for recharge of ground water in nearby areas.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**(a) Reduction during sourcing/production/distribution achieved since the previous year through out the value chain?**

Exact details are not available with the company.

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The data regarding reduction during usage by consumers (energy, water) is not available with the Company.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

**If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Company's sourcing practices are targeted to achieve cost optimization, ensuring environment sustainability and resource efficiency.

The criteria used for selection of suppliers/ vendors go beyond cost relevance and include resource efficiency, product quality, life cycle, environment impact, etc.

Limestone, the primary raw material, is captively extracted by the Company from its limestone mines using latest mining techniques for optimization and waste reduction.

These limestone mines are located in vicinity of our manufacturing facilities which reduces cost of transportation of the material. For procurement of other materials and items, Company gives preference to vendors which comply with the various principles of sustainability. At the time of award of contract to

vendors, various clauses are incorporated in the contract document related to health and safety, human rights practices, work environment, etc. Engagement of transporters is done based on conditions like young vehicles, need for drivers to carry pollution certificates, drivers and support staff to always carry safety aprons, helmets, driving license, etc. Also, Company continuously strives for load and route optimization to ensure fuel and environmental efficiency of the fleets.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Company accords priority to local suppliers in procurement of raw materials, stores and spares and other consumables including MSME vendors across all locations for procurement of goods and availing services.

Company’s contractors who supply labour services for plant operations, housekeeping, horticulture, general maintenance and varied other purposes employ workmen from nearby communities. This workforce is provided training on occupational health and safety aspects before commencing work.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Company’s major product i.e. cement has high life span and is not meant for recycling. Also cement manufacturing process as such does not involve production of any by-products or waste. Fly-ash, a solid waste, generated from operation of thermal power plants is utilized in production of blended cement. Used oil is only the hazardous waste being generated which is entirely co-processed in the cement operations itself. Other miscellaneous non-hazardous wastes are sold to recyclers. The domestic waste water generated is 100% recycled through Sewage Treatment Plants in the Company.

This apart, Company also utilizes waste of other industries in the form of Alternative Fuels and Raw Materials (AFR) in cement production process which ultimately provides feasible solution to industrial waste disposal.

**PRINCIPLE – 3 : Businesses should promote the wellbeing of all employees.**

**1. Please indicate the total number of employees.**

The total number of employees as on 31st March, 2021 was 1,324.

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis.**

Total Temporary/Contractual/Casual employees including retainers were 1,546 as on 31st March, 2021.

**3. Please indicate the number of permanent women employees.**

There were 37 permanent women employees as on 31st March, 2021.

**4. Please indicate the number of permanent employees with disabilities.**

There were NIL permanent employees with disabilities as on 31st March, 2021.

**5. Do you have an employee association that is recognized by management?**

Yes, the Company has recognized trade unions affiliated to various trade union bodies.

**6. What percentage of your permanent employees is members of this recognized employee association?**

5% of total permanent employees are members of above trade unions as on 31st March, 2021.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

| No. | Category  | No. of Complaints filed during the year | No. of Complaints pending as on end of financial year |
|-----|---|---|---|
| 1   | Child labour/ forced labour/ involuntary labour | Nil                                     | Nil   |
| 2   | Sexual harassment                               | Nil                                     | Nil   |
| 3   | Discriminatory employment                       | Nil                                     | Nil   |

KCP is an equal opportunity employer provides opportunity to all irrespective of gender, religion, caste, colour.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

|  |     |
|--|-----|
| (a) Permanent Employees                    | 70% |
| (b) Permanent Women Employees              |     |
| (c) Casual/Temporary/Contractual Employees |     |
| (d) Employees with Disabilities            |     |

**PRINCIPLE - 4 : Businesses should respect the interests of, and be responsive towards all stake holders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes. The Company has mapped its stakeholders as part of sustainability reporting process.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Company considers people from low strata of the local communities around its manufacturing units and its contract workers as disadvantaged, vulnerable and marginalized stakeholder of the Company.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Company's initiatives in the field of Corporate Social Responsibility are intended to cover wide spectrum of communities including the disadvantaged, vulnerable and marginalised stakeholders. These initiatives include areas like education, healthcare, livelihood support, rural and infrastructure development, support to elderly and needy people, community hygiene and sanitation, women empowerment, etc. Company engages with local community to ascertain their needs for planning, coordinating and routine monitoring of its CSR activities and programs.

**PRINCIPLE - 5 : Businesses should respect and promote human rights.**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

The policy on human rights covers the Company only. Our Joint Venture and foreign material subsidiary has their own policy and guidelines governing human rights commensurate to laws of jurisdiction in which it operates. Further Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Company did not receive any stakeholder complaint in FY 2020-21 relating to human rights.

**PRINCIPLE - 6 : Businesses should respect, protect and make efforts to restore the environment.**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The policy on human rights covers the Company only. Our Joint Venture and foreign material subsidiary has its own policy and guidelines governing human rights commensurate to laws of jurisdiction in which it operates.

Further Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy.

**2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for web page etc.**

Yes. Company's initiatives such as installation of Waste Heat Recovery Plants, Renewable Energy Power Plants, Air Cooled Condensers in power plants, energy conservation and efficiency measures, etc. are aimed to address global warming and climate change issues.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes. Company has risk management mechanism in place to identify and assess existing and potential risks across its operations.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Company has projects related to clear Development mechanism.

**5. Has the company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. Company has undertaken several initiatives on clean technology, energy efficiency, renewable energy, etc. Details of these initiatives are covered in the Annual Report published by the Company every year.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Emissions/ wastes generated by the Company were within the permissible limits set by CPCB/ SPCB for the relevant financial year. The Company ensures submission of report on the emission levels to CPCB/ SPCB at regular intervals.

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No such cases pending at the end of financial year 2020-21.

**PRINCIPLE – 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**1. Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:**

The Company is member of the following trade chambers, associations and forums which make effort towards climate change, global warming and sustainable business development–

- a. Cement Manufacturers’ Association (CMA)
- b. Confederation of Indian Industries (CII)
- c. Federation of Indian Chamber of Commerce and Industry (FICCI)
- d. Andhra Chamber of Commerce
- e. Madras Management Association (MMA)
- f. ICC India
- g. Federation of Indian Export Organizations
- h. Indo Japan Chamber of Commerce & Industry

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes, the Company has utilized these forums for advocating framing of policies for advancement of public good.

**PRINCIPLE – 8 : Businesses should support inclusive growth and equitable development.**

(Details provided in Separate Report on CSR)

**1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

As part of its societal obligations our company has been in constant touch with the communities in which it has been operating. Notable efforts have been put forward to realize its responsibilities and in the process your company has been building value for all its stakeholders. In the past several decades since inception, KCP has taken up innumerable social and community initiatives.

The Company has specified programs in pursuit of its policy on inclusive growth and equitable development. It has aligned its thrust areas in line with the requirements of Schedule VII to the Companies Act, 2013. A Board constituted committee oversees the implementation of various CSR activities and programs of the Company.

The details of various CSR initiatives of the Company are given below: -

## Education

Education is the backbone of every society, despite the government initiatives to improve the standards of education the quality education still a dream for many In India and In order to improve the quality of education in our areas of operation, through our dedicated school support programmes we have constructed new Pre Primary Sections in ZP High school in Muktyala and introduced LKG, UKG English medium sections and are paying salaries and other expenditure for maintenance of these Sections.

Our initiatives in development of Infrastructure of schools in Muktyala and Tiruvottiyur, includes construction of toilets for girls, donation of benches, fans, installation of water taps for drinking water, painting the school premises and providing books for the libraries.

The company supports the efforts of the government in digitalization of schools and provided KIDS patasala, Macherla with devices like laptops, Printer, Projector and these devices are aiding them in the teaching process while also helping them understand how students learn and how to enhance their learning process.

## Livelihood and Income Generation

KCP has associated with VR Polytechnic college, Tiruvottiyur as training partner and conducted skill development programmes for the un employed youth, in Office automation, Multimedia, Graphic designing etc. and provided with certificates on completion of training, the VR Polytechnic college also ensures that the trained youth are appropriately placed.

## Healthcare programs and arranging drinking water

KCP believes that preventive health care is an important dimension of health care which needs significant attention through active awareness campaigns to enhance communities understanding of the prevention of various diseases and regular preventive health support to the community is reached out through our health camps and mobile health vans in villages, with qualified medical staff.

KCP has been supporting the health initiatives by providing infrastructural and medical equipment to hospitals and health centers, as well as renovation of hospital buildings and construction of new health centers.

Wide range of social development initiatives were undertaken in partnership with local communities, government and non-government organizations. Awareness campaign was conducted in association with LEpra on chronic diseases like HIV, TB, Malaria, Filaria.

Pulse polio immunization programme was conducted in association with Rotary club of Macherla in rural villages of Veldurthy, Durgi and Macherla Town.

KCP has constructed buildings, installed the equipment and maintaining the Reverse Osmosis (RO) plants at Annavaram, Mongolu, Terala villages and also commissioned RO plants at Government Hospital, Jaggayyapeta and at APSRTC Bus stand, Macherla as part of its initiative to provide clean and potable water to the communities around our operations.

## Women empowerment and skill development

KCP with the thrust of Empowerment of women by equipping them with skills and providing livelihood for a secure future in association with the Association of Lady Entrepreneurs of Andhra Pradesh (ALEAP) organized a Fashion design tailoring training program in Muktyala village and also encourages women to form Self Help Groups (SHGs) in the communities around its plant locations.

Members of the SHGs were trained in capacity building, various individual crafts, marketing skills, teamwork and other relevant aspects. KCP promotes various small enterprises such as pickle making, incense stick making and tailoring etc through this Self Help Groups (SHGs) comprising primarily of women from the villages in our areas of operation which has benefited a large number of women and helped them earn their living.

## Infrastructure and Rural Development

KCP always supports the initiatives of Central and State Governments like Swatch Bharat Abhiyan and adopted Muktyala Village to develop it as Integrated Smart Village and regularly undertakes infrastructure and construction projects in the nearby communities to improve infrastructural facilities like Development of roads, community welfare centers, revamping of water pumps and improvement of other civic amenities, improving accessibility of services and proper utilization of resources for increasing living standards of the people in vicinity of our operations.

### Promotion of art and culture

KCP has been regularly extending support to local, social and charitable organizations in promoting their activities on different occasions.

### Promotion of sports

To inculcate sporting habit and promote sports, Company provides contribution and sponsorship for organising various sporting events, activities, tournaments in schools and nearby areas. This apart, it also provides financial aid/ arranges sports equipment for needy people of nearby communities.

### Environment Sustainability

The Company has taken a green initiative by developing and maintaining greenery in and around it's facilities and mining areas by planting saplings and distributing plants to the villagers.

The KCP Limited has distributed environment friendly plants to each household in Muktyala village for development of green belt in the village and advised the villagers to safeguard the plant.

KCP has been undertaking steps in all its offices like prohibiting the use of paper cups, saving paper by setting 'printing on both sides' as a default on printers, ensuring desktops hibernate, initiating internal campaigns to save water, power and paper wastages.

Sanitation, especially in rural areas, continues to remain a major concern, As part of Open Defecation Free (ODF) programme, KCP in association with the local community, representatives has organized a massive awareness drive by educating villagers about the hazards of open defecation and urging them to install toilets in their individual homes, thus making village free from open defecation and has provided free Cement and bricks to construct their own toilets.

KCP also organizes waste management programme by providing two dust bins (i.e. Green and Blue) to households at Muktyala village for Dry and Wet waste separately and also engaged people to collect and dispose the waste in dump yards on daily basis.

**2. Are the programmes/projects under taken through in-house team/own foundation/ external NGO/ government structures/any other organization?**

The projects are undertaken both by the internal teams, CSR arm of the Company as well as through/ in-coordination with external agencies like NGOs, trusts and government institutions.

**3. Have you done any impact assessment of your initiative?**

Company engages with local communities to discuss and understand their needs, identify the priority intervention areas and gauge the impact of its interventions.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Company has spent an amount of Rs. 63.68 lakhs on various CSR activities during year 2020-21. The details of the amount incurred and areas covered are given in question 1 above and in Annual Report on Corporate Social Responsibility Activities i.e. Annexure-3 to the Board's Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. Company has a process of engaging with local community to understand their concern. CSR interventions are carried out on a 'need based approach' which are developed after consultations with the local community to ensure that the activities are adopted by them.

**PRINCIPLE – 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year?**

Company regularly conducts meetings with customers to educate, appraise and understand their Dealers concerns. All the concerns are taken up and resolved immediately to the satisfaction of the customers.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

Company displays all information as mandated by the regulations to ensure full compliance with relevant laws.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

NIL

**4. Did your Company carry out any consumer survey/ satisfaction trends?**

Consumer satisfaction survey is carried out every year to gauge consumer sentiments. The Company has put in place appropriate grievance handling mechanism to address customer concerns and gather feedback, based on which further appropriate measures and interventions are taken to increase customer satisfaction.

# Corporate Governance Report

The Board of Directors present the Company's report on Corporate Governance for the year ended March 31, 2021.

In terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The Listing Regulations") as amended.

## The Company's philosophy on code of Governance

KCP's philosophy on Corporate Governance is embedded in the rich legacy of ethical governance practices, most of which were implemented before they were mandatorily prescribed.

The Company's corporate governance practices emanate from its commitment towards disclosures, accountability and compliance with laws which are the columns of good governance are cemented in the Company's robust business practices over the past 80 years of the Company's existence and ensures transparency and fairness in dealing with the stakeholders and these practices are integrated into our growth strategy.

The Company's governance framework is based on the following principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains and the Board remains custodian of trust and acknowledges its responsibilities towards stakeholders for sustainable long-term wealth creation.
- Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- Timely disclosure of material operational and financial information to the stakeholders;

The Company regularly reviews its Corporate Governance practices to ensure that they reflect the latest developments in the corporate arena and thus position itself to conform to the best Corporate Governance practices.

The report on Corporate Governance is divided into four parts:

- I. Board of Directors
- II. Committees of the Board

III. Shareholders' information

IV. Disclosures and Other Information

## I. BOARD OF DIRECTORS

The Company is managed by the Board of Directors (the Board), which provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures. Dr. .V.L.Indira Dutt, Chairperson & Managing Director and Smt. V. Kavitha Dutt, Joint Managing Director manage the business of the Company under the overall supervision, control and guidance of the Board.

### Duties and Functions of the Board

The Board of Directors' primary responsibility is to foster the Company's short and long-term success through sustainable continuance and progress of its business, and thereby create value for its stakeholders. To this end, the Board of Directors sets out the corporate culture, lays down high ethical standards of corporate behaviour and ensures transparency in its dealings.

The Board has the responsibility to oversee the conduct of the Company's business and to supervise and support the Management, which is responsible for the day-to-day operations. It does this by providing strategic guidance, monitoring operational performance and ensures that robust policies and procedures are in place. The Board through its various committees, also reviews the identified risks and the mitigation measures undertaken/to be undertaken in respect thereof, ensures integrity in the Company's accounting and financial reporting systems, adequacy of internal controls and compliance with all relevant laws and discharges its functions towards CSR. In particular, the Board reviews and approves quarterly/half-yearly, unaudited financial results and the audited annual financial statements (both consolidated and standalone), corporate strategies, business plans, annual budgets, sets corporate objectives and monitors their implementation and oversees major capital expenditure.

a) Composition and category of Board of Directors:

At KCP we believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance and it has

an appropriate mix of executive and non-executive independent directors and Non-Executive Directors to maintain independence.

The Company has a judicious Combination of Executive and Non- Executive Directors. As on March 31, 2021, the Board comprised of 10 Directors out of which two are Executive Directors, five Independent Directors and three Non-Executive Non-Independent Directors including an Independent Women Director in line with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

Independent Directors play a significant role in the governance processes of the Board. By virtue of their varied expertise and experience, they enrich the Board's decision-making and prevent possible conflicts of interest that may emerge in such decision-making.

All the independent Directors satisfy the criteria of independence specified in the Companies Act, 2013 ("Act"), Regulation 16 (1) (b) of the Listing Regulations and meet the criteria for appointment formulated by the Nomination & Remuneration Committee ("NRC") as approved by the Board..

The Chairperson & Managing Director Dr. V.L. Indira Dutt of the Board is an Executive Director.

Independent Directors were appointed for a specific term as recommended by NRC and their appointments were approved by the Board and the members at their respective meetings.

Executive Directors were appointed as per the provisions of the law.

The Composition of Board (as on 31/03/2021) is as under:

| Category   | Number of Directors |
|--|---------------------|
| Executive Promoter Directors including the Chairperson | 2                   |
| Independent Directors                                  | 5                   |
| Non-Executive Non Independent Directors                | 3                   |
| <b>Total</b>   | <b>10</b>           |

#### b) Board Meetings

The Board meets at least once in each quarter to review the matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. In addition to these meetings, additional

Board meetings are held to approve the Business Plan and Long Term Strategies of the Company. The board is regularly briefed and updated on the key activities of the business and is provided with presentations on operations, quarterly financial statements and other matters concerning the Company.

The Board meetings are generally scheduled in advance. Notice and detailed notes on agenda of each Board Meeting are given in writing to all directors in advance of the meetings in compliance with Secretarial Standard on Meeting of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India. Where it is not possible to enclose any document to the agenda, the same is tabled at the Meeting.

The Board periodically reviews compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. The Board is also free to recommend inclusion of any matter for discussion in consultation with the Chairperson.

All the discussions and decisions taking place in every meeting of the Board are entered in the Minute Book. The draft minutes are circulated within the specified time to the Board and suggestions or comments for changes, if any, received are suitably incorporated in the minutes and the minutes are signed by the Chairman of the same meeting or by the Chairman of the succeeding meeting within the prescribed time period.

The process specified for the Board meeting above are followed for the meetings of all the Committees constituted by the Board, to the extent possible. The minutes of the meetings of the Committees of the Board are placed before the Board for noting.

In the Financial Year 2020-2021, the Board met four times. The Meetings were held on 18<sup>th</sup> June 2020, 4<sup>th</sup> September 2020, 11<sup>th</sup> November 2020 and 5<sup>th</sup> February 2021. The interval between two Meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and Regulation 17(2) of the Listing Regulations.

The details of attendance of Directors at Board Meetings ("BM"), last Annual General Meetings ("AGM") were as under:

| Name of the Director        | 18-06-2020 | 04-09-2020 | 11-11-2020 | 05-02-2021 | No. of meetings attended | AGM 04-09-2020 |
|-----------------------------|------------|------------|------------|------------|--------------------------|----------------|
| Dr. V.L. Indira Dutt        | P          | P          | P          | P          | 4                        | P              |
| Smt. V. Kavitha Dutt        | P          | P          | P          | A          | 3                        | P              |
| Sri V.H. Ramakrishnan       | P          | P          | P          | P          | 4                        | P              |
| Sri. Vijay Sankar           | P          | P          | P          | P          | 4                        | P              |
| Sri. P.S. Kumar             | P          | P          | P          | P          | 4                        | P              |
| Sri. M. Narasimhappa        | P          | P          | P          | P          | 4                        | P              |
| Smt. Janaki Pillai          | P          | P          | P          | P          | 4                        | P              |
| Sri. V. Chandrakumar Prasad | P          | P          | P          | P          | 4                        | P              |
| Dr. Subbarao Vallabhaneni   | P          | P          | P          | P          | 4                        | P              |
| Sri. Ravi Chitturi          | P          | P          | P          | P          | 4                        | P              |

**c) Directorships and Chairmanship/membership of committees.**

The total number of directorships held by the Directors and the position of Membership/Chairmanship on committees is given below. All the Directors are complied with the provisions of the Companies Act, 2013 and Listing regulations with this regard.

| Name of the Director                                    | * Number of Directorship(s) held in Indian Public limited companies (Including KCP) | Directorships with listed companies  | ** Committees position (Including KCP) |        | No. of shares held by Directors |
|---|---|--|--|--------|---------------------------------|
|   |   |  | Chairperson                            | Member |                                 |
| <b>Non-Executive Independent Directors:</b>             |   |  |  |        |                                 |
| Sri V.H. Ramakrishnan                                   | 3   | 1.Sagar Cements Ltd<br>2.Sagar Cements (R) Ltd   | 2                                      | 2      | -                               |
| Sri. Vijay Sankar                                       | 5   | 1.Oriental hotels limited<br>2.Transport Corporation of India Limited                      | 4                                      | 2      | -                               |
| Sri. P.S. Kumar   | 2   |  | 2                                      | -      | -                               |
| Sri. M. Narasimhappa                                    | 2   |  | -                                      | 2      | -                               |
| Smt. Janaki Pillai                                      | 1   | -  | -                                      | -      | -                               |
| <b>Executive Promoter Directors:</b>                    |   |  |  |        |                                 |
| Dr. V.L. Indira Dutt<br>Chairperson & Managing Director | 2   |  | -                                      | 1      | 98,87,101                       |
| Smt. V. Kavitha Dutt,<br>Joint Managing Director        | 7   | 1. DCM Shriram Limited<br>2. Apollo hospitals Enterprise Ltd<br>3. Centrum Electronics Ltd | 1                                      | 3      | 13,60,000                       |
| Dr. Subbarao Vallabhaneni                               | 1   | -  | -                                      | -      | 116130                          |
| Sri. Chandra Kumar Prasad                               | 2   |  |  |        | 1,000                           |
| Sri. Ravi Chitturi                                      | 2   |  |  |        | -                               |

Includes the names of listed entities where the person is a director and the category of directorships.

\*\*Represents memberships of Audit and Stakeholders Relationship Committees in Public Limited Companies & Private Limited Companies which are subsidiaries of Public Limited Companies.

The Companies Act, 2013 read with the relevant rules made there under, now facilitates the participation of a Director in Board/Committee Meetings through video conferencing or other audio visual mode. Accordingly,

the option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings/Items which are not permitted to be transacted through video conferencing.

**d) The information required to be made available to the Board.**

The Board has unrestricted access to all company-related information, including that of employees.

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant.

All agenda items are supported by relevant information, submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings.

The Company Secretary attends the Board Meetings and advises the Board on Compliances with applicable laws and governance.

**Meeting of Independent Directors**

During the year, one meeting of the independent directors was held on February 5, 2021 as required under Regulation 25 (3) of the Listing Regulations and Schedule IV of the Act inter alia, for:

- evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties; and
- other related matters.

The Independent Directors have expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express its views on matters transacted at the meetings and the openness and transparency with which the Management

discusses various subject matters specified on the agenda of meetings.

**Relationship between directors inter-se:**

Dr. V.L. Indira Dutt, Chairperson & Managing Director, Smt. V. Kavitha Dutt, Joint Managing Director and Sri.V.Chandra Kumar Prasad, Dr.Subbarao Vallbhaneni, Sri.Ravi Chitturi, Non-Executive Non-independent Directors of the company are inter-se related.

**Familiarization Programme for Directors**

While inducting a Director on the Board, a formal letter of appointment is issued to such Director which, *inter alia*, explains the role, functions, duties and responsibilities of the Director and the Board's expectations from him/her. The requirement of obtaining declarations from a Director – under the Act, SEBI Listing Regulations and other relevant regulations are also explained in detail to the Director and necessary affirmations received from them in respect thereto.

Directors are also encouraged to visit the Company's plants to have a better insight of the manufacturing processes, facilities and the social environment in which the Company functions.

Further, as an on-going process, the Board is updated on a regular basis through presentations and discussions on the overall economic trends, the legal and regulatory framework and amendments thereto, the performance of the Company and the industry, analysis of the circumstances which have helped or adversely impacted the Company's performance with its peers in the industry based on the information as available in the public domain and the initiatives taken/proposed to be taken to bring about an overall improvement in the performance of the Company, marketing strategy, business risks, mitigation plans and so on.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfil his/her role. In addition, Board Members are regularly informed about significant developments in the industry, regulatory changes and other developments, which impact the Company.

The details of the familiarization programme for Directors are available on the Company's website.

The Chart/matrix setting out the skills/expertise/competencies of Directors of the company

| No | Areas                         | Skills   |
|----|-------------------------------|--|
| 1. | Strategy & Policy development | Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.                    |
| 2. | Ethics and Integrity          | Understand role as director and continue to self-educate on legal responsibility, ability to maintain board confidentiality, declare any conflicts.  |
| 3. | Leadership                    | Make decisions and take necessary actions in the best interest of the organisation, and represent the organisation favourably. Analyse issues and contribute at board level to solutions.    |
| 4. | Contribution                  | Ability to constructively contribute to board discussions and communicate effectively with management and other directors.   |
| 5. | Previous Board experience     | Has director experience (past or present) on other listed/public company or private company Boards.  |
| 6. | Industry specific skills      | Experience and knowledge with respect to the industry in which the Company operates.   |
| 7. | Executive management          | Experience in evaluating performance of senior management, and oversee strategic human capital planning. Experience in industrial relations and organisational change management programmes. |
| 8. | Board training                | Has completed formal training in director role and duties including training in governance and risk.   |
| 9. | Risk compliance               | Identify key risks to the organisation related to each key area of operations.   |

| Name of Director         | Strategy & Policy development | Ethics and Integrity | Leadership | Contribution | Previous Board experience | Industry specific skills | Executive Management | Board Training | Risk Compliance |
|--------------------------|-------------------------------|----------------------|------------|--------------|---------------------------|--------------------------|----------------------|----------------|-----------------|
| Dr. V.L. Indira Dutt     | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |
| Smt. V. Kavitha Dutt     | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |
| Sri. P.S. Kumar          | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |
| Sri. V.H. Ramakrishnan   | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |
| Sri. Vijay Sankar        | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |
| Sri.M. Narasimhappa      | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |
| Sri. Janaki Pillai       | √                             | √                    | √          | √            | X                         | X                        | √                    | X              | √               |
| Sri. Chandrakumar Prasad | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |
| Dr.Subbarao Vallabhaneni | √                             | √                    | √          | √            | X                         | X                        | √                    | X              | √               |
| Sri. Ravi Chitturi       | √                             | √                    | √          | √            | √                         | √                        | √                    | X              | √               |

e) The Board hereby confirms that all the Independent Directors of the company fulfil the conditions specified in Regulations and are independent of the management.

## II. COMMITTEES OF THE BOARD

The Company has over the years maintained the highest standards of corporate governance processes and has had the foresight to set up corporate governance practices much before their implementation was mandated through the introduction of regulatory requirements.

The constitution, terms of reference and the functioning of the existing committees of the Board is explained hereunder. Each committee demonstrates the highest levels of governance standards and has the requisite expertise to handle issues relevant to their fields.

These committees spend considerable time and provide focused attention to various issues placed before them and the guidance provided by these committees lend immense value and support, enhancing the qualitiveness of the decision-making process of the Board. The Board reviews the functioning of these committees from time to time.

The meetings of each of these committees are convened by the respective Chairpersons, who also apprise the Board about the summary of discussions held at their meetings. The minutes of the committee meetings are sent to all Directors individually for their approval/comments as per the prescribed Secretarial Standards-1 and after the minutes are duly approved, these are circulated to the Board of Directors and presented at the Board meetings.

### a) Audit Committee - Mandatory committee

The Audit Committee has been constituted as required under Section 177 of the Act and Regulation 18 of the Listing Regulations and provides direction to the Audit and Risk management function in the Company and monitors the quality of internal audit.

The responsibilities of the Audit Committee include among other things overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment and remuneration of internal auditors, external auditors and cost auditors, reviewing the periodical interim and annual financial statements before submission to the Board, reviewing adequacy of internal control systems and discussing the scope of audit with Statutory Auditors.

The Audit Committee met four times during the year on 18/06/2020, 04/09/2020, 11/11/2020 and 05/02/2021.

The Audit Committee comprises 4 Independent Directors and an Executive Director. The Committee was chaired by an independent Director Sri.P.S. Kumar,

a Chartered Accountant by qualification.

In the opinion of the Board of Directors, all the members of the Audit Committee are financially literate, and also have accounting or related financial management experience.

The committee also meets the requirements of Section 177 of the Companies Act 2013.

The composition of the Audit Committee and particulars of meetings attended by the members of the Committee are as follows:

| Members                                      | Number of Meetings Held | Number of Meetings Attended |
|--|-------------------------|-----------------------------|
| <b>Non-Executive Independent Directors :</b> |                         |                             |
| Sri. P.S. Kumar- Chairman                    | 4                       | 4                           |
| Sri V.H. Ramakrishnan - Member               | 4                       | 4                           |
| Sri. Vijay Sankar- Member                    | 4                       | 4                           |
| Sri. M. Narasimhappa- Member                 | 4                       | 4                           |
| <b>Executive Promoter Director :</b>         |                         |                             |
| Smt V. Kavitha Dutt - Member                 | 4                       | 3                           |

The Company Secretary is the Secretary to the Committee.

The Chairperson & Managing Director Statutory Auditors and the Internal Auditors have also attended the Audit Committee meetings, when invited by the Committee. The Committee also invites Business and Functional Heads to discuss matters concerning their Business / Departments as and when it deems necessary.

### Role of the Audit Committee

The Role of the Audit Committee inter-alia includes:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment, remuneration and terms of appointment of statutory auditors including Cost Auditors of the Company.
- Approving payment to statutory auditors, including

cost auditors, for any other services rendered by them.

- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - \* Matters required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013, Changes, if any, in accounting policies and practices and reasons for the same.
  - \* Major accounting entries involving estimates based on the exercise of judgement by the management.
  - \* Significant adjustments made in financial statements arising out of audit findings.
  - \* Compliance with listing and other legal requirements relating to financial statements.
  - \* Disclosure of any related party transactions; and Qualifications in draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.
- Omnibus approval for Related Party transactions
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Formulating the scope, functioning, periodicity and methodology for conducting the internal audit.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.

- To review the functioning of the Vigil Mechanism.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit committee granted omnibus approval for the related party transactions proposed to be entered into by the company during Financial Year 2020-21, on a periodic basis, the committee reviewed and approved transactions of the company with related parties and recommended to the board for approval.

The Chairman of the Audit Committee was present at the 79<sup>th</sup> Annual General Meeting held on 4<sup>th</sup> September 2020.

**b) Stakeholders Relationship Committee - Mandatory committee**

The Stakeholders Relationship Committee has been constituted as required under Section 178 of the Act and Regulation 20 of the Listing Regulations and comprises five members.

Sri.P.S.Kumar an Independent Director is the Chairman of the committee.

The table below highlights the composition and attendance of the Members of the Committee.

| Independent Directors         | No. of meetings held | No. of Meetings attended |
|-------------------------------|----------------------|--------------------------|
| Sri. P.S. Kumar, Chairman     | 1                    | 1                        |
| Dr. V.L. Indira Dutt, Member  | 1                    | 1                        |
| Sri V.H. Ramakrishnan, Member | 1                    | 1                        |
| Sri. Vijay Sankar, Member     | 1                    | 1                        |
| Sri. M. Narasimhappa, Member  | 1                    | 1                        |

The Stakeholders Relationship Committee met on 05/02/2021 during the year 2020-2021

Mr. Y. Vijayakumar, Company Secretary, is the compliance officer appointed by the Board.

The terms of reference of the committee are:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Chairman of the Committee was present at the 79<sup>th</sup> Annual General Meeting of the company

**Details of complaints received and redressed during the year are given below:**

The total number of complaints received and resolved during the year ended March 31, 2021 were NIL. There were no complaints outstanding as on March 31, 2021. Shareholders'/Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments.

No investor grievances remained unattended /pending for more than thirty days.

**c) Nomination and Remuneration (NRC) Committee-Mandatory committee**

The Nomination and Remuneration Committee has been constituted as required under Section 178 of the Act and Regulation 19 of the Listing Regulations.

The NRC comprises of Four Directors. Sri. V.H. Ramakrishnan, Independent Director is the Chairman of the Committee and majority of the members on the committee are Independent Directors.

The NRC met on 18-06-2020 during the year, 2020-2021 and the details of the composition of the Committee and attendance of the members are as follows:

| Directors :                     | No. of meetings held | No. of Meetings attended |
|---------------------------------|----------------------|--------------------------|
| Sri V.H. Ramakrishnan, Chairman | 1                    | 1                        |
| Dr. V.L. Indira Dutt, Member    | 1                    | 1                        |
| Sri. Vijay Sankar, Member       | 1                    | 1                        |
| Sri. P.S. Kumar, Member         | 1                    | 1                        |
| Sri. M. Narasimhappa, Member    | 1                    | 1                        |

The Composition of Nomination and Remuneration Committee is in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Chairman of the Committee was present at the 79<sup>th</sup> Annual General Meeting of the company in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations; the broad terms of reference of the committee include the following:

- formulation of criteria for determining the qualifications, positive attributes and independence of a director
- recommending to the Board a policy, relating to the remuneration of Directors, Key Managerial Personnel and other employees;
- formulation of criteria for evaluation of Independent Directors and the Board;
- devising a policy on Board diversity;
- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment and removal.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

**REMUNERATION OF DIRECTORS**

**Remuneration Policy**

The Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company.

The Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of C Schedule II of the Listing Regulations to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. There were no pecuniary relationship /transactions between Non-Executive Directors and the Company.

**(i) Remuneration to Independent Directors:**

The Independent Directors are paid remuneration by way of Sitting Fees for each Meeting of the Board or Committee of Directors attended by them.

During the year Independent Directors of the Company were paid sitting fees of Rs. 40,000/- (Rupees forty thousand only) each for every meeting of the Board and Audit Committees of the company attended by them and for other Committee Meetings Rs. 20,000/- (Rupees twenty thousand only) was paid as sitting fees. The sitting fee paid is well within the limits prescribed under the provisions of the Companies Act, 2013 and rules made thereunder.

During the year the Company does not have any direct pecuniary relationship/transactions with any of its Independent Directors.

The details of sitting fees paid to Independent Directors and Non-Executive Non-Independent Directors for the year 2020-2021 (for attending the Board Meetings, Audit Committee and other Committee Meetings) are given below:

| Particulars                 | Sitting Fees paid (Rs. in Lakhs) |
|-----------------------------|----------------------------------|
| Sri V.H. Ramakrishnan       | 4.00                             |
| Sri. Vijay Sankar           | 4.40                             |
| Sri. P.S. Kumar             | 4.80                             |
| Sri. M. Narasimhappa        | 4.00                             |
| Smt. Janaki Pillai          | 1.80                             |
| Dr. Subbarao Vallabhaneni   | 1.60                             |
| Sri. V. Chandrakumar Prasad | 1.60                             |
| Sri. Ravi Chitturi          | 1.60                             |

**(ii) Remuneration to Executive Directors**

The appointment and remuneration of Executive Directors is governed by the recommendations of the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Shareholders of the Company.

Remuneration to all the Executive Directors is paid within the limits prescribed under the Companies Act, 2013 and approved by the Board of Directors based on their recommendations of the Nomination & Remuneration Committee and sanctioned by the Shareholders.

The elements of compensation of the Executive Directors include the following:

- fixed compensation

- variable compensation in the form of annual incentive
- benefits
- work related facilities and perquisites

In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Directors shall be further subject to the relevant provisions of the Companies Act, 2013.

Executive Directors are not paid sitting fees for any Board/ Committee meetings attended by them.

Particulars of their remuneration for the year ended 31st March, 2021 are given below:

| Particulars of Executive Directors.                  | Salary & Perquisites (Rs.in Lakhs) | Commission (Rs.in Lakhs) | Total (Rs.in Lakhs) |
|--|------------------------------------|--------------------------|---------------------|
| Dr. V.L. Indira Dutt Chairperson & Managing Director | 171.82                             | 651.12                   | 822.94              |
| Smt. V.Kavitha Dutt, Joint Managing Director         | 172.10                             | 445.10                   | 617.20              |

Presently, the Company does not have a stock options scheme.

The Remuneration Policy is displayed on the Company's website.

**d) Corporate Social Responsibility (CSR) committee: Mandatory committee**

The Corporate Social Responsibility Committee has been constituted as required under Section 135 of the Companies Act, 2013 and Rules the Committee comprises of Four Directors Dr. V.L. Indira Dutt, Chairperson & Managing Director of the company, is the Chairperson of the Committee.

The Composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended.

The Company has formulated CSR Policy, which is uploaded on the website of the Company.

The Corporate Social Responsibility Committee met on 19/10/2020 during the year 2020-2021 and the details of the composition of the Committee and attendance of the members are as follows:

| Directors                        | No. of meetings held | No. of Meetings attended |
|----------------------------------|----------------------|--------------------------|
| Dr. V.L. Indira Dutt-Chairperson | 1                    | 1                        |
| Smt. V. Kavitha Dutt – Member    | 1                    | 1                        |
| Sri. Vijay Sankar – Member       | 1                    | 1                        |
| Sri. P.S. Kumar - Member         | 1                    | 1                        |

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken as specified in schedule VII of Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the CSR Policy of the Company from time to time
- To institute a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Company and to do all such acts, deeds and things as may be required in connection with the CSR activities.

The CSR report, as required under the Companies Act, 2013 for the year ended 31<sup>st</sup> March, 2021 attached as Annexure 3 to the Board's report.

#### e) Risk management Committee: Non-Mandatory committee

The Risk Management Committee has been constituted as required under Regulation 21 of the Listing Regulations voluntarily by the Company.

Risk Evaluation and Management is an ongoing process within the Organization and the Company has a robust risk management frame work to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprises:

- Defining frame work for identification, assessment, monitoring, mitigation and reporting of risks. Reviewing the Risk Management policy and framework in line with local legal requirements and SEBI guidelines;

- Reviewing risks and evaluate treatment including initiating mitigation actions;

Risk Management Committee met on 22/01/2021 during the year, 2020-2021. The details of the composition of the Committee and attendance of the members are as follows:

| Members  | No. of meetings held | No. of Meetings attended |
|--|----------------------|--------------------------|
| Smt. V. Kavitha Dutt – Chairperson                           | 1                    | 1                        |
| Dr. V.L. Indira Dutt- Member                                 | 1                    | 1                        |
| Sri. Vijay Sankar – Member                                   | 1                    | -                        |
| Sri. P.S. Kumar – Member                                     | 1                    | 1                        |
| Sri. G.N. Murty – Chief Financial Officer.                   | 1                    | 1                        |
| Sri.K. Ramakrishna (Executive President) Marketing – Member. | 1                    | 1                        |
| Sri. BVPS Chowdary, Sr.GM (CPU-Macherla) – Member            | 1                    | 1                        |
| Sri.Madhusudana Rao, Vice President (CPU-Muktyala) – Member  | 1                    | 1                        |

The Risk policy adopted by the Board of Directors of the company is placed on the website of the company. *Web link: <http://www.kcp.co.in/downloads/PDF/Risk-policy.pdf>*

#### f) Investment Committee: Non-Mandatory committee

The Investment Committee evaluates the various investment proposals of the Company and guides the Board of Directors in evaluating and implementing the same.

The Investment Committee comprises the following Independent Directors.

| Independent Directors: | Category    |
|------------------------|-------------|
| Dr. V.L. Indira Dutt   | Chairperson |
| Smt. V. Kavitha Dutt   | Member      |
| Sri V.H. Ramakrishnan  | Member      |
| Sri. Vijay Sankar      | Member      |
| Sri. P.S. Kumar        | Member      |
| Sri. M. Narasimhappa   | Member      |

During the year the Committee didn't have the occasion to meet.

**g) Share Transfer, Transmission and Issue of Share Certificate Committee: Non-Mandatory committee**

This Committee is constituted to approve transfer, transmission of shares and to issue duplicate share certificates as and when required.

During the year, 6 meetings of the Share Transfer Committee were held on the following dates:

27/08/2020, 30/10/2020, 14/12/2020, 09/02/2021, 25/02/2021, 10/03/2021 & 31/03/2021.

The Committee comprises of the following executives of the Company:

|                     |                         |
|---------------------|-------------------------|
| Sri. G.N. Murty     | Chief Financial Officer |
| Sri. Y. Vijayakumar | Company Secretary       |

**h) Finance Committee: Non-Mandatory committee**

The Company has finance Committee:

- To Review the Company's financial policies, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto, as it may deem advisable.
- To Review banking arrangements and cash management exercise all powers to borrow money (otherwise than by issue of debentures) within limits approved by the Board and take necessary actions connected therewith.
- To give guarantees / issue letters of comfort / providing securities within the limits approved by the Board.
- To provide corporate guarantee / performance guarantee by the Company within the limits approved by the Board.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- To delegate authorities from time to time to the executives / authorized persons to implement the Committee's decisions.

During the year the Committee met on 25<sup>th</sup> April 2020 and 25<sup>th</sup> September 2020.

The composition of the Committee as on March 31, 2021 and the details of Members' participation at the Meetings of the Committee are as under:

| Directors                          | Number of Meetings held | Number of meetings attended |
|------------------------------------|-------------------------|-----------------------------|
| <b>Executive Directors</b>         |                         |                             |
| Dr. V.L. Indira Dutt – Chairperson | 2                       | 2                           |
| Smt. V. Kavitha Dutt – Member      | 2                       | 2                           |
| <b>Independent Directors</b>       |                         |                             |
| Sri. Vijay Sankar – Member         | 2                       | 2                           |
| Sri. P.S. Kumar – Member           | 2                       | 2                           |

**i) Innovation and Best practices committee:**

The Company has Innovation and Best practices committee.

During the year the committee met on 22/01/2021.

| Directors :                     | No. of meetings held | No. of Meetings attended |
|---------------------------------|----------------------|--------------------------|
| Sri. Narasimhappa – Chairman    | 1                    | 1                        |
| Smt. V. Kavitha Dutt – Member   | 1                    | 1                        |
| Sri. V.H. Ramakrishnan – Member | 1                    | 1                        |
| Sri. Vijaysankar – Member       | 1                    | -                        |
| Sri. P.S. Kumar – Member        | 1                    | 1                        |

**III. SHAREHOLDERS' INFORMATION**

**1. Date, Time and Venue of the Annual General Meeting**

Date and Time 3rd September, 2021 at 10.15 A.M (IST).

Deemed Venue "Ramakrishna Buildings", No.2, Dr. P.V. Cherian Crescent, (Registered Office) Egmore, Chennai 600 008.

**2. Financial Calendar : Key Financial Reporting Dates for the financial year 2021-2022**

First Quarter ending 30<sup>th</sup> June, 2021 - Within Forty five Days from the end of the Quarter

Second Quarter ending 30<sup>th</sup> September, 2021 - Within Forty five Days from the end of the Quarter

Third Quarter ending 31<sup>st</sup> December, 2021 - Within Forty five Days from the end of the Quarter

Fourth Quarter ending 31<sup>st</sup> March, 2022 - Within Sixty Days from the end of the Financial year 28th to 3rd September

**3. Book Closure:** 28th August 2021 to 3rd September 2021 (both days inclusive)

**4. Dividend:**

The Board of Directors at their Meeting held on 25/06/2021 have recommended a dividend of Rs. 2 /- per equity share of Re.1/- each (200%) for the year ended 31st March, 2021.

The Dividend will be paid to the members whose names appear on Company's Register of Members on 27th August, 2021 in respect of physical shareholders and whose name appear in the list of Beneficial Owners on 27th August, 2021 furnished by NSDL and CDSL for this purpose. The dividend if declared at the Annual General Meeting will be paid on or before 2nd October, 2021.

**5. Listing on Stock Exchanges:**

| Name of Stock Exchange   | Stock Code   |
|--|--------------|
| National Stock Exchange of India Limited, Mumbai               | KCP          |
| The Bombay Stock Exchange Limited, Mumbai (permitted to trade) | 590066       |
| Name of the Depositories (for demat only)                      |              |
| National Securities Depository Ltd                             | INE805C01028 |
| Central Depository Services (India) Ltd                        | INE805C01028 |

The Company has paid the listing fees for the year 2021-2022 to the National Stock Exchange of India Limited (NSE).

**6. Share Price Data (% to Base)**

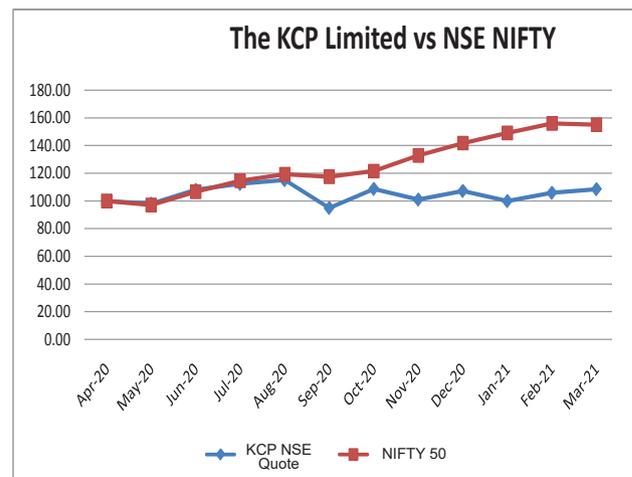
**National Stock Exchange (NSE)**

| Month          | KCP NSE Quote | NIFTY 50 |
|----------------|---------------|----------|
| April 2020     | 100.00        | 100.00   |
| May 2020       | 98.04         | 97.07    |
| June 2020      | 108.00        | 106.72   |
| July 2020      | 112.31        | 114.69   |
| August 2020    | 115.09        | 119.27   |
| September 2020 | 94.91         | 117.48   |

|               |        |        |
|---------------|--------|--------|
| October 2020  | 108.68 | 121.60 |
| November 2020 | 100.97 | 132.93 |
| December 2020 | 107.22 | 141.82 |
| January 2021  | 99.87  | 149.19 |
| February 2021 | 105.84 | 156.05 |
| March 2021    | 108.50 | 155.08 |

**7. Relative Stock Performance Chart :**

The Chart below gives the relative movement of the closing price of the company's share and the NSE NIFTY relative to the closing price.



**8. Registrar & Share Transfer Agents (RTA)**

For demat & physical shares:

**M/s. Integrated Registry Management Services Private Limited**

II Floor, "Kences Towers"  
No.1, Ramakrishna Street  
North Usman Road, T. Nagar,  
Chennai 600 017.

Ph: 28140801/803

Email: [corpserv@iepindia.com](mailto:corpserv@iepindia.com)

[www.integratedindia.in](http://www.integratedindia.in)

CIN: U74900TN2015PTC101466

**9. Share Transfer System**

The shares for transfer received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute.

A summary of transfer/ transmission of securities so approved by the share transfer and transmission committee are placed at Board Meetings. The share

certificates duly endorsed are sent to the shareholders by Registrar and Share Transfer Agent. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e.NSDL and CDSL, expeditiously.

**10. Distribution of the Equity Shareholding as on 31st March, 2021 by number of shares:**

| No. of Equity Shares held | No. of Share holders | % Share holders | No. of Shares    | % Share holding |
|---------------------------|----------------------|-----------------|------------------|-----------------|
| Upto 5000                 | 25361                | 94.673          | 12384453         | 9.606           |
| 5001-10000                | 627                  | 2.341           | 4628039          | 3.590           |
| 10001-20000               | 357                  | 1.333           | 5042779          | 3.912           |
| 20001-30000               | 134                  | 0.500           | 3276479          | 2.541           |
| 30001-40000               | 77                   | 0.287           | 2690836          | 2.087           |
| 40001-50000               | 58                   | 0.217           | 2703361          | 2.097           |
| 50001-100001              | 79                   | 0.295           | 5494211          | 4.262           |
| Above 100001              | 95                   | 0.354           | 927010002        | 71.905          |
| <b>TOTAL</b>              | <b>22519</b>         | <b>100.00</b>   | <b>128921160</b> | <b>100.00</b>   |

**11. Equity Shareholding as on 31st March, 2021 by category**

| Category                      | No. of Share holders | No. of Shares    | % Share holding |
|-------------------------------|----------------------|------------------|-----------------|
| Clearing Member               | 133                  | 487802           | 0.38            |
| Bank Foreign                  | 1                    | 500              | 0.00            |
| IEPF                          | 1                    | 1816194          | 1.41            |
| Indian Financial Institutions | 3                    | 4490             | 0.00            |
| Indian Promoters              | 17                   | 56308895         | 43.68           |
| Insurance Company             | 1                    | 1102930          | 0.85            |
| Limited Liability Partners    | 7                    | 173669           | 0.13            |
| Mutual Funds                  | 4                    | 114409           | 0.09            |
| NRI / OCBs                    | 410                  | 2670156          | 2.07            |
| Private Corporate Bodies      | 227                  | 3955389          | 3.07            |
| Indian Public                 | 25982                | 62221416         | 48.26           |
| Trusts                        | 2                    | 65310            | 0.05            |
| <b>TOTAL</b>                  | <b>26788</b>         | <b>128921160</b> | <b>100.00</b>   |

**12. Top ten Equity Shareholders of the Company (Excluding Promoters) as on 31st March, 2021**

| No | Shareholder       | Share holding | %    |
|----|-------------------|---------------|------|
| 1  | Sandhya G. Parikh | 4486998       | 3.48 |

|    |  |                 |              |
|----|--|-----------------|--------------|
| 2  | Dolly Khanna                                     | 4305812         | 3.34         |
| 3  | Chinmay G Parikh                                 | 2084050         | 1.62         |
| 4  | Investor Education and Protection Fund Authority | 1816194         | 1.41         |
| 5  | G.V. Reddy. Dr.                                  | 1287250         | 1.00         |
| 6  | Hitesh Satishchandra Doshi                       | 1237755         | 0.96         |
| 7  | The New India Assurance Co. Ltd                  | 1102930         | 0.86         |
| 8  | Sakunthala Devi Boppana                          | 1052410         | 0.82         |
| 9  | Boppana Vinay Kumar                              | 947530          | 0.73         |
| 10 | Padmini Rajan                                    | 872690          | 0.68         |
|    | <b>Total</b>                                     | <b>19193619</b> | <b>14.90</b> |

**13. Dematerialization of Shares and Liquidity**

Out of the total paid-up Equity Capital of 12,89,21,160 Equity shares 12,46,08,952 (96.66%) Equity shares are held in dematerialized form with NSDL – 10,96,11,712 (85%), CDSL - 1,49,97,240(11.64%) and 43,12,208 (3.35%) shares are in physical form as on 31<sup>st</sup> March 2021.

The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

**14. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT:**

Pursuant to Regulation 55A (1) of SEBI (Depositories and Participants) Regulations,1996, a Company Secretary in Practice carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**15. Plant Locations:**

- CEMENT**
- 1) Macherla - 522426  
Guntur District, Andhra Pradesh
  - 2) Ramakrishnapuram  
Muktyala – 521457  
Krishna District, Andhra Pradesh

|                          |   |
|--------------------------|---|
| <b>HEAVY ENGINEERING</b> | 1). Tiruvottiyur<br>Chennai 600 019<br>Tamilnadu  |
|                          | 2). Mosur Road, Ekhunagar<br>Arakonam 631 004,<br>Tamilnadu   |
| <b>HYDEL UNIT</b>        | B.No. AE-1, NSP Colony<br>Nekarikallu- 522 615,<br>Guntur District<br>Andhra Pradesh  |
| <b>WIND POWER</b>        | Uthumalai Village<br>Tirunelveli District, Tamilnadu  |
| <b>THERMAL UNITS</b>     | Macherla - 522426<br>Guntur District, Andhra Pradesh<br>Ramakrishnapuram<br>Muktyala – 521175<br>Krishna District<br>Andhra Pradesh |
| <b>SOLAR POWER</b>       | Ramakrishnapuram<br>Muktyala – 521175<br>Krishna District,<br>Andhra Pradesh  |
| <b>HOTEL</b>             | Mercure KCP Hyderabad<br>6-3-552, Somajiguda<br>Hyderabad 500 082, Telangana  |

#### 16. Compliance Certificate of the Auditors:-

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Regulation 17 of the SEBI (LODR) Regulations, 2015. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021. The Statutory Auditors have certified that the Company has complied with the conditions of corporate governance as stipulated in the Listing Regulations. The said certificate is annexed to the Directors' Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Tamil Nadu, Chennai, along with the Annual Report.

#### 17. RISK MANAGEMENT:

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation measures to address such risks.

#### 18. PERFORMANCE EVALUATION OF DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual evaluation of its own performance, its Committees and the Directors.

Structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairperson of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairperson and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

#### IV. DISCLOSURES AND OTHER INFORMATION

##### 19. Disclosures

##### a) Code of Business Conduct & Ethics

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Employees of the Company. The Board of Directors and the members of Senior Management Team (one level below the Board of Directors) of the Company are required to affirm Compliance of this Code.

The Code is displayed on the Company's website.

##### b) Conflict of Interests

Each Director informs the Company on an annual basis about the Board and the Committee positions he/she occupies in other companies including Chairmanships and notifies changes during the year. The Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussions and voting in transactions in which they have concern or interest.

**c) Insider Trading Code**

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Code is applicable to all Directors and such Designated Employees and other Connected Persons who are expected to have access to unpublished price sensitive information relating to the Company.

The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. This Code is displayed on the Company's website.

**d) Compliances with Governance Framework**

The Company is in compliance with all mandatory requirements under the Listing Regulations and adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time-to-time.

**e) Related party transactions**

There have been no materially significant related party transactions between the Company and Directors / KMP and their relatives.

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year have been disclosed in notes forming part of the Financial Statements.

A statement in summary form of transactions with Related Parties is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company viz. [www.kcp.co.in](http://www.kcp.co.in)

None of the transactions with Related Parties were in the conflict with the interest of Company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company.

**f) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority.**

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations and guidelines of SEBI.

Consequently, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three financial years.

**g) Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairman of the Audit Committee in exceptional cases.

None of the personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy is displayed on the Company's website.

**h) Certificate from Practicing Company Secretary**

A certificate from Smt. Sobana Pranesh, Practicing Company Secretary is attached and forms part of this report certifying that none of the directors of the Company have been debarred or disqualified from being appointed or continuing as director of company by SEBI or Ministry or Corporate Affairs or any such statutory authority.

**i) Total fee paid to Statutory Auditors:**

Total fees paid by the Company for the services rendered by the statutory auditor and to all the entities in network firm/ network entity belonging to them, is Rs.27.49 lacs (includes Audit fees and certification / other services).

**j) Confirmation by the Board of Directors' Acceptance of Recommendations of Mandatory Committees:**

During the year, there were no such instances of non-acceptance by the Board of any mandatory recommendations made by the Committees.

**k) The Policies and Procedures of the Company are available at <http://www.kcp.co.in/corporate-governance.html>**

**l) The shareholder information (IEPF) is available at <http://www.kcp.co.in/shareholders.html>**

## 20. OTHER INFORMATION

The following disclosures are made in pursuance of Regulation 34(3) read with Clause F of Schedule V of Listing Regulations.

### 1. Details of Annual General Meetings & Special Resolutions:

(a) Location and time of Annual General Meetings held in last 3 years along with Special Resolutions passed:

| Year | AGM              | Location  | Date       | Time      | Special Resolutions considered  | Result  |
|------|------------------|---|------------|-----------|---|---|
| 2018 | 77 <sup>th</sup> | Ramakrishna Buildings”<br>2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008   | 30/07/2018 | 10.15 a.m | -   | -   |
| 2019 | 78 <sup>th</sup> | Ramakrishna Buildings”<br>2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008   | 07/08/2019 | 10.15     | Special Resolutions:<br>1. Reappointment of Sri. V.H. Ramakrishnan as an Independent Director<br>2. Reappointment of Sri. Vijay Sankar as an Independent Director.<br>3. Reappointment of Sri. P.S. Kumar as an Independent Director.<br>4. Reappointment of Sri. M. Narasimhappa as an Independent Director.<br>5. Approval of Remuneration to Executive Chairman, Managing Director and Joint Managing Director.<br>6. Transaction with Related Parties under Sec.188 of the Companies Act. 2013. | All the resolutions Passed with requisite majority. |
| 2020 | 79 <sup>th</sup> | Ramakrishna Buildings”<br>2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008 <b>(Held through Video Conferencing (VC) other Audio Visual means).</b> | 04/09/2020 | 10.15     | 1. Appointment of Sri. V. Chandra Kumar Prasad as Non-executive Non-Independent Director of the Company.<br>2. Appointment of Dr. Subbarao Vallabhaneni as Non-executive Non-Independent Director of the Company.   | All the Resolutions passed with requisite majority. |

### **2. No EGM was held by the company during the financial year ended 31st March 2021.**

### **3. Remote e-voting and ballot voting at the Annual General Meeting(AGM)**

During the year due to Pandemic the AGM was conducted through Video Conferencing (“VC”) / Other Audio Visual Means (“OVAM”) in accordance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular No. 20/2020, 14/2020 and 17/2020 dated 5<sup>th</sup> May 2020, 8<sup>th</sup> April 2020 and 13<sup>th</sup> April 2020.

To allow the share holders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility and engaged NSDL to provide e-voting facility to all the members.

The facility for voting at the AGM by e-voting arranged for the members who have not already cast their vote by remote e-voting. M/s. A.K. Jain & Associates, Company Secretaries, Chennai were appointed by the Board as Scrutinizers for the e-voting process.

### **4. Subsidiary Company**

Pursuant to Regulation 24 of the SEBI (LODR) Regulations, 2015, Subsidiary Company, M/s KCP Vietnam Industries Limited, whose turnover or net worth exceeds 20% of the consolidated turnover or networth respectively of the Company and its subsidiary in the immediately preceding accounting year.

(1) The Board has appointed Sri.P.S.Kumar, Independent Director on the Board of the subsidiary company.

(2) The audit committee of the company has reviewed the financial statements of the company.

(3) The minutes of the meetings of the board of directors of the subsidiary are placed at the meeting of the board of directors of the company.

(4) A statement of all significant transactions and arrangements entered into by the subsidiary are placed in the Board Meetings.

### **5. Means of Communication**

(i) The Un-audited quarterly/half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations.

(ii) The approved financial results are forth with sent to the Stock Exchanges and are published in a national English newspaper and in local language (Tamil) newspaper, within forty-eight hours of approval thereof. Presently the same are not sent to the shareholders separately.

(iii) The Company’s financial results and official press releases are displayed on the Company’s website.

(iv) Any presentation made to the institutional investors/and analysts are also posted on the Company’s website.

(v) Management Discussion and Analysis forms part of the Annual Report, which is sent to the shareholders of the Company.

(vi) The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically. The Company has complied with filing submissions through BSE’s BSE Listing Centre. Likewise, the said information is also filed electronically with NSE through NSE’s NEAPS portal.

(vii) A separate dedicated section under “Investors” on the Company’s website gives information on unclaimed dividends, shareholding pattern, quarterly/half yearly results and other relevant information of interest to the investors / public.

### **6. For the information of Shareholders:**

#### **Nomination**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s).

Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company’s Registrar and Share Transfer Agent.

#### **Electronic Clearing Service**

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the Bank account details furnished by the Depositories for depositing dividends.

Dividend will be credited to the Members' bank account through ECS wherever complete core banking details are available with the Company. In case where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed there on as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors.

The Company complies with the SEBI requirement of Service of documents through electronic mode

### Green Initiative

As a part of Green Initiatives, the members who wish to receive the notices/documents through e-mail, may kindly intimate their e-mail addresses to the Company's Registrar and Share Transfer Agent.

### UNCLAIMED SUSPENSE ACCOUNT

In accordance with Regulation 39(4) read with Schedule VI of Listing Regulations after sending three reminders to the shareholders to claim their respective shares, the Company has demated all physical shares which remained unclaimed by shareholders to an "Unclaimed Suspense Account" which was opened by the Company for this purpose. As per Regulation 34(3) read with Clause F of Schedule V of Listing Regulations all corporate benefits that accrue on these shares such as bonus shares, split etc., shall also be credited to the Unclaimed Suspense Account and the voting rights on such shares shall remain frozen. Shareholders are requested to write to the Registrar & Transfer Agents and provide the correct details to enable the Company to transfer the unclaimed share certificate directly to the Shareholders demat account.

As per Regulation 34(3) read with Schedule V of the Listing Regulations, the details of the shares in the Suspense Account are as follows:

| Aggregate Number of Shareholders and the Outstanding Shares in the suspense account lying at the beginning of the year | Number of shareholders who approached the Company for transfer of shares from suspense account during the year | Number of shareholders to whom shares were transferred from suspense account during the year | Number of shares transferred to IEPF Authority from suspense account during the year | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year | That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares |
|--|--|--|--|--|---|
| 597  | 2  | 2  | 104  | 491  | 491   |
| <b>662550</b>  | <b>2860</b>  | <b>2860</b>  | <b>103690</b>  | <b>556000</b>  | <b>556000</b>   |

**SEBI Complaints Redress System (SCORES):**

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**GENERAL**

Members are requested to quote their Folio No./DP & Client ID Nos, Email ids, telephone/Fax numbers for timely investor servicing by the Company/Registrar and Transfer Agent. Members holding shares in electronic form are requested to update with their depository participant their present address, e mail ids and bank particulars.

**Designated Exclusive email-ids:**

The Company has designated the following email-ids exclusively for investors.

- For queries on Annual Report: [vijaycs@kcp.co.in](mailto:vijaycs@kcp.co.in)
- For other queries: [investor@kcp.co.in](mailto:investor@kcp.co.in)

**For and on behalf of the Board of Directors**

**Dr.V.L. Indira Dutt**

Place: Chennai  
Date: 25<sup>th</sup> June, 2021

**Chairperson & Managing Director**

**Declaration under the SEBI (LODR) Regulations, 2015**

I, Dr. V.L. Indira Dutt, Chairperson & Managing Director of the Company hereby confirm that all the members of your Board and the Senior Management Personnel of your Company have confirmed the compliance to the Code of Conduct of the Company during the year ended 31/03/2021.

**For and on behalf of the Board of Directors**

**Dr.V.L. Indira Dutt**

Place: Chennai  
Date: 25<sup>th</sup> June, 2021

**Chairperson & Managing Director**

## Corporate Governance - Independent Auditor's Certificate

To

The Members of The K.C.P Limited

1. We have examined the compliance of the conditions of corporate governance by The KCP Limited (the 'Company') for the year ended 31<sup>st</sup> March 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

### Management's Responsibility

2. The compliance of conditions of corporate governance is the responsibility of the management including preparation and maintenance of all relevant supporting documents and records. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure the compliance with the conditions of corporate governance as stipulated in the SEBI Listing Regulations.

The Management along with the Board of Directors are also responsible for ensuring that the company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have examined the relevant records of the company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality Control for Firms that performs Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management. We certify that the company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2021.

8. We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for K.S.RAO & CO  
Chartered Accountants  
Firm Regn.No.003109S

(P.GOVARDHANA REDDY)  
Partner  
Membership No. 029193  
UDIN21029193AAAJC1540

Place : Hyderabad  
Date : 25th June 2021

## CEO / CFO Certification

The Board of Directors,

The KCP Limited

We hereby certify that

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended 31<sup>st</sup> March 2021 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) The disclosures have been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have personal interest. However, none of these transactions have conflict with the interest of the Company at large.

**For The KCP Limited**

**Dr. V.L. Indira Dutt**  
**Chairperson & Managing Director**

**For The KCP Limited**

**G.N. MURTY**  
**Chief Financial Officer**

Place : Chennai

Date : 25th June 2021

# Independent Auditor's Report

To the members of The KCP Limited, Chennai

## Report on Standalone Financial Statements:

### Opinion

We have audited the accompanying financial statements of **THE KCP LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditors responsibility for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S.No. | Key Audit Matters  | Auditor's Response   |
|-------|--|--|
| 1     | <p><b><u>Provision for Decommissioning cost</u></b></p> <p>The company has an obligation to restore and rehabilitate the mining land used for cement production at the end of their use. This decommissioning liability is recorded based on estimates of the cost required to fulfil this obligation. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements . At each reporting date the decommissioning liability is reviewed and re-measured in line with changes in observable assumptions, timing and the latest estimates of costs to be incurred at reporting date. We have considered the measurement of decommissioning costs as Key Audit Matter as it requires significant management judgement, including accounting calculations and estimates that involves high estimation uncertainty.</p> | <p><b><u>Principal audit procedures</u></b></p> <p>Our audit procedures included the following –</p> <ul style="list-style-type: none"> <li>• Evaluated the approach adopted by the company management in determining the expected costs of decommissioning.</li> <li>• Identified the cost assumptions used that have the most significant impact on the provisions and tested the appropriateness and these assumptions.</li> <li>• Reviewed the appropriateness of discount and inflation rates used in the estimation.</li> <li>• Verified the unwinding of interest as well as understanding if any restoration was undertaken during the year.</li> <li>• Relied on the judgements of the internal experts for the use of technical evaluation.</li> <li>• Performed a review to ensure that all key movements were understood, corroborated and recorded correctly.</li> <li>• Assessed the appropriateness of the disclosures made in the Financial Statements.</li> </ul> |

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this

other information, we are required to report that fact. We have nothing to report in this regard

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making

judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial

controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the *Annexure A*, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2) As required by Section 143(3) of the Companies Act, 2013 we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
- c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account,
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164(2) of the Act,
- f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "*Annexure B*". Our report expresses an

unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.

- g) With respect to Managerial Remuneration to be included in the Auditor's report under Section 197(16)

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

- h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 37 to the standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts but did not have derivative contracts—Refer Note 53 to the Ind AS financial statements
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

for K.S.RAO & CO  
Chartered Accountants  
Firm Regn.No.003109S

Place : Hyderabad  
Date :25th June 2021

(P.GOVARDHANA REDDY)  
Partner  
Membership No. 029193  
UDIN21029193AAAAJA5170

## Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **The KCP LIMITED** of even date)

We report that:

- (i) a. the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets;
- b. the Fixed Assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, during the year under report the management has physically verified its fixed assets situated at Muktyala and Macherla units and no material discrepancies have been noticed on such verification;
- c. according to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable property are held in the name of the company.
- (ii) the inventory has been physically verified by the management at reasonable intervals during the year under report and the discrepancies noticed during such physical verification of inventories as compared to book records have been properly dealt with in the books of account.
- (iii) the company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, the provisions of clause 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the said Order are not applicable for the year under report.
- (iv) in our opinion and according to the information and explanations given to us, the company has not granted any loans, guarantees and security in accordance with the provisions of section 185 of the Companies Act 2013. The company has complied with the provisions of Section 186 of the Companies Act 2013, in respect of investments made by the company.
- (v) in our opinion the company has complied with the provisions of section 73 to 76 and other applicable provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted from the public. According to the information furnished to us, no Order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of Sections 73 to 76 of the Companies Act 2013.
- (vi) we have broadly reviewed the books of account and records maintained by the company at its cement, engineering and electric power generation units pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii)(a) according to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion, the company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues applicable to it; and  
 according to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, duty of customs, duty of Excise, value added tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2021 for a period of more than six months from the date they became payable;
- (b) according to the information and explanations given to us, there were no amounts of Sales Tax, duty of Customs, Goods and Service Tax, duty of Excise, Cess, Income Tax, Service Tax that have been disputed by the company, and hence, were not remitted to the concerned authorities at the date of the Balance Sheet under report, except the dues mentioned hereunder

| No | Nature of dues                        | Name of the statute           | Period                | Amount in Rs. Lakhs | Amount paid under protest (Rs. in Lakhs) | Forum where the dispute is pending                        |
|----|---------------------------------------|-------------------------------|-----------------------|---------------------|--|---|
| 1  | Excise duty and related demands       | Central Excise Act 1944       | 1996-2017             | 2115.96             | -  | At various Appellate forums                               |
| 2  | Sales tax and related demands         | AP Sales Tax Act 1957         | 1996-2001 and 2011-12 | 237.77              | 103.23                                   | AP High Court   |
| 3  | Sales tax and related demands         | Tamilnadu Sales Tax Act       | 2007-08               | 8.70                | 6.87                                     | Addl. Commissioner of Commercial taxes                    |
| 4  | Royalty                               | MMDR Act, 1957                | 1986-87               | 0.93                | -  | ADMG – Guntur   |
| 5  | Net Present Value of Safety Zone Area | Forest Conservation Act, 1980 | 2014-15               | 17.87               | -  | DFO - Guntur  |
| 6  | District Mineral Foundation           | District Mineral Foundation   | 2015-16               | 35.87               | -  | Hon'ble High Court of Telangana & State of Andhra Pradesh |
| 7  | State Load Despatch Centre charges    | AP Electricity Duty Act 1938  | 2010-11               | 35.51               | -  | Hon'ble High Court of Andhra Pradesh                      |

(viii) according to the records of the company examined by us, and the information and explanations given to us, there were no defaults in repayment of loans or borrowings to banks during the year under report;

(ix) in our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year;

(x) during the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or any fraud on the company by its officers or employees, noticed or reported during the year, nor we have been informed of any such

case by the management;

(xi) according to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act 2013;

(xii) the company is not a chit fund or a nidhi/mutual benefit fund/society and hence, the requirement of clause 3(xii) of the Order is not applicable to the company during the year under report;

(xiii) according to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;

(xiv) according to the information and explanations given to us, and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year;

(xv) according to the information and explanations given to us, and based on our examinations of the

records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Therefore, the provision of clause 3(xv) of the Order is not applicable;

(xvi) the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **K.S.RAO & CO**

Chartered Accountants  
Firm Regn.No.003109S

Place : Hyderabad  
Date :25th June 2021

**(P.GOVARDHANA REDDY)**

Partner  
Membership No. 029193  
UDIN21029193AAAAJA5170

## Annexure - B to the Independent Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **The KCP LIMITED** of even date)

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of The KCP Limited ("the Company") as of 31<sup>st</sup> March 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants

of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use,

or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial Statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **K.S.RAO & CO**

Chartered Accountants  
Firm Regn.No.003109S

**(P.GOVARDHANA REDDY)**

Partner

Membership No. 029193

UDIN21029193AAAAJA5170

Place : Hyderabad

Date :25th June 2021

# Balance Sheet

(Rs in Lakhs)

|   | Particulars                                      | Note No.   | As on<br>31-03-2021 | As on<br>31-03-2020 |
|---|--|------------|---------------------|---------------------|
| I   | <b>ASSETS</b>                                    |            |                     |                     |
| 1   | <b>Non-current Assets</b>                        |            |                     |                     |
|   | (a) Property, Plant and Equipment                | 2          | 88,256.43           | 93,985.02           |
|   | (b) Capital work-in-progress                     | 3          | 1,959.38            | 1,186.53            |
|   | (c) Investment Property                          | 4          | 0.74                | 0.75                |
|   | (d) Other Intangible Assets                      | 5          | 549.90              | 597.02              |
|   | (e) Financial Assets                             |            |                     |                     |
|   | (i) Investments                                  | 6          | 2,890.60            | 2,883.44            |
|   | (ii) Trade Receivables                           | 7          | 544.62              | 552.52              |
|   | (iv) Others financial assets                     | 8          | 12.14               | 23.18               |
|   | (f) Deferred Tax Assets (Net)                    |            | -                   | -                   |
|   | (g) Other Non-current Assets                     | 9          | 1,000.72            | 986.01              |
| 2   | <b>Current Assets</b>                            |            |                     |                     |
|   | (a) Inventories                                  | 10         | 11,929.20           | 15,195.53           |
|   | (b) Financial Assets                             |            |                     |                     |
|   | (ii) Trade Receivables                           | 11         | 6,627.14            | 4,311.78            |
|   | (iii) Cash and cash equivalents                  | 12         | 130.35              | 1,886.81            |
|   | (iv) Bank balances other than (iii) above        | 12A        | 17,935.04           | 1,658.11            |
|   | (vi) Other financial assets                      | 13         | 727.36              | 224.45              |
|   | (c) Current Tax Assets (Net)                     | 14         | 1,237.55            | 1,705.94            |
|   | (d) Other Current assets                         | 15         | 5,538.97            | 4,689.17            |
|   | <b>Total Assets</b>                              |            | <b>139,340.14</b>   | <b>129,886.26</b>   |
| II  | <b>EQUITY AND LIABILITIES</b>                    |            |                     |                     |
|   | <b>Equity</b>                                    |            |                     |                     |
|   | (a) Equity Share Capital                         | 16         | 1,289.21            | 1,289.21            |
|   | (b) Other Equity                                 | 17         | 60,650.28           | 45,411.11           |
|   | (c) Deferred Government Grant                    |            | 28.42               | 30.41               |
|   | <b>LIABILITIES</b>                               |            |                     |                     |
| 1   | <b>Non-current Liabilities</b>                   |            |                     |                     |
|   | (a) Financial Liabilities                        |            |                     |                     |
|   | (i) Borrowings                                   | 18         | 24,775.61           | 26,957.64           |
|   | (ii) Trade Payables                              | 19         |                     |                     |
|   | Due to Others                                    |            | 271.26              | 271.26              |
|   | (iii) Other financial liabilities                | 20         | 6,850.31            | 5,261.01            |
|   | (b) Provisions                                   | 21         | 1,292.29            | 1,791.07            |
|   | (c) Deferred Tax Liabilities (Net)               | 22         | 7,067.54            | 4,485.87            |
| 2   | <b>Current Liabilities</b>                       |            |                     |                     |
|   | (a) Financial Liabilities                        |            |                     |                     |
|   | (i) Borrowings                                   | 23         | 4,242.47            | 11,490.82           |
|   | (ii) Trade payables                              | 24         |                     |                     |
|   | Due to Micro and Small Enterprises               |            | 334.03              | 99.77               |
|   | Due to Others                                    |            | 8,856.97            | 11,299.52           |
|   | (iii) Current Maturities of Long Term Borrowings | 25         | 10,365.18           | 12,304.19           |
|   | (iv) Other financial liabilities                 | 25A        | 9,535.66            | 7,732.85            |
|   | (b) Other current liabilities                    | 26         | 3,322.83            | 1,080.68            |
|   | (c) Provisions                                   | 27         | 458.07              | 380.86              |
|   | <b>Total Equity and Liabilities</b>              |            | <b>139,340.14</b>   | <b>129,886.26</b>   |
| The accompanying notes form an integral part of the Standalone financial statements |  | 1,37 to 57 |                     |                     |

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

**for K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

Place: Chennai  
Date: 25th June 2021

# Statement of Profit and Loss

(Rs in Lakhs, except no. of equity shares, EPS and per equity share data)

| Particulars   | Note No    | FY 2020-21        | FY 2019-20        |
|---|------------|-------------------|-------------------|
| <b>Income</b>   |            |                   |                   |
| Revenue from Operations   | 28         | 130,107.29        | 93,797.18         |
| Other Income  | 29         | 3,591.82          | 3,254.83          |
| <b>Total Revenue</b>  |            | <b>133,699.11</b> | <b>97,052.00</b>  |
| <b>Expenses</b>   |            |                   |                   |
| Cost of Raw Materials and Components consumed   | 30         | 22,894.57         | 20,757.54         |
| (Increase)/Decrease in Inventories of finished goods, Work-in-progress and traded goods       | 31         | 4,051.01          | (1,879.20)        |
| Employee Benefits expense   | 32         | 9,281.00          | 8,041.37          |
| Power and fuel  |            | 27,075.15         | 24,190.51         |
| Freight and Forwarding expense  |            | 24,785.51         | 21,787.50         |
| Finance Costs   | 33         | 4,241.50          | 5,641.40          |
| Depreciation and amortization expense   | 33A        | 6,942.15          | 7,140.86          |
| Other expenses  | 34         | 12,752.69         | 13,911.62         |
| <b>Total Expenses</b>   |            | <b>112,023.59</b> | <b>99,591.60</b>  |
| <b>Profit/(Loss) before Exceptional items and tax</b>   |            | <b>21,675.52</b>  | <b>(2,539.59)</b> |
| Less : Exceptional Items (Net)  |            | -                 | -                 |
| <b>Profit/(Loss) before Tax</b>   |            | <b>21,675.52</b>  | <b>(2,539.59)</b> |
| <b>Add : Income Tax Refund</b>  |            | -                 | -                 |
| <b>Less : Tax expenses</b>  | 35         |                   |                   |
| Short /(Excess) provision of Income Tax of Eariler Years                                      |            | -                 | (218.28)          |
| Short /(Excess) MAT credit utilised / (entitlement)   |            | -                 | (248.28)          |
| Current tax   |            | 3,812.00          | 487.82            |
| MAT credit utilised / (entitlement)   |            | (1,793.13)        | -                 |
| Deferred tax  |            | 4,324.50          | (1,884.17)        |
| <b>Total tax expense</b>  |            | <b>6,343.37</b>   | <b>(1,862.91)</b> |
| <b>Profit/(Loss) for the year from continuing operations - after tax (A)</b>                  |            | <b>15,332.15</b>  | <b>(676.68)</b>   |
| <b>Profit / (Loss) from discontinued operations</b>   |            | -                 | -                 |
| Less : Tax expense of discontinued operations   |            | -                 | -                 |
| <b>Profit / (Loss) from discontinued operations - after tax (B)</b>                           |            | -                 | -                 |
| <b>Profit / (Loss) for the Year (A) + (B)</b>   |            | <b>15,332.15</b>  | <b>(676.68)</b>   |
| Other Comprehensive Income- OCI   |            |                   |                   |
| a) Items that will not be reclassified to P&L   | 36         | 150.71            | (388.32)          |
| b) Items that will be reclassified subsequently to Profit or loss                             |            | -                 | -                 |
| c) Impact of income tax on above (a) and (b)  |            | (50.30)           | 35.32             |
| <b>Total Other Comprehensive Income- OCI</b>  |            | <b>100.41</b>     | <b>(353.00)</b>   |
| Total Comprehensive Income for the period (Comprising P&L + OCI)                              |            | 15,432.56         | (1,029.68)        |
| <b>Earnings per share (for Continuing Operations) Basic and diluted - Rs per share</b>        | 46         | 11.89             | (0.52)            |
| <b>Earnings per share (for Discontinued Operations) Basic and diluted- Rs per share</b>       |            | -                 | -                 |
| <b>Total Earnings per share (Face value of share is Rs.1) Basic and diluted- Rs per share</b> |            | 11.89             | (0.52)            |
| The accompanying notes form an integral part of the Standalone financial statements           | 1,37 to 57 |                   |                   |

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

for **K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

Place: Chennai  
Date: 25th June 2021

## Statement of Changes in Equity for the year ended 31st March 2021

(Rs in Lakhs, except equity share)

## A. Equity share capital

| Particulars                                    | No of Shares | Amount   |
|--|--------------|----------|
| Balance as at 1st April, 2019                  | 128,921,160  | 1,289.21 |
| Changes in equity share capital during 2019-20 | -            | -        |
| Balance as at 31st March, 2020                 | 128,921,160  | 1,289.21 |
| Changes in equity share capital during 2020-21 | -            | -        |
| Balance as at 31st March, 2021                 | 128,921,160  | 1,289.21 |

## B Other Equity

| Particulars   | Reserves and Surplus       |                                   |                                 |                                  |                   | Other Comprehensive income                            |                                |            |
|---|----------------------------|-----------------------------------|---------------------------------|----------------------------------|-------------------|---|--------------------------------|------------|
|   | Capital Redemption Reserve | Capital Reserve on reorganisation | Capital Reserve on Amalgamation | Other Reserves (General reserve) | Retained Earnings | Equity instruments through Other Comprehensive Income | Acturial Gains/ losses reserve | Total      |
| Balance at the beginning of reporting period - 01-04-2019 | 2,000.00                   | 279.91                            | 103.83                          | 26,763.58                        | 19,162.47         | (3.67)  | (561.68)                       | 47,744.43  |
| Profit for the period                                     | -                          | -                                 | -                               | -                                | (676.68)          | -   | -                              | (676.68)   |
| Other Comprehensive Income                                | -                          | -                                 | -                               | -                                | -                 | (7.13)  | (345.87)                       | (353.00)   |
| Total Comprehensive Income for the year                   | -                          | -                                 | -                               | -                                | (676.68)          | (7.13)  | (345.87)                       | (1,029.68) |
| Transfer from/to General Reserve                          | -                          | -                                 | -                               | -                                | -                 | -   | -                              | -          |
| Adjustments for lease rentals under Ind AS 116.           | -                          | -                                 | -                               | -                                | (14.43)           | -   | -                              | (14.43)    |
| Final Dividends   | -                          | -                                 | -                               | -                                | (1,289.21)        | -   | -                              | (1,289.21) |
| Interim Dividend  | -                          | -                                 | -                               | -                                | -                 | -   | -                              | -          |
| Dividend Distribution tax                                 | -                          | -                                 | -                               | -                                | -                 | -   | -                              | -          |

Rs. in Lakhs

| Particulars   | Reserves and Surplus       |                                   |                                 |                                  |                   | Other Comprehensive income                            |                                |                  |
|---|----------------------------|-----------------------------------|---------------------------------|----------------------------------|-------------------|---|--------------------------------|------------------|
|   | Capital Redemption Reserve | Capital Reserve on reorganisation | Capital Reserve on Amalgamation | Other Reserves (General reserve) | Retained Earnings | Equity instruments through Other Comprehensive Income | Acturial Gains/ losses reserve | Total            |
| <b>Balance at the end of reporting period - 31-03-2020</b>                                      | <b>2,000.00</b>            | <b>279.91</b>                     | <b>103.83</b>                   | <b>26,763.58</b>                 | <b>17,182.14</b>  | <b>(10.80)</b>  | <b>(907.55)</b>                | <b>45,411.11</b> |
| Profit for the period   | -                          | -                                 | -                               | -                                | 15,332.15         | -   | -                              | 15,332.15        |
| Other Comprehensive Income  | -                          | -                                 | -                               | -                                | -                 | 6.76  | 93.65                          | 100.41           |
| Total Comprehensive Income for the year   | -                          | -                                 | -                               | -                                | 15,332.15         | 6.76  | 93.65                          | 15,432.56        |
| Transfer from/to General Reserve  | -                          | -                                 | -                               | -                                | -                 | -   | -                              | -                |
| Adjustment for lease rentals under IND AS 116   | -                          | -                                 | -                               | -                                | -                 | -   | -                              | -                |
| Final Dividends   | -                          | -                                 | -                               | -                                | (193.38)          | -   | -                              | (193.38)         |
| Dividend Distribution tax   | -                          | -                                 | -                               | -                                | -                 | -   | -                              | -                |
| <b>Balance at the end of reporting period - 31-03-2021</b>                                      | <b>2,000.00</b>            | <b>279.91</b>                     | <b>103.83</b>                   | <b>26,763.58</b>                 | <b>32,320.91</b>  | <b>(4.04)</b>   | <b>(813.91)</b>                | <b>60,650.28</b> |
| The accompanying notes form an integral part of the Standalone financial statements 1, 37 to 57 |                            |                                   |                                 |                                  |                   |   |                                |                  |

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

**for K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

Place: Chennai  
Date: 25th June 2021

STANDALONE



# Cash Flow Statement

(Rs in Lakhs)

| Particulars  | Note. No  | FY 2020-21         | FY 2019-20         |
|--|-----------|--------------------|--------------------|
| <b>(A) Cash flow from operating activities</b>                   |           |                    |                    |
| Profit before tax from continuing operations                     |           | 21,675.52          | (2,539.59)         |
| <b>Profit before tax</b>   |           | <b>21,675.52</b>   | <b>(2,539.59)</b>  |
| Adjustments for :  |           |                    |                    |
| Depreciation on tangible fixed assets                            | 2 & 4     | 6,895.03           | 7,077.89           |
| Amortization on intangible fixed assets                          | 5         | 47.12              | 62.97              |
| Loss/[profit] on sale of fixed assets                            | 29        | 0.13               | 35.11              |
| Assets written off   |           | 147.35             | 23.01              |
| Expected Credit loss   |           | 5.18               | 1.06               |
| Discounting of trade receivables                                 |           | (9.57)             | 21.59              |
| Amortisation of government grant                                 |           | (1.99)             | (2.00)             |
| Unrealised foreign exchange loss/ (gain)                         |           | 0.00               | 0.12               |
| Actuarial gain on defined benefit plan-gratuity                  |           | 87.01              | (280.10)           |
| Actuarial loss on defined benefit plan-leave                     |           | 6.63               | (65.76)            |
| Interest expense   | 33        | 4,241.50           | 5,641.40           |
| Interest income  |           | (516.30)           | (248.00)           |
| Decommissioning provision credited back                          |           | (193.75)           | 0.00               |
| Dividend income  | 29        | (3,048.40)         | (2,872.69)         |
| <b>Operating profit before working capital changes</b>           |           | <b>29,335.47</b>   | <b>6,855.01</b>    |
| <b>Movements in working capital:</b>                             |           |                    |                    |
| Adjustments for Increase / (Decrease) in operating liabilities : |           |                    |                    |
| Increase/[decrease] in trade payables                            |           | (2,208.30)         | 4,246.32           |
| Increase/[decrease] in non current- other financial liabilities  |           | 1,583.42           | (16.60)            |
| Increase/[decrease] in long term provisions                      |           | (313.20)           | 370.31             |
| Increase/[decrease] in current- other financial liabilities      |           | 2,085.84           | (1,099.97)         |
| Increase/[decrease] in other current liabilities                 |           | 2,242.15           | (992.66)           |
| Increase/[decrease] in current provisions                        |           | 77.21              | 2.93               |
| Adjustments for Decrease / (Increase) in operating assets :      |           | <b>0.00</b>        | <b>0.00</b>        |
| Decrease/[increase] in non current trade receivables             |           | 17.48              | (254.55)           |
| Decrease/[increase] in non current other financial assets        |           | 11.04              | 1.90               |
| Decrease/[increase] in other non-current assets                  |           | (14.71)            | 1,560.00           |
| Decrease/[increase] in inventories                               |           | 3,266.32           | 2,517.28           |
| Decrease/[increase] in current trade receivables                 |           | (2,320.54)         | (1,374.96)         |
| Decrease/[increase] in other bank deposits                       |           | (16,276.93)        | 195.42             |
| Decrease/[increase] in current other financial assets            |           | (361.22)           | 2,711.97           |
| Decrease/[increase] in other current assets                      |           | (849.80)           | 105.66             |
| <b>Cash generated from/[used in] operations</b>                  |           | <b>16,274.22</b>   | <b>14,828.05</b>   |
| Direct taxes paid [net of refunds]                               |           | (3,293.30)         | (687.46)           |
| <b>Net Cash flow from/[used in] operating activities (A)</b>     |           | <b>12,980.92</b>   | <b>14,140.59</b>   |
| <b>(B) Cash flows from investing activities</b>                  |           |                    |                    |
| Purchase of Fixed assets, including intangible assets, CWIP      | 2,3,4 & 5 | (2,183.46)         | (5,133.87)         |
| Proceeds from sale of fixed assets                               |           | 191.69             | 598.21             |
| Purchase of current investments                                  |           | (0.40)             | (0.69)             |
| Interest received  |           | 374.61             | 248.00             |
| Dividends received   |           | 3,048.40           | 2,872.69           |
| <b>Net Cash flow from/[used in] investing activities (B)</b>     |           | <b>1,430.84</b>    | <b>(1,415.66)</b>  |
| <b>C. Cash flows from financing activities</b>                   |           |                    |                    |
| Proceeds/ (Repayment) from long term Borrowings (net)            |           | (4,121.03)         | (5,104.98)         |
| Proceeds/ (Repayment) of short term borrowings                   |           | (7,248.34)         | 96.18              |
| Principal repayment of lease liabilities                         |           | (62.11)            | (108.19)           |
| Interest repayment of lease liabilities                          |           | (33.64)            | (31.04)            |
| Interest paid  |           | (4489.93)          | (5,567.50)         |
| Dividends paid   |           | (213.17)           | (1,289.21)         |
| <b>Net Cash flow from/[used in] in financing activities [C]</b>  |           | <b>(16,168.23)</b> | <b>(12,004.74)</b> |
| Net increase/[decrease] in Cash and Cash Equivalents (A+B+C)     |           | (1,756.46)         | 720.19             |
| Cash and Cash Equivalents at the beginning of the year           |           | 1,886.81           | 1,166.62           |
| <b>Cash and Cash Equivalents at the end of the year</b>          |           | <b>130.35</b>      | <b>1,886.81</b>    |
| <b>Components of Cash and Cash Equivalents</b>                   |           |                    |                    |
| Cash on hand   |           | 7.88               | 9.17               |
| Cheques/drafts on hand   |           | 21.93              | 69.90              |
| Balance in current account                                       |           | 100.54             | 1,807.74           |
| On deposit account (<3 months)                                   |           | 0.00               | 0.00               |
| <b>Total Cash and Cash Equivalents</b>                           |           | <b>130.35</b>      | <b>1,886.81</b>    |

The accompanying notes form an integral part of the Standalone financial statements 1, 37 to 57

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

for **K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

Place: Chennai  
Date: 25th June 2021

## NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH, 2021

1. Company overview and significant accounting policies

### **1.1 COMPANY OVERVIEW**

The KCP Limited (“the company”) a public limited company incorporated and domiciled in India and has its registered office at Chennai. The securities of the company are listed in National stock exchange of India limited.

The company is engaged in the business of manufacture and sale of cement, heavy engineering, power generation for captive use and hospitality.

These financial statements for the year ended March 31, 2021 are presented in Indian rupees (INR) and rounded to nearest lakhs, were approved and authorized by the board of directors for issue on 25<sup>th</sup> June 2021.

### **1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

These financial statements are prepared in accordance with the Indian accounting standards (“IND AS”), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, as per the provision of The Companies Act 2013 (“the act”) and the guidelines of The Securities and Exchange Board of India (SEBI). The IND AS are prescribed under section 133 of the act read with rule 3 of the Companies (India Accounting standards) Rule 2015 and relevant amendments rules issued thereafter. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to existing accounting standard requires a change in the accounting policy hitherto in use.

The company assets and liabilities have been classified as current or non-current as per the company’s operating cycle and other criteria set out below.

An asset is classified as current if:

- (a) it is expected to be realized or sold or consumed in the Company’s normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realized within twelve months after the reporting period; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalents. The Company’s normal operating cycle is twelve months.

### **1.3 USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS**

The preparation of financial statements, in conformity with the IND AS, requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. The application of Accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below.

- Estimation of fair value of unlisted securities.
- Defined benefit obligation.
- Estimation of useful life of Property, Plant and Equipment.
- Estimation and evaluation of provisions and contingencies relating to tax litigations.
- Expected Credit Losses.
- Revenue recognition in case of Engineering job work contracts.
- Measurement of Lease liabilities and Right of Use Asset

- Estimation of uncertainties relating to the global health pandemic from COVID-19

The COVID -19 pandemic continues to be human tragedy declared as global pandemic by the World Health Organisation with adverse impact on economy and business. The company has considered the possible effects, if any, that may result from Covid-19 on the carrying amounts of financial assets, inventory, receivables, advances, etc., as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external sources of information. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions

### **1.4 RECENT PRONOUNCEMENTS**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments are exhaustive and the Company will evaluate the same to give effect to them as required by law.

### **1.5. SIGNIFICANT ACCOUNTING POLICIES**

#### **I. REVENUE RECOGNITION**

The company derives revenues primarily from sale of goods comprising Cement, Engineering Job work, Power, Hospitality in the brand name of Mercure.

The company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of the third parties.

Engineering job work can be either 'material cum service' contracts or service contracts.

Performance obligation in case of 'material cum services' is satisfied at a point in time. Consequently revenue is recognized when customer obtains control over promised goods and the entity has satisfied performance obligation. In case of 'service contracts'

revenue is recognized based on performances completed to date by using either 'Input method' or 'output method' as prescribed for measuring progress of performance obligation under IND AS 115.

The company accounts for Discount such as Quantity discounts, performance discounts and selling commission to dealers as a reduction from revenue based on target achievement by customer towards earning the discount/commission.

#### **Trade receivables and contract balances: -**

The company classifies the right to consideration in exchange for transferring control over goods or service either as a trade receivable or as contract asset. Trade Receivable is a right to consideration that is unconditional and contract assets is a right to consideration that is conditional on something other than passage of time.

#### **Other income: -**

a) Dividend income:-Dividend is recognized in statement of profit or loss only when the right to receive payment is established, it is probable that economic benefits associated with the dividend will flow to the company and the amount of dividend can be reliably measured.

b) Interest income:-Interest income is recognized as it accrues in the statement of profit or loss using effective interest rate.

### **II. BORROWING COST**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of that asset. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Interest income earned on the temporary investment of specific borrowing is deducted from the borrowing cost eligible for capitalization. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to revenue in the period in which they are incurred.

### **III. GOVERNMENT GRANTS**

Grants from government are recognized when there is a reasonable assurance that grant will be received, and the company will comply with all stipulated conditions.

Grants relating to revenue items will be presented separately as 'Other income' in statement of profit or loss or deducted in reporting the related expense.

Grants relating to assets are treated as deferred income under non-current liabilities and credited to statement of profit or loss on straight-line basis over the expected useful life of the related assets under other income.

#### IV. EMPLOYEE BENEFITS

Employee benefits includes short term employee benefits, Post employment benefits, Other long term benefits and Termination benefits.

##### **Short term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

##### **Post employment benefits:-**

**a) Defined contribution plans:** These benefits include Pension, superannuation and Employee State Insurance(ESI).

Entity contributes at statutorily prescribed minimum rates, monthly to Provident fund, ESI and will have no legal obligation to pay further contribution if fund doesn't have sufficient assets to pay all employee benefits relating to employee service in current and prior periods. Whereas yearly contribution is paid to Life insurance corporation towards superannuation Pension, monthly contributions are made in the case of Provident Fund and ESI. Thus, PF, Superannuation, ESI benefits are defined contribution plans. These contributions are recognized in statement of profit and loss by way of charge against income.

**b) Defined benefits plans:** These benefits includes leave absences, gratuity.

Cost of providing these benefits is determined using projected unit credit method by actuary at the end of each reporting period. It has two components, one is service cost and other is remeasurements. Service cost comprises a) current service cost including gains/loss on curtailment or settlements, b) past service cost in case of plan amendment c) net Interest expense or income. Remeasurements comprise actuarial gains/losses, return on plan assets excluding interest and effect of change in assets ceiling. Service cost is recognized in

statement of profit or loss while remeasurements are in other comprehensive income.

#### V. PROPERTY, PLANT AND EQUIPMENT

a) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use and initial estimate cost of decommissioning & restoring the site on which it is located.

Freehold land is not depreciated.

b) **Construction Period Expenses on Projects:-** All identifiable revenue expenses including interest on term loans incurred in respect of various projects/ expansions are allocated to capital cost of respective assets/ capital work in progress.

c) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

d) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

e) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

f) The company follows the process of componentization for property, plant and equipment. Accordingly, the company has identified a part of an asset as a separate component in whole asset value (beyond certain value) and useful life of the part is different from the useful life of the remaining asset. The useful life is assessed based on technical advice, taking into account the nature of the asset/ component of an asset, the estimated usage of

the asset /component of an asset on the basis of management's best estimation of getting economic benefits from those class of assets /components of an asset. The Company uses its technical expertise along with historical and industry trends for arriving the economic life of an asset/ component of an asset.

- g) Machinery spares which can be used only in connection with a particular item of Fixed Assets and the use of which is irregular, are capitalized at cost.
- h) Non current assets held for sale:- Assets held for sale are measured at the lower of carrying amount or fair value less cost to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. Non-current assets and disposal group that cease to be classified as "Held for sale" shall be measured at the lower of carrying amount before the the non-current assets and disposal group was classified as "Held for sale" and the recoverable amount at the date of subsequent decision not to sell.
- i) Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in progress". Advances given towards acquisition /construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other Non-Current Assets".
- j) Developmental stripping cost: - Developmental stripping cost incurred in order to obtain access to quantities of mineral reserves that will be mined in future periods are capitalized as a part of mining assets. Capitalization of stripping cost ends when commercial production of mineral reserves begins.

**VI. Mine closure, site restoration and decommissioning obligations:**

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines.

The company recognises unavoidable obligations, legal or assumed, to restore the mines upon exhaustion of reserves/end of lease period whichever is earlier.

The obligation is estimated on the basis of cash flows expected to be incurred as per applicable mining regulations, which mainly includes cost of plantation, fencing, biodiversity management, sustainable development, rainwater harvesting, etc.

The estimate of expenses are escalated for inflation, and then discounted at a discount rate that reflects the current market assessment of the time value of money and the risks, such that the amount of provision reflects the present value of the expenditures expected to be required to be settle the obligation.

The company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding assets are recognised in the period in which the liability is incurred. The asset representing the total site restoration cost as per mine closure plan is recognised as a separate item in PPE and amortised over the balance project/mine life.

The value of the provision is progressively increased over time as the effect of discounting unwinds creating an expense recognised as financial expenses.

Subsequent adjustments to the obligation for changes in the estimated cashflows/disbursement period/discount rate are made against fixed assets and depreciation/ amortisation is modified prospectively.

**VII. INTANGIBLE ASSETS**

An intangible asset is an identifiable non-monetary asset without physical substance. It is measured at the consideration paid for its acquisition and stated at the end of each year net of amortization and impairment. Intangible assets are amortized over their individual estimated lives of 4-7 years. Amortization methods and usefullives are reviewed at the end of financial year.

**VIII. INVESTMENT PROPERTY**

Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are de-recognized either when they have been disposed-off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period ofde-recognition.

**IX. DEPRECIATION: -**

Depreciation is provided in accordance with the useful lifeas prescribed under Part C of Schedule-II to the Companies Act, 2013 as follows: -

- In respect of assets existing as on 30-6-1988,under the written down value method; and

- In respect of assets acquired on or after 1-7-1988, under the straight-line method except for decommissioning cost.

Decommissioning cost is depreciated using depletion method.

Useful life for parts of Assets having significant cost, is assessed based on technical estimate which is different from the life given under the Schedule-II to The Companies Act, 2013, as given below.

| No | Description of the asset  | Estimated useful lives |
|----|---|------------------------|
| 1  | Transformers  | 30 Years               |
| 2  | Economisers in Boilers in CPP; Turbine, Generators, sluice Gates, Switchgears and cables in Hydel plant | 25 Years               |
| 3  | Electrical components like panels, Motors, Insulators which are components of plant and machinery       | 10 Years               |
| 4  | Economisers in Boilers and water preheater in Waste heat recovery plant; Evaporators in CPP             | 5 Years                |

#### X. FINANCIAL INSTRUMENT

##### **Initial Recognition: -**

The company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are directly measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

##### **Subsequent Recognition & Classification: -**

**Financial assets carried at amortized cost:** A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset gives rise on specified dates to cash flow that are solely payments of principal and interest on the principal outstanding.

**Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business

model whose objective is achieved by both collecting contractual cash flows and selling financial asset and contractual terms of the financial asset give rise on specified dates to cash flows that solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through profit or loss:** A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

**Financial liabilities:** Financial liabilities are subsequently carried at amortised cost using the effective interest method.

##### **Impairment: -**

The company recognizes loss allowances using the expected credit loss (ECL) model for financial assets and unbilled revenues which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenue with no significant finance component is measured at an amount equal to life time ECL using provision matrix as shown below. This estimation of ECL should consider past events, current conditions and reasonable & supportable forecasts. For all other financial assets, expected credit loss are measured at an amount equal to 12-month ECL unless there is significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

The amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as impairment gain or loss in the statement of profit or loss.

##### **De-recognition of financial instrument: -**

##### **Financial assets:**

A financial asset shall be derecognised when, and only when

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for de-recognition.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received shall be recognised in profit or loss.

##### **Financial Liabilities:**

A financial liability shall be derecognised when, and only when, obligation specified in the contract is discharged

or cancelled or expires. The difference between the carrying amount of a financial liability extinguished or transferred and consideration paid shall be recognised in profit or loss.

#### **XI. INVENTORIES**

Inventories are valued at the lower of cost and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The cost net of taxes subsequently recoverable from tax authorities) of raw materials, stores & spares is determined on moving weighted average basis.

##### ***Stock of Scrap- Engineering Unit***

- Purchased scrap and internally generated scrap for use in production are both valued at weighted average cost of purchased scrap.
- In respect of other scrap, the stock of scrap is not valued. As and when sales are made stocks are adjusted.

#### **XII. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby the profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions/banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **XIII. FOREIGN CURRENCY**

**Functional currency:** The functional currency of the company is Indian Rupee.

**Transactions and translations:** -Transactions in

foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction.

- Foreign currency denominated monetary assets/ liabilities- are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.
- Foreign currency denominated non-monetary assets/ non-liabilities are translated at the exchange rate prevalent at the date of the transaction.
- Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

#### **XIV. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURE**

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

#### **XV. INCOME TAX**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the net profit in the statement of profit or loss except to the extent that it relates to items recognized in Other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that related tax benefits will be realized.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure, the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

#### **XVI. EARNINGS PER SHARE (EPS)**

The company's Basic EPS is calculated by dividing profit or loss from continuing operations attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period as per IND AS-33.

The diluted EPS of an entity is calculated on the same basis as basic EPS, after adjusting for the effects of dilutive potential ordinary shares unless the effect of the potential dilutive equity shares is anti-dilutive.

#### **XVII. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

##### ***Provision:***

A provision is recorded when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. Provisions will be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed. The estimated liability for product warranties is recorded when products are sold based on technical evaluation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

##### ***Contingent liabilities:***

Contingent liability is recognised when it is not probable

that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### ***Onerous contracts:***

Onerous contract is a contract in which the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Company estimates and provides provision at the lower of the following for onerous contracts.

- a) Net Cost of fulfilling the contract; or
- b) Compensation, penalties arising from the failure to fulfil it i.e. Cost of terminating the contract.

##### ***Contingent assets:***

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed when the inflow of economic benefit is probable.

#### **XVIII. LEASES**

The Company's lease asset consists of lease for Land, buildings and vehicles. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the

carrying amount to reflect the lease payments made.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### **XIX.SEGMENT REPORTING**

The company publishes this financial statement along with the consolidated financial statements. In accordance with IND AS 108, Operating segments, the company has disclosed the segment information in the consolidated financial statements.

Note : 2 Property, Plant and Equipment for the year ended March 31, 2021 consist of the following:

(Rs in Lakhs)

| Note. 2 TANGIBLE ASSETS                        | GROSS BLOCK            |                           |                            |                       | DEPRECIATION                       |                              |                            |                                    | NET BLOCK        |                  |
|--|------------------------|---------------------------|----------------------------|-----------------------|------------------------------------|------------------------------|----------------------------|------------------------------------|------------------|------------------|
|  | COST AS ON 0 1-04-2020 | ADDITIONS DURING THE YEAR | DEDUCTIONS DURING THE YEAR | COST UP TO 31-03-2021 | TOTAL DEPRECIATION UPTO 31-03-2020 | DEPRECIATION DURING THE YEAR | DEPRECIATION ON DEDUCTIONS | TOTAL DEPRECIATION UPTO 31-03-2021 | AS AT 31-03-2021 | AS AT 31-03-2020 |
| 1 Lands  | 4,674.71               | -                         | -                          | 4,674.71              | -                                  | -                            | -                          | -                                  | 4,674.71         | 4,674.71         |
| 2 (I) Buildings                                | 15,408.78              | 342.21                    | -                          | 15,750.99             | 1,941.52                           | 517.62                       | -                          | 2,459.14                           | 13,291.85        | 13,467.25        |
| (ii) Lease Hold Buildings                      | 8.93                   | -                         | -                          | 8.93                  | 0.97                               | 0.24                         | -                          | 1.21                               | 7.72             | 7.96             |
| 3 Roads  | 208.28                 | 18.02                     | -                          | 226.30                | 130.20                             | 18.15                        | -                          | 148.35                             | 77.95            | 78.08            |
| 4 Plant & Machinery                            | 87,664.29              | 505.57                    | 281.78                     | 87,888.08             | 16,128.99                          | 5,542.65                     | 111.12                     | 21,560.52                          | 66,327.56        | 71,535.28        |
| 5 Furniture,Fixtures                           | 1,878.19               | 69.44                     | 2.04                       | 1,945.59              | 965.02                             | 237.48                       | 0.82                       | 1,201.68                           | 743.91           | 913.17           |
| 6 Motor Vehicles                               | 1,034.52               | 10.50                     | 0.58                       | 1,044.44              | 591.05                             | 92.10                        | 0.49                       | 682.66                             | 361.78           | 443.47           |
| 7 Railway Siding, Locomotives, Rolling Stcocks | 32.53                  | -                         | -                          | 32.53                 | 12.61                              | 3.15                         | -                          | 15.76                              | 16.77            | 19.93            |
| 8 Ropeway Structures                           | 176.52                 | -                         | -                          | 176.52                | 167.43                             | -                            | -                          | 167.43                             | 9.09             | 9.09             |
| 9 Office Equipment                             | 131.98                 | 16.38                     | 0.43                       | 147.93                | 84.85                              | 20.85                        | 0.28                       | 105.42                             | 42.51            | 47.18            |
| 10 Computer & Data Processing Units            | 341.80                 | 15.86                     | 1.70                       | 355.96                | 238.85                             | 37.31                        | 1.62                       | 274.54                             | 81.42            | 102.93           |
| 11 Laboratory Equipment                        | 35.08                  | 6.60                      | 0.00                       | 41.68                 | 23.06                              | 4.35                         | -                          | 27.41                              | 14.27            | 12.03            |
| 12 Electrical Installation & Equipment         | 2,747.15               | 41.41                     | 3.47                       | 2,785.09              | 1,217.09                           | 296.02                       | 2.54                       | 1,510.57                           | 1,274.52         | 1,530.06         |
| 13 Hydraulic Works, Pipelines & Sluices        | 82.41                  | 8.89                      | -                          | 91.30                 | 22.77                              | 5.76                         | -                          | 28.53                              | 62.77            | 59.64            |
| 14 Leased Lands (Decommissioning)              | 977.51                 | 210.24                    | 31.87                      | 1,155.88              | 102.97                             | 53.78                        | 13.31                      | 143.44                             | 1,012.44         | 874.54           |
| <b>TOTAL</b>                                   | <b>115,402.70</b>      | <b>1,245.12</b>           | <b>321.87</b>              | <b>116,325.95</b>     | <b>21,627.38</b>                   | <b>6,829.46</b>              | <b>130.18</b>              | <b>28,326.66</b>                   | <b>87,999.29</b> | <b>93,775.32</b> |

| Note.2.B LEASED ASSETS - RIGHT OF USE* | GROSS BLOCK   |                           |                            |                       | DEPRECIATION                       |                              |                            |                                    | NET BLOCK        |                  |
|--|---|---------------------------|----------------------------|-----------------------|------------------------------------|------------------------------|----------------------------|------------------------------------|------------------|------------------|
|  | Addition on account of Transition to Ind AS 116 - 1st April, 2020 | ADDITIONS DURING THE YEAR | DEDUCTIONS DURING THE YEAR | COST UP TO 31-03-2021 | TOTAL DEPRECIATION UPTO 31-03-2020 | DEPRECIATION DURING THE YEAR | DEPRECIATION ON DEDUCTIONS | TOTAL DEPRECIATION UPTO 31-03-2021 | AS AT 31-03-2021 | AS AT 31-03-2020 |
| 1 Lands                                | 37.02   | 120.72                    | -                          | 157.74                | 0.39                               | 0.39                         | -                          | 0.78                               | 156.96           | 36.63            |
| 2 Buildings                            | 258.32  | -                         | 7.15                       | 251.17                | 104.66                             | 56.78                        | -                          | 161.44                             | 89.73            | 153.67           |
| 3 Vehicles                             | 26.88   | -                         | -                          | 26.88                 | 7.47                               | 8.96                         | -                          | 16.43                              | 10.45            | 19.41            |
| <b>TOTAL</b>                           | <b>322.22</b>   | <b>120.72</b>             | <b>7.15</b>                | <b>435.79</b>         | <b>112.52</b>                      | <b>66.13</b>                 | <b>-</b>                   | <b>178.65</b>                      | <b>257.14</b>    | <b>209.71</b>    |
| <b>TOTAL (2+2B)</b>                    | <b>1,15,724.92</b>  | <b>1,365.84</b>           | <b>329.02</b>              | <b>1,16,761.74</b>    | <b>21,739.90</b>                   | <b>6,895.59</b>              | <b>130.18</b>              | <b>28,505.31</b>                   | <b>88,256.43</b> | <b>93,985.03</b> |

Note : 4 Investment Property for the year ended March 31, 2021 consist of the following

(Rs in Lakhs)

| Note : 4<br>INVESTMENT<br>PROPERTY | GROSSBLOCK               |                                 |                                  |                          | DEPRECIATION                                |                                    |                                  |   | NETBLOCK            |                     |
|------------------------------------|--------------------------|---------------------------------|----------------------------------|--------------------------|---|------------------------------------|----------------------------------|---|---------------------|---------------------|
|                                    | COST AS ON<br>01-04-2020 | ADDITIONS<br>DURING THE<br>YEAR | DEDUCTIONS<br>DURING THE<br>YEAR | COST UP TO<br>31-03-2021 | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2020 | DEPRECIATION<br>DURING THE<br>YEAR | DEPRECIATION<br>ON<br>DEDUCTIONS | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2021 | AS AT<br>31-03-2021 | AS AT<br>31-03-2020 |
| 1 Lands                            | 0.47                     | -                               | -                                | 0.47                     | -   | -                                  | -                                | -   | 0.47                | 0.47                |
| 2 Buildings                        | 1.67                     | -                               | -                                | 1.67                     | 1.40  | 0.00                               | -                                | 1.40  | 0.27                | 0.28                |
| <b>TOTAL</b>                       | <b>2.14</b>              | <b>-</b>                        | <b>-</b>                         | <b>2.14</b>              | <b>1.40</b>                                 | <b>0.00</b>                        | <b>-</b>                         | <b>1.40</b>                                 | <b>0.74</b>         | <b>0.75</b>         |

Note : 5 Intangible Assets for the year ended March 31, 2021 consist of the following

Rs in Lakhs

| Note : 5<br>INTANGIBLE<br>ASSETS      | GROSSBLOCK               |                                 |                                  |                          | DEPRECIATION                                |                                    |                               |   | NETBLOCK            |                     |
|---------------------------------------|--------------------------|---------------------------------|----------------------------------|--------------------------|---|------------------------------------|-------------------------------|---|---------------------|---------------------|
|                                       | COST AS ON<br>01-04-2020 | ADDITIONS<br>DURING THE<br>YEAR | DEDUCTIONS<br>DURING THE<br>YEAR | COST UP TO<br>31-03-2021 | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2020 | DEPRECIATION<br>DURING THE<br>YEAR | DEPRECIATION<br>ON DEDUCTIONS | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2021 | AS AT<br>31-03-2021 | AS AT<br>31-03-2020 |
| 1 Computer<br>Software                | 749.78                   | -                               | -                                | 749.78                   | 152.76                                      | 47.12                              | -                             | 199.88                                      | 549.90              | 597.02              |
| <b>TOTAL</b>                          | <b>749.78</b>            | <b>-</b>                        | <b>-</b>                         | <b>749.78</b>            | <b>152.76</b>                               | <b>47.12</b>                       | <b>-</b>                      | <b>199.88</b>                               | <b>549.90</b>       | <b>597.02</b>       |
| <b>GRAND TOTAL<br/>FOR FY 2020-21</b> | <b>116,476.84</b>        | <b>1,365.84</b>                 | <b>329.02</b>                    | <b>117,513.66</b>        | <b>21,894.05</b>                            | <b>6942.71</b>                     | <b>130.18</b>                 | <b>28,706.58</b>                            | <b>88,807.08</b>    | <b>94,582.79</b>    |
| <b>GRAND TOTAL<br/>FOR FY 2019-20</b> | <b>108,949.58</b>        | <b>7,923.07</b>                 | <b>669.16</b>                    | <b>116,476.84</b>        | <b>14,813.10</b>                            | <b>7,140.86</b>                    | <b>59.93</b>                  | <b>21,894.04</b>                            | <b>96,582.79</b>    | <b>94,136.47</b>    |

\* Depreciation for the year includes an amount of Rs.0.56 Lakhs capitalized.(Depreciation capitalized during the previous year : NIL)

Note : 2 Property, Plant and Equipment for the year ended March 31, 2020 consist of the following:

(Rs in Lakhs)

| Note. 2 TANGIBLE ASSETS                       | GROSSBLOCK             |                           |                            |                       | DEPRECIATION                       |                              |                            |                                    | NETBLOCK         |                  |
|---|------------------------|---------------------------|----------------------------|-----------------------|------------------------------------|------------------------------|----------------------------|------------------------------------|------------------|------------------|
|   | COST AS ON 0 1-04-2019 | ADDITIONS DURING THE YEAR | DEDUCTIONS DURING THE YEAR | COST UP TO 31-03-2020 | TOTAL DEPRECIATION UPTO 31-03-2019 | DEPRECIATION DURING THE YEAR | DEPRECIATION ON DEDUCTIONS | TOTAL DEPRECIATION UPTO 31-03-2020 | AS AT 31-03-2020 | AS AT 31-03-2019 |
| 1 Lands                                       | 4,165.04               | 1,019.72                  | 510.04                     | 4,674.71              | -                                  | -                            | -                          | -                                  | 4,674.71         | 4,165.04         |
| 2 (I) Buildings                               | 14,277.82              | 1,130.96                  | 0.00                       | 15,408.78             | 1,440.97                           | 500.55                       | -                          | 1,941.52                           | 13,467.25        | 12,836.85        |
| (ii) Lease Hold Buildings                     | 8.93                   | -                         | -                          | 8.93                  | 0.73                               | 0.24                         | -                          | 0.97                               | 7.96             | 8.21             |
| 3 Roads                                       | 199.35                 | 8.93                      | -                          | 208.28                | 114.05                             | 16.15                        | -                          | 130.20                             | 78.08            | 85.30            |
| 4 Plant & Machinery                           | 82,932.74              | 4,810.91                  | 79.37                      | 87,664.29             | 10,594.59                          | 5,562.08                     | 27.65                      | 16,129.01                          | 71,535.28        | 72,338.16        |
| 5 Furniture,Fixtures                          | 1,839.23               | 39.23                     | 0.28                       | 1,878.19              | 726.55                             | 238.70                       | 0.23                       | 965.02                             | 913.17           | 1,112.68         |
| 6 Motor Vehicles                              | 1,019.28               | 64.08                     | 48.84                      | 1,034.52              | 478.59                             | 134.45                       | 21.99                      | 591.05                             | 443.47           | 540.68           |
| 7 Railway Siding, Locomotives, Rolling Stcoks | 32.53                  | -                         | -                          | 32.53                 | 9.45                               | 3.16                         | -                          | 12.61                              | 19.93            | 23.08            |
| 8 Ropeway Structures                          | 176.52                 | -                         | -                          | 176.52                | 71.76                              | 95.66                        | -                          | 167.43                             | 9.09             | 104.76           |
| 9 Office Equipment                            | 128.72                 | 5.20                      | 1.93                       | 131.98                | 63.11                              | 22.44                        | 0.75                       | 84.80                              | 47.18            | 65.61            |
| 10 Computer & Data Processing Units           | 317.31                 | 29.44                     | 4.95                       | 341.80                | 199.27                             | 40.97                        | 1.30                       | 238.94                             | 102.86           | 118.03           |
| 11 Laboratory Equipment                       | 35.56                  | 1.45                      | 1.94                       | 35.08                 | 19.92                              | 4.96                         | 1.82                       | 23.06                              | 12.03            | 15.65            |
| 12 Electrical Installation & Equipment        | 2,529.86               | 228.09                    | 10.80                      | 2,747.15              | 926.72                             | 296.56                       | 6.18                       | 1,217.09                           | 1,530.06         | 1,603.15         |
| 13 Hydraulic Works, Pipelines & Sluices       | 82.41                  | -                         | -                          | 82.41                 | 17.06                              | 5.70                         | -                          | 22.77                              | 59.64            | 65.34            |
| 14 Leased Lands (Decommissioning)             | 846.29                 | 131.22                    | -                          | 977.51                | 59.16                              | 43.81                        | -                          | 102.97                             | 874.54           | 787.14           |
| <b>TOTAL</b>                                  | <b>108,591.60</b>      | <b>7,469.24</b>           | <b>658.14</b>              | <b>115,402.70</b>     | <b>14,721.92</b>                   | <b>6,965.45</b>              | <b>59.93</b>               | <b>21,627.44</b>                   | <b>93,775.31</b> | <b>93,869.67</b> |

| Note.2.B LEASED ASSETS - RIGHT OF USE* | GROSSBLOCK  |                           |                            |                       | DEPRECIATION                       |                              |                            |                                    | NETBLOCK         |                  |
|--|---|---------------------------|----------------------------|-----------------------|------------------------------------|------------------------------|----------------------------|------------------------------------|------------------|------------------|
|  | Addition on account of Transition to Ind AS 116 - 1st April, 2019 | ADDITIONS DURING THE YEAR | DEDUCTIONS DURING THE YEAR | COST UP TO 31-03-2020 | TOTAL DEPRECIATION UPTO 31-03-2019 | DEPRECIATION DURING THE YEAR | DEPRECIATION ON DEDUCTIONS | TOTAL DEPRECIATION UPTO 31-03-2020 | AS AT 31-03-2020 | AS AT 31-03-2019 |
| 1 Lands                                | 37.02   | -                         | -                          | 37.02                 | -                                  | 0.39                         | -                          | 0.39                               | 36.63            | -                |
| 2 Buildings                            | 236.34  | 24.40                     | 2.41                       | 258.32                | -                                  | 104.65                       | -                          | 104.65                             | 153.67           | -                |
| 3 Vehicles                             | -   | 26.88                     | -                          | 26.88                 | -                                  | 7.47                         | -                          | 7.47                               | 19.41            | -                |
| <b>TOTAL</b>                           | <b>273.36</b>   | <b>51.28</b>              | <b>2.41</b>                | <b>322.22</b>         | <b>-</b>                           | <b>112.51</b>                | <b>-</b>                   | <b>112.51</b>                      | <b>209.71</b>    | <b>-</b>         |

Note : 4 Investment Property for the year ended March 31, 2020 consist of the following

(Rs in Lakhs)

| Note : 4<br>INVESTMENT<br>PROPERTY | GROSSBLOCK               |                                 |                                  |                          | DEPRECIATION                                |                                    |                                  |   | NETBLOCK            |                     |
|------------------------------------|--------------------------|---------------------------------|----------------------------------|--------------------------|---|------------------------------------|----------------------------------|---|---------------------|---------------------|
|                                    | COST AS ON<br>01-04-2019 | ADDITIONS<br>DURING THE<br>YEAR | DEDUCTIONS<br>DURING THE<br>YEAR | COST UP TO<br>31-03-2020 | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2019 | DEPRECIATION<br>DURING THE<br>YEAR | DEPRECIATION<br>ON<br>DEDUCTIONS | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2020 | AS AT<br>31-03-2019 | AS AT<br>31-03-2018 |
| 1 Lands                            | 0.47                     | -                               | -                                | 0.47                     | -   | -                                  | -                                | -   | 0.47                | 0.47                |
| 2 Buildings                        | 1.67                     | -                               | -                                | 1.67                     | 1.39  | 0.00                               | -                                | 1.39  | 0.28                | 0.28                |
| <b>TOTAL</b>                       | <b>2.14</b>              | <b>-</b>                        | <b>-</b>                         | <b>2.14</b>              | <b>1.39</b>                                 | <b>0.00</b>                        | <b>-</b>                         | <b>1.39</b>                                 | <b>0.75</b>         | <b>0.75</b>         |

Note : 5 Intangible Assets for the year ended March 31, 2020 consist of the following

(Rs in Lakhs)

| Note : 5<br>INTANGIBLE<br>ASSETS | GROSSBLOCK               |                                 |                                  |                          | DEPRECIATION                                |                                    |                                  |   | NETBLOCK            |                     |
|----------------------------------|--------------------------|---------------------------------|----------------------------------|--------------------------|---|------------------------------------|----------------------------------|---|---------------------|---------------------|
|                                  | COST AS ON<br>01-04-2019 | ADDITIONS<br>DURING THE<br>YEAR | DEDUCTIONS<br>DURING THE<br>YEAR | COST UP TO<br>31-03-2020 | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2019 | DEPRECIATION<br>DURING THE<br>YEAR | DEPRECIATION<br>ON<br>DEDUCTIONS | TOTAL<br>DEPRECIATION<br>UPTO<br>31-03-2020 | AS AT<br>31-03-2019 | AS AT<br>31-03-2018 |
| 1 Computer<br>Software           | 355.84                   | 402.55                          | 8.61                             | 749.78                   | 89.79                                       | 62.90                              | -                                | 152.69                                      | 597.02              | 266.05              |
| <b>TOTAL</b>                     | <b>355.84</b>            | <b>402.55</b>                   | <b>8.61</b>                      | <b>749.78</b>            | <b>89.79</b>                                | <b>62.90</b>                       | <b>-</b>                         | <b>152.69</b>                               | <b>597.02</b>       | <b>266.05</b>       |

|                                       |                   |                  |               |                   |                  |                 |              |                  |                  |                  |
|---------------------------------------|-------------------|------------------|---------------|-------------------|------------------|-----------------|--------------|------------------|------------------|------------------|
| <b>GRAND TOTAL<br/>FOR FY 2019-20</b> | <b>108,949.58</b> | <b>7,923.07</b>  | <b>669.16</b> | <b>116,476.84</b> | <b>14,813.10</b> | <b>7,140.86</b> | <b>59.93</b> | <b>21,894.04</b> | <b>96,582.79</b> | <b>94,136.47</b> |
| <b>GRAND TOTAL<br/>FOR FY 2018-19</b> | <b>75,144.93</b>  | <b>33,986.23</b> | <b>181.58</b> | <b>108,949.58</b> | <b>9,699.56</b>  | <b>5,210.97</b> | <b>97.43</b> | <b>14,813.10</b> | <b>94,136.47</b> | <b>65,445.37</b> |

\* Depreciation for the year includes an amount of Rs.2.37 lakhs capitalized.(Depreaciation capitalized during the previous year Rs.17.63 Lakhs)

\* (a) The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

This has resulted in recognising a right-of-use asset of Rs.295.65 lakhs and a corresponding lease liability of Rs.310.08 lakhs. The difference of Rs.14.43 lakhs has been adjusted to retained earnings as at 1st April 2019. In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share. The weighted average incremental borrowing rate of 11% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

\* (b) The total cash outflow for leases is Rs. 1.39 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is Rs.31.04 lakhs for the year.

| <b>Note. 3 Capital Work-in-Progress</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| 1. Building under Construction          |                         |                         |
| Opening Balance                         | 693.42                  | 636.70                  |
| Additions during the year               | 511.54                  | 1,240.39                |
| Less : Capitalisation during the year   | (312.84)                | (1,183.68)              |
| Closing Balance                         | 892.11                  | 693.42                  |
| 2. Plant & Machinery under Installation |                         |                         |
| Opening Balance                         | 493.11                  | 3,337.26                |
| Additions during the year               | 1,126.72                | 2,857.57                |
| Less : Capitalisation during the year   | (552.56)                | (5,701.72)              |
| Closing Balance                         | 1,067.27                | 493.11                  |
| <b>Total</b>                            | <b>1,959.38</b>         | <b>1,186.53</b>         |

| <b>Note. 6 Non current Financial Assets- Investments</b>   | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Unquoted Equity instruments</b>   |                         |                         |
| <b>Investment in Subsidiary:</b>   |                         |                         |
| 203,23,332 (31 March 2020: 203,23,332) Equity shares of US \$ 1/- each, fully paid up in K.C.P.Vietnam Industries Ltd., Vietnam.   | 2,371.44                | 2,371.44                |
| <b>Investment in Joint Venture:</b>  |                         |                         |
| 4,00,000 (31 March 2020: 4,00,000) equity shares of Rs.10/- each, fully paid up in Fivescail KCP Ltd.,   | 40.00                   | 40.00                   |
| <b>Common Stock (unquoted):</b>  |                         |                         |
| 1,640 (31 March 2020: 1,640) Non-Voting common stock of BGE Global Inc., par value \$0.01 per share  | 77.00                   | 77.00                   |
| <b>Preference Shares (unquoted):</b>   |                         |                         |
| 750 (31 March 2020: 750) Non-Voting preferred stock of BGE Global Inc., par value \$0.01 per share.  | 385.00                  | 385.00                  |
| Sub Total  | <b>2,873.44</b>         | <b>2,873.44</b>         |
| <b>Investment in equity instruments(quoted):</b>   |                         |                         |
| 100 (31st March 2020: 100) equity shares of Rs.10/- each, fully paid up in IFCI Ltd.   | 0.00                    | 0.01                    |
| 14,240 (31st March 2020: 14,240) equity shares of Rs.10/- each, fully paid up in IDBI Bank   | 5.49                    | 2.72                    |
| <b>Equity instruments (unquoted):</b>  |                         |                         |
| 30 (31st March 2020: 30) equity shares of Rs. 10/- each Fully paid up in Andhra Pradesh Heavy Machinery and Engg Co.Ltd (Written off to the extent of Rs. 299/-)   | 0.00                    | 0.00                    |
| 100,000 (31st March 2020: 100,000) equity shares of Rs. 10/- each fully paid up in Prudential Sugar Corporation Ltd., (Written off to the extent of Rs. 9,99,999/-) (The Shares are not traded in the Stock Exchange though listed). | 0.00                    | 0.00                    |
| <b>Other Investments - Unit Trust of India - Quoted:</b>   |                         |                         |
| 39,696.571 (31st March 2020 : 38,210.93) UTI Balanced Fund Units of Rs.10/- each   | 11.66                   | 7.28                    |
|  | <b>17.16</b>            | <b>10.01</b>            |
| <b>Total</b>   | <b>2,890.60</b>         | <b>2,883.44</b>         |
| Aggregate amount of quoted Investments - Market Value  | 17.16                   | 10.01                   |
| Aggregate amount of quoted Investments - Book Value  | 17.16                   | 10.01                   |
| Aggregate amount of unquoted Investments   | 2,873.44                | 2,873.44                |

(Rs in Lakhs)

| <b>Note. 6.1 Category wise Investment- as per IND AS 109 classification</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Financial assets carried at cost  |                         |                         |
| Equity Instruments  | 2,873.43                | 2,873.43                |
| Financial assets carried at amortised cost                                  |                         |                         |
| Equity Instruments  | -                       | -                       |
| Financial assets carried at fair value through Profit or loss (FVTPL)       |                         |                         |
| Equity Instruments  | -                       | -                       |
| Financial assets carried at fair value through OCI (FVTOCI)                 |                         |                         |
| Equity Instruments  | 17.16                   | 10.01                   |
| <b>TOTAL</b>  | <b>2,890.60</b>         | <b>2,883.44</b>         |

**Reasons for classification of Financial assets as per IND AS-107:**

The company has elected an irrevocable option of classifying equity instrument that are not held primarily for trading at fair value through Other Comprehensive income (OCI).

Accounting for investment in subsidiaries and joint venture are mentioned in accounting policy XIV of Note 1.5

**Note 6.2 Details of Subsidiary and Joint venture**

| <b>Name of the Company Principal Activity &amp; Place of domicile</b>  | <b>Proportion of ownership interest / voting rights</b> |                         |
|--|---|-------------------------|
|  | <b>As at 31-03-2021</b>                                 | <b>As at 31-03-2020</b> |
| KCP Vietnam Industries Ltd,<br>Manufacturers of Sugar and generation of power, Socialistic Republic of Vietnam                 | 66.67%  | 66.67%                  |
| Fives Cail KCP Ltd,<br>Manufacturer of machinery, India  | 40.00%  | 40.00%                  |
| The company has right to cast 66.67% of voting rights in the case of KCP Vietnam industries Ltd and 40% of Fives Cail KCP Ltd. |   |                         |

| <b>Note. 7 Non Current Financial Assets- Trade Receivables</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Unsecured, considered good                                     | 569.48                  | 552.52                  |
| Receivables having Significant increase in credit risk         | 71.38                   | 80.95                   |
| Less: Provision for Doubtful Receivables                       | 24.86                   | -                       |
| Less: Provision for expected credit loss                       | 71.38                   | 80.95                   |
| <b>Total</b>   | <b>544.62</b>           | <b>552.52</b>           |

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. The provision matrix is as follows:

| <b>CREDIT RISK</b>         | <b>DEFAULT RATE(%)</b> |
|----------------------------|------------------------|
| Current                    | Nil                    |
| 1-60 days past due         | 0.25                   |
| 60-90 days past due        | 0.50                   |
| More than 90 days past due | 1.00                   |

| <b>Note. 8 Non current- Other Financial Assets</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Earnest money deposit                              | 12.14                   | 23.18                   |
| <b>TOTAL</b>                                       | <b>12.14</b>            | <b>23.18</b>            |

| <b>Note.9 Non current- Other asset</b>                | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| <b>Capital Advances</b>                               |                         |                         |
| Secured, considered good                              | -                       | -                       |
| Unsecured, considered good                            | 25.02                   | 13.09                   |
| Receivable having Significant increase in credit risk | -                       | -                       |
| <b>Sub-total</b>                                      | <b>25.02</b>            | <b>13.09</b>            |
| <b>Advances other than Capital Advances</b>           |                         |                         |
| Security Deposits (Unsecured, considered good)        | 194.17                  | 139.16                  |
| <b>Sub-total</b>                                      | <b>194.17</b>           | <b>139.16</b>           |
| <b>Others</b>   |                         |                         |
| Prepaid expenses                                      | 13.64                   | 37.86                   |
| Balance with Government Authorities                   | 767.51                  | 794.51                  |
| Others  | 0.39                    | 1.40                    |
| <b>Sub-total</b>                                      | <b>781.54</b>           | <b>833.76</b>           |
| <b>TOTAL</b>  | <b>1,000.72</b>         | <b>986.01</b>           |

| <b>Note.10 Inventories</b>   | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Raw materials and components at Cost (includes those in transit Rs. 16.72 lakhs) ( As on 31-03-2020-Rs. 30.62 lakhs) | 580.49                  | 902.87                  |
| Coal At Cost (includes those in transit Rs.1422.72 lakhs) ( As on 31-03-2020- Rs. 161.68 lakhs)                      | 2,965.90                | 1,876.51                |
| Work-in-progress   |                         |                         |
| : At Cost  | 3,998.90                | 7,089.87                |
| : At Estimated Realisable Value  | 1,082.79                | 821.06                  |
| Finished goods   |                         |                         |
| : At Cost  | 463.38                  | 1,685.16                |
| : At Estimated Realisable Value  | -                       | -                       |
| Stores, spares and Coal at Cost (includes in transit Rs. 3.84 lakhs) (As on 31-03-2020 Rs. 1.41 lakhs)               | 2,837.75                | 2,820.07                |
| <b>TOTAL</b>   | <b>11,929.20</b>        | <b>15,195.53</b>        |

The cost of inventories is recognised as an expense during the year in respect of continuing operation was Rs.32,493.23 lakhs for year ended 31-03-2021 (Rs. 24,390.21 lakhs for the year ended 31-03-2020).

The Amount of Write down of inventories to Net Realisable Value recognised as an expense was Rs.213.32 Lakhs (Rs 101.47 Lakhs for the year ended 31-03-2020). The mode of valuation of Inventories has been stated in accounting policy XI of Note1.5 The amount of goods in transit is Rs.1,443.28 lakhs (Rs. 193.72 lakhs for previous year)



| Note 15. Other Current Assets                                      | As at 31-03-2021 | As at 31-03-2020 |
|--|------------------|------------------|
| Advances recoverable in cash or kind<br>Unsecured, considered good | 28.20            | 78.02            |
| Advances to Trade payables   | 2,321.50         | 1,401.13         |
| Prepaid expenses   | 327.06           | 281.82           |
| Balance with government Authorities                                | 2,862.22         | 2,928.20         |
| <b>TOTAL</b>   | <b>5,538.97</b>  | <b>4,689.17</b>  |

| Note.16 Share Capital   | As at 31-03-2021 | As at 31-03-2020 |
|---|------------------|------------------|
| <b>Authorised Share Capital:</b>  |                  |                  |
| 35,00,00,000 (31 March 2020 : 35,00,00,000) Equity shares of Re.1/- each  | 3,500.00         | 3,500.00         |
| 2,00,00,000 (31 March 2020 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each | 2,000.00         | 2,000.00         |
|   | <b>5,500.00</b>  | <b>5,500.00</b>  |
| <b>Issued Share Capital:</b>  |                  |                  |
| 12,89,77,480 (31 March 2020 : 12,89,77,480) Equity shares of Re.1/- each  | 1,289.77         | 1,289.77         |
|   | <b>1,289.77</b>  | <b>1,289.77</b>  |
| <b>Subscribed and fully paid-up :</b>   |                  |                  |
| 12,89,21,160 (31 March 2019 :12,89,21,160) Equity shares of Re.1/- each   | 1,289.21         | 1,289.21         |
| <b>Total issued, subscribed and fully paid-up capital</b>   | <b>1,289.21</b>  | <b>1,289.21</b>  |

**Note 16.1)** Details of shareholders holding more than 5% share in the company:-

1. M/s. V. Ramakrishna Sons Pvt Ltd - 3,89,56,326 (3,89,56,326) equity shares of Re.1/- each fully paid - 30.22%
2. Dr. V.L. Indira Dutt - 98,86,471 (35,94,412) equity shares of Re. 1/- each fully paid- 7.67% (2.79%)

**Note 16.2)** The reconciliation of the Opening and closing balance of the Subscribed and Paid-up equity shares of the company is set out below:-

| Particulars                                       | For FY 2020-21  | For FY 2019-20  |
|---|-----------------|-----------------|
| Equity Share Capital at the beginning of the Year | 1,289.21        | 1,289.21        |
| Add/Less : Changes during during the year         | -               | -               |
| Equity Share Capital at the end of the Year       | <b>1,289.21</b> | <b>1,289.21</b> |

The Company has only one class of equity shares referred to equity shares having a par value of Re.1. Each holder of equity share is entitled to one vote per each share. In the event of liquidation of company, the holder of equity share will be entitled to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the share holders.

(Rs in Lakhs)

| Note 17. Other Equity   | As at 31-03-2021 | As at 31-03-2020 |
|---|------------------|------------------|
| <b>Capital Reserve</b>  |                  |                  |
| Capital Redemption Reserve  |                  |                  |
| Balance as per the last Financial Statements  | 2,000.00         | 2,000.00         |
| Add : Amount transferred from Surplus in the Statement of P&L                       |                  |                  |
|   | <b>2,000.00</b>  | <b>2,000.00</b>  |
| Capital Reserve on Reorganisation   | 279.91           | 279.91           |
| On Amalgamation   | 103.83           | 103.83           |
| <b>Total Capital Reserve</b>  | <b>2,383.74</b>  | <b>2,383.74</b>  |
| <b>Investment Revaluation Reserve</b>   |                  |                  |
| Balance as per the last Financial Statements  | (10.80)          | (3.67)           |
| Add: Current year revaluation gain/loss from OCI                                    | 6.76             | (7.13)           |
| <b>Closing Balance</b>  | <b>(4.04)</b>    | <b>(10.80)</b>   |
| <b>Actuarial Gain/Loss</b>  |                  |                  |
| Balance as per the last Financial Statements  | (907.55)         | (561.68)         |
| Add: Current year revaluation gain/loss from OCI- Net of deferred tax               | 93.65            | (345.87)         |
| <b>Closing Balance</b>  | <b>(813.91)</b>  | <b>(907.55)</b>  |
| <b>General Reserve</b>  |                  |                  |
| Balance as per the last Financial Statements  | 26,763.58        | 26,763.58        |
| <b>Closing Balance</b>  | <b>26,763.58</b> | <b>26,763.58</b> |
| <b>Surplus/(Deficit) in the Statement of Profit and Loss</b>                        |                  |                  |
| Balance as per the last Financial Statements  | 17,182.14        | 19,162.47        |
| Add/(Less): Adjustment for lease rentals under IND AS 116                           | -                | (14.43)          |
| Profit for the year   | 15,332.15        | (676.68)         |
|   | <b>32,514.29</b> | <b>18,471.35</b> |
| Less : Appropriations   |                  |                  |
| Final Equity Dividend Paid @ Re.0.15/- per Share (@ Re.1/- per Share in FY 2019-20) | 193.38           | 1,289.21         |
| <b>Total Appropriations</b>   | <b>193.38</b>    | <b>1,289.21</b>  |
| <b>Net Surplus in Statement of Profit and Loss</b>                                  | <b>32,320.91</b> | <b>17,182.14</b> |
| <b>Total Reserves and Surplus taken to Balance Sheet</b>                            | <b>60,650.28</b> | <b>45,411.11</b> |

- > General Reserve: This is used from time to time to transfer profits from retained earnings for appropriation purposes.
- > Investment Revaluation Reserve: This reserve represents the cumulative gain or loss arising on revaluation of equity instruments measured at fair value through OCI, net of amounts reclassified, if any to retained earnings when those investments are disposed off.
- > Actuarial Gain/Loss Reserve: This reserve represents the cumulative gain or loss on account of remeasurement of defined benefit plans, net of amounts reclassified, if any to retained earnings.
- > Capital Redemption Reserve: This is created on redemption of redeemable preference shares issued. This can be utilised for issuing fully paid bonus shares in accordance with the provisions of Companies Act, 2013.
- > Retained Earnings: This represents the accumulated earnings net of losses if any made by the company over the years. This reserves can be utilised for the payment of dividend and other purposes in accordance with the provisions of the Companies Act, 2013.

| <b>Note 18. Non current Financial Liabilities- Borrowings</b>  | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Rupee Term Loans from Banks - Secured</b>   |                         |                         |
| Engineering Unit   | 276.11                  | 215.25                  |
| Hotel Project  | -                       | 846.42                  |
| Captive Power Plant- Muktyala  | 1,164.59                | 1,667.59                |
| Cement Plant Muktyala Expansion  | 16,210.78               | 19,199.70               |
| Corporate Loan (Capex Reimbursement)   | 1,822.08                | -                       |
| Sub-Total  | <b>19,473.56</b>        | <b>21,928.96</b>        |
| <b>Other Loans and advances:</b>   |                         |                         |
| <b>Public Deposits (unsecured)</b>   |                         |                         |
| From Directors   | 1,345.03                | 1,315.00                |
| From Others  | 3,957.02                | 3,713.68                |
| Sub-Total  | 5,302.05                | 5,028.68                |
| <b>TOTAL</b>   | <b>24,775.61</b>        | <b>26,957.64</b>        |
| <b>The above amount includes</b>   |                         |                         |
| Secured borrowings   | 19,473.56               | 21,928.96               |
| Unsecured borrowings   | 5,302.05                | 5,028.68                |
| Amount disclosed under the head<br>Current maturities of the borrowings shown under "other current liabilities(Note-25)" | 10,365.18               | 12,304.19               |
| Details of deposits held by Directors of the company (including<br>Current Maturities disclosed seperately)              |                         |                         |
| a) Dr. V L Indira Dutt   | 1,433.50                | 1,258.50                |
| b) Smt. V. Kavitha Dutt  | 101.53                  | 101.53                  |

(Rs in Lakhs)

Term Loans

| Particulars   | Muktyala Cement Expansion  | Captive Power Plant                                  | Hotel                                  | Engineering Unit                       | Capex Reimbursement Loan                              | Covid Credit Support Scheme Loan                      |
|---|--|--|--|--|---|---|
| Lending Bank  | State Bank of India  | Canara Bank  | Indian Overseas Bank                   | Canara Bank                            | HDFC Bank   | Canara Bank   |
| Loan Amount Sanctioned (Rs Lakhs)                       | 27,563   | 7,964  | 5,973                                  | 338                                    | 2,278   | 250   |
| Loan Amount Availed (Rs Lakhs)                          | 27,498   | 7,215  | 5,973                                  | 317                                    | 2,278   | 250   |
| Loan amount outstanding as on 31-03-2021 (Rs. in lakhs) | 20,925   | 2,096  | 842                                    | 257                                    | 2,278   | 250   |
| No of Installments (Quarterly)                          | 32   | 32   | 28                                     | 20                                     | 20  | 18  |
| Installments Commencement                               | Dec,2018   | Mar,2015   | May,2015                               | Oct,2019                               | July,2021   | April,2021  |
| Rate of Interest  | 1 Yr MCLR plus 0.65%   | 1 Yr MCLR plus 1.30%                                 | 1 Yr MCLR plus 1.00%                   | 1 Yr MCLR plus 0.50%                   | 1 Yr MCLR plus 0.30%                                  | 1 Yr MCLR plus 0.50%                                  |
| Installment Amount (Rs Lakhs)                           | 1,175  | 207.25   | 314                                    | 16.9                                   | 113.88  | 13.88   |
| Security  | First Charge on the Project Assets and Charge on Land at Muktyala ranking pari-passu with other lenders. | First Charge on Fixed Assets of Captive Power Plant. | First Charge on Fixed Assets of Hotel. | First Charge on Imported Lathe Machine | Exclusive Charge on Commercial Building at Hyderabad. | Extension of existing primary and collateral security |

Note : Initial Loan Processing Charges by State Bank of India are being amortised over the period of the loan. Net amount outstanding at the end of the year to be amortised was Rs. 16.20 lakhs.

Carrying value of assets Pledged for Term Loan

(Rs. In Lakhs)

| Particulars          | Muktyala Plant Fixed Assets<br>(including Expansion Assets) |               | Hotel Fixed Assets |              | Captive Power Plant Assets |              |              |
|----------------------|---|---------------|--------------------|--------------|----------------------------|--------------|--------------|
|                      | FY  | 2021          | 2020               | 2021         | 2020                       | 2021         | 2020         |
| Plant & Machinery    |   | 51,854        | 55,706             | 2,156        | 2,501                      | 7,236        | 7,651        |
| Lands & Buildings    |   | 7,981         | 7,876              | 4,696        | 4,887                      | 1,313        | 1,349        |
| Furniture & fixtures |   | 89            | 44                 | 555          | 753                        | 5            | 6            |
| <b>Total</b>         |   | <b>59,924</b> | <b>63,627</b>      | <b>7,407</b> | <b>8,140</b>               | <b>8,554</b> | <b>9,007</b> |

Cash Credit

| Particulars  | Muktyala   |                      | Macherla   |                      | CPP   | Engineering Unit   |                      |
|--|--|----------------------|--|----------------------|---|--|----------------------|
|  | Bank of Baroda   | Canara Bank          | Bank of Baroda   | HDFC Bank            | Canara Bank   | Canara Bank  | AXIS Bank            |
| Lending Bank                                       | Bank of Baroda   | Canara Bank          | Bank of Baroda   | HDFC Bank            | Canara Bank   | Canara Bank  | AXIS Bank            |
| Outstanding Amount as on 31.03.2021 (Rs. in Lakhs) | 959  | 16                   | 164  | 556                  | 25  | 206  | 285                  |
| Rate of Interest on 31.03.2021                     | 0.95% over 1 Yr MCLR plus SP                                     | 1 Yr MCLR plus 1.85% | 0.95% over 1 Yr MCLR plus SP                                     | 1 Yr MCLR plus 1.25% | 1 Yr MCLR plus 1.85%  | 1 Yr MCLR plus 1.85%   | 1 Yr MCLR plus 2.00% |
| Security   | Paripassu First Charge on Current Assets of Muktyala Cement Unit |                      | Paripassu First Charge on Current Assets of Macherla Cement Unit |                      | Paripassu First Charge on Current Assets of Captive Power Plant | Paripassu First Charge on Current Assets of Engineering Unit |                      |

(Rs in Lakhs)

| <b>Note 19. Non current- Trade payables</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Due to Micro and Small Enterprises          | -                       | -                       |
| Due to Others                               | 271.26                  | 271.26                  |
| <b>TOTAL</b>                                | <b>271.26</b>           | <b>271.26</b>           |

| <b>Note 20. Non current- Other Financial Liabilities</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Trade Deposits   | 5,540.11                | 4,155.13                |
| Deposits Payable-Contractors                             | 313.40                  | 341.90                  |
| Interest accrued but not due                             | 107.81                  | 122.35                  |
| Outstanding Liabilities for Expenses                     | 889.00                  | 641.62                  |
| <b>TOTAL</b>   | <b>6,850.31</b>         | <b>5,261.01</b>         |

| <b>Note 21. Non current - Provisions</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Provision for gratuity                   | -                       | 229.15                  |
| Provision for leave benefits             | 1,024.05                | 1,108.10                |
| Provision for Decommissioning expenses   | 268.25                  | 453.82                  |
| <b>TOTAL</b>                             | <b>1,292.29</b>         | <b>1,791.07</b>         |

| <b>Note 22. Deferred Tax Liability (Net)</b>  | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| <b>Deferred Tax Liability</b>   |                         |                         |
| Fixed assets: Difference between Tax depreciation and depreciation/amortisation charged for the financial reporting                 | 18,697.09               | 14,322.29               |
| Discounting of legal cases  | 24.95                   | 24.95                   |
| <b>Gross Deferred Tax Liability</b>   | <b>18,722.04</b>        | <b>14,347.24</b>        |
| <b>Deferred Tax Asset</b>   |                         |                         |
| MAT Credit  | 6,270.43                | 4,477.30                |
| Expected Credit Loss  | 1.96                    | 1.96                    |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 744.56                  | 744.56                  |
| Discounting of Trade Receivables  | 28.29                   | 28.29                   |
| Unabsorbed Losses   | 4,313.96                | 4,313.96                |
| Provision for decommissioning cost  | 158.58                  | 158.58                  |
| Onerous Contracts   | 28.91                   | 28.91                   |
| Others  | 107.82                  | 107.82                  |
| <b>Gross Deferred tax asset</b>   | <b>11,654.50</b>        | <b>9,861.37</b>         |
| <b>Net Deferred Tax Liability</b>   | <b>7,067.54</b>         | <b>4,485.87</b>         |

| <b>Note.23 Current Financial Liabilities- Borrowings</b>                | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Cash credit from Banks  |                         |                         |
| : Secured   | 2,212.47                | 6,210.93                |
| Other Short Term Borrowings-Working Capital Demand Loan (Secured)       | -                       | 3,209.89                |
| Loan Repayable on Demand (Unsecured)                                    |                         |                         |
| :from Directors   | 1,760.00                | 1,800.00                |
| Inter-corporate deposit repayable on demand                             | 270.00                  | 270.00                  |
| <b>Total</b>  | <b>4,242.47</b>         | <b>11,490.82</b>        |
| <b>Current Financial liabilities-Borrowings includes the following:</b> |                         |                         |
| Secured borrowings  | 2,212.47                | 9,420.82                |
| Unsecured borrowings  | 2,030.00                | 2,070.00                |

| <b>Note.24 Current Financial liabilities- Trade payables</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Micro and Small Enterprises                                  | 334.03                  | 99.77                   |
| Others   | 8,856.97                | 11,299.52               |
| <b>TOTAL</b>   | <b>9,190.99</b>         | <b>11,399.29</b>        |

| <b>Note 25. Current maturities of long term borrowings</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Rupee Term Loans from Banks - Secured</b>               |                         |                         |
| Hotel Project  | 841.93                  | 854.43                  |
| Engineering Unit   | 230.78                  | 67.60                   |
| Captive Power Plant- Muktyala                              | 931.67                  | 833.79                  |
| Cement Plant Muktyala Expansion                            | 4,700.00                | 5,000.00                |
| Corporate Loan (Capex Reimbursement)                       | 455.52                  | 2,000.00                |
| Sub Total  | <b>7,159.90</b>         | <b>8,755.82</b>         |
| <b>Public Deposits (unsecured)</b>                         |                         |                         |
| From Directors   | 190.00                  | 45.03                   |
| From Others  | 3,015.28                | 3,503.34                |
| Sub Total  | <b>3,205.28</b>         | <b>3,548.37</b>         |
| <b>TOTAL</b>   | <b>10,365.18</b>        | <b>12,304.19</b>        |

| <b>Note 25A. Current- Other Financial Liabilities</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Interest Accrued but not due on borrowings            | 179.89                  | 179.90                  |
| Interest Accrued and due on borrowings                | 50.30                   | 344.55                  |
| Advance from customers                                | 6,198.13                | 5,363.18                |
| Unpaid Dividend                                       | 196.91                  | 216.69                  |
| Accrued Salaries and Benefits                         | 1,038.84                | 501.39                  |
| Directors Remuneration Payable                        | 1,096.21                | -                       |
| Project related payables                              | 0.44                    | 9.93                    |
| Outstanding Liabilities for Others                    | 774.95                  | 1,117.21                |
| <b>TOTAL</b>  | <b>9,535.66</b>         | <b>7,732.85</b>         |

(Rs in Lakhs)

| <b>Note 26. Other Current Liabilities</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Statutory Dues                            | 3,322.83                | 1,080.68                |
| <b>TOTAL</b>                              | <b>3,322.83</b>         | <b>1,080.68</b>         |

| <b>Note 27. Current- Provisions</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|-------------------------------------|-------------------------|-------------------------|
| Provision for gratuity              | 97.95                   | 56.22                   |
| Provision for leave benefits        | 360.12                  | 324.65                  |
| <b>TOTAL</b>                        | <b>458.07</b>           | <b>380.86</b>           |

| <b>Note 28. Revenue from operations</b>          | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|--|-------------------|-------------------|
| <b>Revenue from operations</b>                   |                   |                   |
| Sale of products                                 | 128,090.08        | 90,939.20         |
| Sale of services                                 | 1,048.48          | 2,309.05          |
|  | <b>129,138.56</b> | <b>93,248.25</b>  |
| <b>Other operating revenue</b>                   |                   |                   |
| Sale of Scrap                                    | 320.57            | 191.02            |
| Other revenue                                    | 129.87            | 107.92            |
| Interest Income on                               |                   |                   |
| - Bank deposits                                  | 482.77            | 205.68            |
| - Others   | 33.53             | 42.32             |
| Amortisation of government Grant (VAT Incentive) | 1.99              | 2.00              |
| <b>Revenue from operations (Gross)</b>           | <b>130,107.29</b> | <b>93,797.18</b>  |

**Disaggregation of revenue information as per INDAS 115**

| <b>Particulars</b>                 | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|------------------------------------|-------------------|-------------------|
| Revenue from Sale of Cement        | 128,049.28        | 90,907.49         |
| Revenue from Power                 | 40.80             | 31.71             |
| Revenue from Engineering Job works | 482.39            | 512.61            |
| Revenue from Hospitality services  | 566.09            | 1,796.44          |
| <b>Total</b>                       | <b>129,138.56</b> | <b>93,248.25</b>  |

**Revenue from Contract with Customer as per disclosure requirements under para 126AA of INDAS-115:**

| <b>No</b> | <b>Particulars</b>                               | <b>FY 2020-21</b>  | <b>FY 2019-20</b> |
|-----------|--|--------------------|-------------------|
| 1         | Revenue from contracts with customers (excl GST) | 151,018.67         | 106,971.86        |
|           | Less:  |                    |                   |
| 2         | Discounts  | 21,420.28          | 13,429.26         |
| 3         | Selling Agent commission                         | 226.15             | 160.33            |
| 4         | Sales Promotion                                  | 233.69             | 134.03            |
|           | Gross sales as per Profit and loss account       | <b>1,29,138.56</b> | <b>93,248.25</b>  |

**Disclosure requirements under IND AS 115 para 116 in respect of Engineering Job works**

| Particulars   | As on<br>31.03.2021 | As on<br>31.03.2020 |
|---|---------------------|---------------------|
| Opening balance of Trade Receivables  | 2,946.18            | 2,211.00            |
| Opening balance of Contract assets  | 92.55               | 2,833.95            |
| Opening balance of Contract liabilities   | 2,128.85            | 2,695.14            |
| Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period | 1,358.94            | 2,392.33            |
| Revenue recognized in the reporting period from performance obligations satisfied in the previous period                        | -                   | -                   |
| Closing balance of receivables  | 3,759.93            | 2,946.18            |
| Closing balance of contract assets  | 456.45              | 92.55               |
| Closing balance of contract liabilities   | 1,178.47            | 2,128.85            |

| Note 29. Other Income   | FY 2020-21      | FY 2019-20      |
|---|-----------------|-----------------|
| <b>Dividend income on</b>                                       |                 |                 |
| Investment in subsidiary - KCP Vietnam Industries Ltd., Vietnam | 3,028.00        | 2,792.00        |
| Investment in joint venture - Fives Cail KCP Ltd.,              | 20.00           | 80.00           |
| Non current investments   | 0.40            | 0.69            |
| <b>Other non-operating income (See note below)</b>              | 543.42          | 382.14          |
| <b>TOTAL</b>  | <b>3,591.82</b> | <b>3,254.83</b> |

| Other Non-Operating Income                                 | FY 2020-21    | FY 2019-20    |
|--|---------------|---------------|
| Unclaimed balance Credited Back                            | 26.93         | 30.65         |
| Provision no longer required, credited back                | 303.80        | 18.27         |
| Claims Received (other than insurance)                     | 30.00         | -             |
| Reversal of Provision for Discounting of Trade Receivables | 9.57          | -             |
| Rent Recovery  | 123.67        | 142.68        |
| Difference In Exchange-(Net)                               | 0.75          | -             |
| LD Recovered From Suppliers                                | 0.00          | 1.64          |
| Miscellaneous Receipts                                     | 48.70         | 188.90        |
| <b>TOTAL</b>   | <b>543.42</b> | <b>382.14</b> |

| Note 30. Cost of raw material and components consumed | Year ended<br>31-Mar-2021 | Year ended<br>31-Mar-2020 |
|---|---------------------------|---------------------------|
| Inventory at the beginning of the year                | 902.87                    | 1,249.81                  |
| Add: Purchases  | 7,073.00                  | 4,936.13                  |
| Add: Cost of raw materials produced                   | 15,499.19                 | 15,474.47                 |
|   | 23,475.06                 | 21,660.41                 |
| Less: Inventory at the end of the year                | 580.49                    | 902.87                    |
| <b>Total</b>  | <b>22,894.57</b>          | <b>20,757.54</b>          |

(Rs in Lakhs)

| Details of raw material and components consumed       | Year ended 31-Mar-2021 | Year ended 31-Mar-2020 |
|---|------------------------|------------------------|
| i) Cement Unit  |                        |                        |
| Limestone   | 15,719.54              | 12,698.88              |
| Laterite  | 1,099.41               | 864.06                 |
| Fly Ash   | 1,975.74               | 1,806.28               |
| Gypsum  | 2,193.84               | 2,044.91               |
| Sub total   | <b>20,988.53</b>       | <b>17,414.13</b>       |
| ii) Engineering Unit                                  |                        |                        |
| Iron and Steel, Nickel, Scrap and Equipments          | 1,831.38               | 3,115.86               |
| iii) Bricks Unit / Others                             |                        |                        |
| Sand, Stoner Dust, Metal / Admixture Stock and Others | 11.39                  | 13.59                  |
| iv) Hotel   |                        |                        |
| Provisions  | 63.26                  | 213.96                 |
| <b>TOTAL</b>  | <b>22,894.57</b>       | <b>20,757.54</b>       |

| Details of Inventory                                      | Year ended 31-Mar-2021 | Year ended 31-Mar-2020 |
|---|------------------------|------------------------|
| Raw materials and components                              |                        |                        |
| Limestone   | 307.11                 | 532.21                 |
| Laterite  | 82.55                  | 63.69                  |
| Fly Ash   | 14.50                  | 7.49                   |
| Gypsum  | 170.40                 | 294.01                 |
| BF Slag   | 1.40                   | -                      |
| Iron and Steel, Nickel, Scrap and Equipments - In Transit | 1.54                   | 4.92                   |
| <b>Others</b>   |                        |                        |
| Sand  | -                      | 0.12                   |
| Stone Crusher Dust  | 2.99                   | 0.17                   |
| Cement Stock Loose  | -                      | 0.26                   |
| <b>TOTAL</b>  | <b>580.49</b>          | <b>902.87</b>          |

**Note 31. (INCREASE)/ DECREASE IN INVENTORY**

| Particulars                                     | Year ended 31-Mar-2021 | Year ended 31-Mar-2020 |
|---|------------------------|------------------------|
| <b>Inventories at the end of the year</b>       |                        |                        |
| Work in progress                                | 5,081.68               | 7,910.93               |
| Finished goods                                  | 463.38                 | 1,685.16               |
| Sub Total                                       | <b>5,545.07</b>        | <b>9,596.08</b>        |
| <b>Inventories at the beginning of the year</b> |                        |                        |
| Work in progress                                | 7,910.93               | 6,800.13               |
| Finished goods                                  | 1,685.16               | 916.75                 |
| Sub Total                                       | <b>9,596.08</b>        | <b>7,716.88</b>        |
| <b>(Increase)/ Decrease</b>                     | <b>4,051.01</b>        | <b>(1,879.20)</b>      |

| <b>Note 32. Employee benefits expense</b> | <b>Year ended<br/>31-Mar-2021</b> | <b>Year ended<br/>31-Mar-2020</b> |
|---|-----------------------------------|-----------------------------------|
| Salaries, Wages and bonus                 | 8,135.09                          | 6,685.34                          |
| Contribution to Provident and other funds | 432.51                            | 474.07                            |
| Gratuity expenses                         | 126.31                            | 124.61                            |
| Staff welfare expenses                    | 587.09                            | 757.35                            |
| <b>TOTAL</b>                              | <b>9,281.00</b>                   | <b>8,041.37</b>                   |

| <b>Note 33. Finance Costs</b> | <b>Year ended<br/>31-Mar-2021</b> | <b>Year ended<br/>31-Mar-2020</b> |
|-------------------------------|-----------------------------------|-----------------------------------|
| Interest                      | 4,091.31                          | 5,355.26                          |
| Other Borrowing costs         | 102.75                            | 142.81                            |
| Unwinding of Finance Cost     | 47.44                             | 143.33                            |
| <b>TOTAL</b>                  | <b>4,241.50</b>                   | <b>5,641.40</b>                   |

| <b>Note 33A. Depreciation and amortization expense</b> | <b>Year ended 31-<br/>Mar-2021</b> | <b>Year ended 31-<br/>Mar-2020</b> |
|--|------------------------------------|------------------------------------|
| Depreciation of tangible assets                        | 6,895.03                           | 7,077.89                           |
| Amortization of intangible assets                      | 47.12                              | 62.97                              |
| <b>TOTAL</b>   | <b>6,942.15</b>                    | <b>7,140.86</b>                    |

| <b>Note 34. Other expenses</b>           | <b>Year ended<br/>31-Mar-2021</b> | <b>Year ended<br/>31-Mar-2020</b> |
|--|-----------------------------------|-----------------------------------|
| Consumption of stores and spares         | 5,729.84                          | 5,340.91                          |
| Consumption of loose tools               | 100.79                            | 170.96                            |
| Sub-contracting expenses                 | 1,266.43                          | 1,755.69                          |
| Insurance                                | 284.25                            | 155.20                            |
| Rent                                     | 87.38                             | 37.49                             |
| Rates and taxes                          | 494.62                            | 518.57                            |
| Repairs and maintenance :                |                                   |                                   |
| Plant&Machinery                          | 662.44                            | 961.24                            |
| Buildings                                | 259.17                            | 290.55                            |
| Other Assets                             | 197.52                            | 203.83                            |
| Wheeling/Banking Charges                 | 768.24                            | 787.21                            |
| Advertising and sales promotion          | 492.38                            | 616.29                            |
| Travelling and conveyance                | 90.46                             | 227.40                            |
| Communication costs                      | 63.88                             | 91.39                             |
| Printing & Stationery                    | 37.89                             | 65.23                             |
| Donations                                | 101.32                            | 2.48                              |
| Corporate Social Responsibility          | 64.72                             | 63.68                             |
| Professional, Consultancy and Legal fees | 560.16                            | 711.29                            |
| Directors' sitting fees                  | 23.80                             | 11.40                             |

(Rs in Lakhs)

|   |                  |                  |
|---|------------------|------------------|
| Payment to auditors (Refer details below) | 36.52            | 39.62            |
| Exchange Difference - Net Loss /(Gain)    | -                | 0.12             |
| Bad debts/advances written off            | 4.76             | 2.30             |
| Bank Charges                              | 48.60            | 68.04            |
| Assets Written Off                        | 142.59           | 20.71            |
| Loss on sale of fixed assets (net)        | 0.13             | 35.11            |
| Performance and Delivery Guarantee Claims | 68.82            | 484.00           |
| Provision for doubtful debts and advances | 24.86            | -                |
| Expected Credit Loss                      | 5.18             | 1.06             |
| Security Charges                          | 478.27           | 505.23           |
| Miscellaneous expenses                    | 657.66           | 744.62           |
| <b>TOTAL</b>                              | <b>12,752.69</b> | <b>13,911.62</b> |

| <b>Payment to Auditors</b> | <b>Year ended<br/>31-Mar-2021</b> | <b>Year ended<br/>31-Mar-2020</b> |
|----------------------------|-----------------------------------|-----------------------------------|
| <b>As Auditor:</b>         |                                   |                                   |
| Audit Fee                  | 18.00                             | 18.00                             |
| Certification & Other fees | 9.49                              | 9.84                              |
| Fees for Cost Auditor      | 8.60                              | 8.60                              |
| Reimbursement of expenses  | 0.43                              | 3.18                              |
| <b>TOTAL</b>               | <b>36.52</b>                      | <b>39.62</b>                      |

**Note 35. Income Tax Reconciliation**

The major components of income tax expense for the years ended 31-03-2021

| <b>Income tax expense:-</b>                 | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|---|-------------------|-------------------|
| Current tax                                 | 3,812.00          | 487.82            |
| Deferred tax                                | 4,324.50          | (1,884.17)        |
| MAT credit Utilised/ (Entitlement)          | (1,793.13)        | -                 |
| Short /(Excess) provision of Income Tax/MAT | -                 | (466.56)          |
| <b>Total tax expense for the year</b>       | <b>6,343.37</b>   | <b>(1,862.91)</b> |

**Reconciliation of effective tax rate:**

Tax on the company's profit before tax differs from the theoretical amount that would arise on using the enacted rate of corporate tax in india (34.94%) as follows:

| Particulars  | FY 2020-21      | FY 2019-20    |
|--|-----------------|---------------|
| (a) Net Profit / (Loss) before taxes                         | 21,675.52       | (2,539.59)    |
| (b) Corporate Tax as per Income Tax Act, 1961                | 34.94%          | 34.94%        |
| (c) Tax on Accounting Profit (c) = (a)*(b)                   | 7,574.29        | (887.44)      |
| (d) Increase/Decrease in tax expense on account of:-         |                 |               |
| (i) Non taxable income/Exempt income                         | -               | (28.19)       |
| (ii) Reduction in Depreciation/ (Accelerated Depreciation)   | 21.80           | (1,660.44)    |
| (iii) Expenses not allowed under Income Tax                  | (10.92)         | 52.02         |
| (iv) Expenses that are allowed under payment basis           | 128.39          | (148.68)      |
| (v) Expected Credit Loss as per Ind AS                       | 1.81            | -             |
| (vi) Amortisation of Government Grant as per Ind AS          | (0.70)          | (0.70)        |
| (vii) Finance Cost as per Ind AS                             | (43.14)         | 47.76         |
| (viii) Stripping Cost Capitalised as per Ind AS              | (73.47)         | (45.85)       |
| (ix) Deduction under Sec 80-IA                               | (262.01)        | 2,900.03      |
| (x) Deduction under Sec 80M                                  | (518.08)        | -             |
| (xi) Foreign dividend taxable at special rates               | (529.05)        | 487.82        |
| (xii) Utilisation of brought forward business losses         | (4,303.74)      | -             |
| (xiii) Other adjustments                                     | 33.69           | (228.51)      |
| <b>Tax Expense recognised in Statement of P &amp; L</b>      | <b>2,018.87</b> | <b>487.82</b> |
| (e) Tax as per Normal Provision under Income Tax             | 2,018.87        | 487.82        |
| (f) Tax rate applicable to the company as per MAT Provisions | 17.47%          | 17.47%        |
| (g) MAT Tax expense on Net Profits                           | 3,787.15        | -             |
| (h) Increase/Decrease in tax expense on account of:-         | -               | -             |
| (i) Items that will not be reclassified to Profit & Loss     | 25.15           | -             |
| (ii) Exempt Income u/s 10(34)                                | -               | -             |
| (iii) 1/5th of transition amount u/s 115JB(2C)               | (34.71)         | -             |
| (iv) Expected Credit Loss                                    | 0.90            | -             |
| (v) Expenses that are not allowed as per Section 115JB       | (9.45)          | -             |
| (vi) Other adjustments                                       | 42.96           | -             |
| <b>MAT tax provision under 115JB (g+h)</b>                   | <b>3,812.00</b> | <b>-</b>      |

## Deferred Taxes:-

| Particulars  | FY 2020-21      | FY 2019-20        |
|--|-----------------|-------------------|
| <b>As on reporting date</b>                                      |                 |                   |
| Deferred tax arising due to                                      |                 |                   |
| <b>a) On OCI component</b>                                       |                 |                   |
| -Actuarial Gain/Loss   | 50.30           | (35.32)           |
| <b>b) Other than OCI component</b>                               |                 |                   |
| -Difference in W.D.V of Property Plant & Equipment               | 61.17           | 1,966.66          |
| -Impact of expenditure allowed under Income tax on payment basis | (145.26)        |                   |
| -Discounting of trade receivables                                | 3.34            | (7.54)            |
| -Provision for Loss allowance                                    | (1.81)          | (0.37)            |
| -Discounting of Legal cases                                      | 7.83            | (14.02)           |
| -Provision for Decommissioning cost                              | 64.85           | (14.98)           |
| -Unabsorbed depreciation and business losses                     | 4,313.96        | (3,830.45)        |
| -Other disallowances   | 20.41           | 16.53             |
| <b>c) Total for the year</b>                                     | <b>4,374.80</b> | <b>(1,919.49)</b> |

| Expense/(income) recognised for the year ended:                           |                 |                   |
|---|-----------------|-------------------|
| Deferred tax liability/(asset) recognised in statement of profit and loss | 4,324.50        | (1,884.17)        |
| Deferred tax recognised in other comprehensive income                     | 50.30           | (35.32)           |
| Deferred tax recognised in Total comprehensive income                     | <b>4,374.80</b> | <b>(1,919.49)</b> |

## Details of Deferred tax liability/ (asset) arised during FY 2020-21:-

| No | Particulars  | Opening Balance | Recognised in Statement of Profit and loss | Recognised in other comprehensive income | MAT Credit Utilised | Closing Balance |
|----|--|-----------------|--|--|---------------------|-----------------|
| 1) | Temporary Timing difference arised in relation to Fixed Assets<br>- Depreciation charged as per income tax act and Companies Act | 14,322.29       | 4,374.80                                   | -  | -                   | 18,697.09       |
|    | - Decommissioning Cost- Mines  | -               | -  | -  | -                   | -               |
| 2) | Bank Processing Charges<br>- Amortization  | -               | -  | -  | -                   | -               |
| 3) | Discounting of Legal Cases<br>Expenditure charged to   | 24.95           | -  | -  | -                   | 24.95           |
| 4) | Statement of profit and loss in the current year but allowed for tax purpose on payment basis                                    | (744.56)        | 50.30                                      | (50.30)                                  | -                   | (744.56)        |

(Rs in Lakhs)

|     |  |                 |                 |                |                   |                 |
|-----|--|-----------------|-----------------|----------------|-------------------|-----------------|
| 5)  | Provision for Doubtful debts               | (28.29)         | -               | -              | -                 | (28.29)         |
| 6)  | Deferred Tax Asset on Expected credit loss | (1.96)          | -               | -              | -                 | (1.96)          |
| 7)  | Provision for Decommissioning Cost         | (158.58)        | -               | -              | -                 | (158.58)        |
| 8)  | MAT Credit                                 | (4,477.30)      | -               | -              | (1,793.13)        | (6,270.43)      |
| 9)  | Unabsorbed Losses                          | (4,313.96)      | -               | -              | -                 | (4,313.96)      |
| 10) | Onerous Contract                           | (28.91)         | -               | -              | -                 | (28.91)         |
| 11) | Others                                     | (107.82)        | -               | -              | -                 | (107.82)        |
|     | <b>TOTAL</b>                               | <b>4,485.87</b> | <b>4,425.10</b> | <b>(50.30)</b> | <b>(1,793.13)</b> | <b>7,067.54</b> |

| <b>Note 36. Other Comprehensive Income</b>                        |                   |                   |
|---|-------------------|-------------------|
| <b>Particulars</b>  | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
| a) Items that will not be reclassified to P&L                     |                   |                   |
| - Remeasurement of Defined Benefit Plan (Loss)/Gain               |                   |                   |
| Gratuity  | 87.01             | (280.10)          |
| Leave Encashment  | 56.93             | (101.09)          |
| - Increase/Decrease in Fair Value of Investments                  | 6.76              | (7.13)            |
| b) Items that will be reclassified subsequently to Profit or loss | -                 | -                 |
| c) Impact of income tax on above (a) and (b)                      | (50.30)           | 35.32             |

**Statement of additions, write off and payments closing as per IND AS 37 Para 84**

| <b>No</b> | <b>Provisions</b>                                  | <b>Leave Benefits</b> | <b>Gratuity</b> | <b>Income Tax</b> | <b>Decommissioning</b> |
|-----------|--|-----------------------|-----------------|-------------------|------------------------|
| 1         | <b>Balance as at 1st April, 2020</b>               | <b>1,432.74</b>       | <b>285.36</b>   | <b>500.84</b>     | <b>453.82</b>          |
| 2         | Provision recognised during the year               | -                     | -               | -                 | -                      |
|           | - In Statement of Profit & Loss                    | 273.15                | 126.42          | 3,812.00          | (185.58)               |
|           | - In Statement of Other Comprehensive Income       | (57.32)               | (87.24)         | -                 | -                      |
| 3         | Amounts incurred and charged against the provision | (264.41)              | (226.59)        | -                 | -                      |
| 4         | <b>Balance as at 31st March, 2021</b>              | <b>1,384.17</b>       | <b>97.95</b>    | <b>4,312.84</b>   | <b>268.25</b>          |

The Company provides for the expenses at fair value that are required to restore the mines based on the estimated mineral reserves available and is included in cost of material consumed. The unwinding of discount on provision is shown as finance costs in the statement of profit and loss. It is expected to be settled in 2026-27 for Muktyala mining lands, 2020-21 for terala mines and 2034-35 for macherla mines.

## NOTES TO ACCOUNTS TO FINANCIAL STATEMENTS AS AT 31st MARCH, 2021

| Note No   | Particulars  | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------|--|------------------------|------------------------|
| <b>37</b> | <b>CONTINGENT LIABILITIES</b>  |                        |                        |
| <b>A</b>  | <b>Claims against the company not acknowledged as debt</b>   |                        |                        |
|           | A.1) In respect of Statutory levies  | 2,452.62               | 2,669.56               |
|           | A.2) In respect of Contractual levies  | 13.41                  | 13.41                  |
|           | A.3) In respect of Others  | 591.42                 | 579.86                 |
| <b>B</b>  | <b>Guarantees issued by the Bankers on behalf of the Company</b>   |                        |                        |
|           | B.1) Against Advances obtained   | 3,171.33               | 6,010.73               |
|           | B.2) Towards Performance Guarantees  | 2,078.49               | 1,614.70               |
|           | Sales Tax authorities of Andhra Pradesh have issued an order regarding some defects in "F Forms" for the year 2012-13. Since the matter is disputed and liability is to be crystallised, no value is included in the contingent liability. |                        |                        |

|           |  |           |           |
|-----------|--|-----------|-----------|
| <b>38</b> | <b>COMMITMENTS</b>   |           |           |
| <b>A</b>  | Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,349.53  | 1,148.32  |
| <b>B</b>  | Other commitments - Sale contracts   | 10,261.58 | 14,745.54 |
|           | - Export Obligation under EPCG Scheme  | 179.78    | 179.78    |

|           |  |                 |                 |
|-----------|--|-----------------|-----------------|
| <b>39</b> | <b>VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF</b> |                 |                 |
|           | a) Raw Materials and Stock-in-Trade                | -               | 304.86          |
|           | b) Components , Spares parts , Consumables & Coal  | 5,977.66        | 5,751.99        |
|           | c) Tools   | 1.97            | -               |
|           | d) Capital goods                                   | -               | 398.97          |
|           |  | <b>5,979.63</b> | <b>6,455.83</b> |

| 40       | Comparison between Consumption of imported and indigenous raw materials, spare parts and components during the financial year: | FY 2020-21       |                | FY 2019-20       |                |
|----------|--|------------------|----------------|------------------|----------------|
|          |  | Rs               | %              | Rs.              | %              |
| <b>a</b> | <b>Raw materials</b>   |                  |                |                  |                |
|          | (i) Imported   | 9.13             | 0.04%          | 2,470.15         | 11.90%         |
|          | (ii) Indigenous  | 22,885.44        | 99.96%         | 18,287.39        | 88.10%         |
|          |  | <b>22,894.57</b> | <b>100.00%</b> | <b>20,757.54</b> | <b>100.00%</b> |
| <b>b</b> | <b>Components , Spares parts , Consumables &amp; Coal (debited to respective heads)</b>  |                  |                |                  |                |
|          | (i) Imported   | 18,075.90        | 55.80%         | 13,603.92        | 49.40%         |
|          | (ii) Indigenous  | 14,316.06        | 44.20%         | 13,936.88        | 50.60%         |
|          |  | <b>32,391.96</b> | <b>100.00%</b> | <b>27,540.80</b> | <b>100.00%</b> |

| 41 | EXPENDITURE IN FOREIGN CURRENCY   | FY 2020-21      | FY 2019-20      |
|----|---|-----------------|-----------------|
|    | a) Travelling expenses  | 0.56            | 4.79            |
|    | b) Membership   | -               | 4.92            |
|    | c) Other matters- Seminars, advance to suppliers                                | 4.58            | 11.36           |
|    |   | <b>5.14</b>     | <b>21.07</b>    |
| 42 | EARNINGS IN FOREIGN EXCHANGE  | FY 2020-21      | FY 2019-20      |
|    | a) F.O.B value of goods exported during the year                                | 182.89          | 642.49          |
|    | c) Income from Service charge   | 31.23           | 285.08          |
|    | d) Dividend from Investments  | 3,028.00        | 2,792.00        |
|    |   | <b>3,242.13</b> | <b>3,719.57</b> |
| 43 | REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND                           | FY 2020-21      | FY 2019-20      |
|    | a) Number of Non Resident Shareholders  | 432             | 509             |
|    | b) Number of Equity Shares held by them   | 4,488,244       | 5,974,914       |
|    | c) (1) Amount of Dividend Paid (Gross) (in Foreign Currency)                    | Nil             | Nil             |
|    | (2) Tax Deducted at Source  | Nil             | Nil             |
|    | (3) Year to which dividend relates  | Nil             | Nil             |
|    | <b>Note: Dividend remitted to Non-resident shareholders in Indian currency.</b> |                 |                 |
| 44 | REVENUE EXPENDITURE CAPITALISED DURING THE YEAR                                 | FY 2020-21      | FY 2019-20      |
|    | a) Opening unallocated capital expenditure                                      | 32.58           | 362.36          |
|    | <b>Add:</b>   |                 |                 |
|    | Salaries,wages, Bonus, PF & FPS   | 29.47           | 51.18           |
|    | Staff welfare Expenses  | 1.02            | -               |
|    | Stores and Spares Consumed  | 4.92            | -               |
|    | Power   | 11.69           | 1.90            |
|    | Insurance   | 0.46            | 1.60            |
|    | Repairs to Building   | 4.65            | -               |
|    | Repairs to Machinery  | 0.02            | -               |
|    | Repairs to Other Assets   | 4.59            | -               |
|    | Professional Fees   | 68.28           | 70.17           |
|    | Travelling Expenses   | 0.63            | -               |
|    | Security Charges  | 19.95           | -               |
|    | Rates & taxes   | 1.10            | -               |
|    | Depreciation  | 0.56            | -               |
|    | Miscellaneous expenses  | 5.71            | 0.59            |
|    |   | <b>185.63</b>   | <b>487.81</b>   |
|    | <b>Less:</b>  |                 |                 |
|    | Miscellaneous Income  | 1.03            | -               |
|    |   | <b>184.60</b>   | <b>487.81</b>   |
|    | Capitalised/Allocated to fixed assets   | -               | 452.18          |
|    | Written off during the year   | 32.58           | 3.05            |
|    | Closing unallocated Capital Expenditure   | 152.01          | 32.58           |
|    |   | <b>184.60</b>   | <b>487.81</b>   |

(Rs in Lakhs)

| 45 | REVENUE FROM OPERATIONS    | FY 2020-21        | FY 2019-20       |
|----|----------------------------|-------------------|------------------|
|    | Finished goods sold        |                   |                  |
|    | Cement                     | 119,660.93        | 84,303.23        |
|    | Heavy Engineering products | 8,342.65          | 6,563.56         |
|    | Electrical energy          | -                 | 2.99             |
|    | Service Receipts           | 1,048.48          | 2,309.05         |
|    | Others                     | 1,055.24          | 618.35           |
|    |                            | <b>130,107.29</b> | <b>93,797.18</b> |

| 46 | EARNINGS PER SHARE (EPS)  | FY 2020-21   | FY 2019-20   |
|----|---|--------------|--------------|
|    | i) Net Profit after tax as per Profit and Loss Statement                              | 15,332.15    | (676.68)     |
|    | ii) Net Profit attributable to Equity Shareholders                                    | 15,332.15    | (676.68)     |
|    | iii) Weighted Average number of equity shares used as denominator for calculating EPS | 12,89,21,160 | 12,89,21,160 |
|    | iv) Basic and Diluted Earnings per share - Rs   | 11.89        | (0.52)       |
|    | v) Nominal value per each Equity share - Rs   | 1.00         | 1.00         |

| 47 | Disclosures required by Indian Accounting Standard 19- Employee Benefits | FY 2020-21      |                 | FY 2019-20      |                 |
|----|--|-----------------|-----------------|-----------------|-----------------|
|    |  | Gratuity        | Leave Absentees | Gratuity        | Leave Absentees |
|    | <b>a) Reconciliation for present value of obligations</b>                |                 |                 |                 |                 |
|    | Present value of obligations as at beginning of the year                 | 1,678.97        | 1,432.74        | 1,376.37        | 1,299.83        |
|    | Interest cost  | 108.83          | 87.53           | 96.39           | 90.52           |
|    | Current service cost   | 114.84          | 185.62          | 119.14          | 174.31          |
|    | Past service cost  |                 |                 |                 |                 |
|    | Benefits paid  | (123.89)        | (264.40)        | (232.64)        | (233.01)        |
|    | Actuarial loss/(gain) on obligation                                      | (83.12)         | (57.32)         | 319.71          | 101.09          |
|    | Present value of obligations as at end of the year                       | <b>1,695.63</b> | <b>1,384.17</b> | <b>1,678.97</b> | <b>1,432.74</b> |
|    | <b>b) Reconciliation for fair value of plan assets</b>                   |                 |                 |                 |                 |
|    | Fair Value Of Plan Assets At The Beginning Of The Year                   | 1,393.60        | -               | 1,331.34        | -               |
|    | Expected Return On Plan Assets   | 97.25           |                 | 90.78           |                 |
|    | Contributions  | 226.59          | 264.40          | 164.52          | 233.01          |
|    | Benefits Paid  | (123.89)        | (264.40)        | (232.64)        | (233.01)        |
|    | Actuarial Gain On Plan Assets  | 4.12            |                 | 39.60           |                 |
|    | Fair Value Of Plan Assets At The End Of The Year                         | 1,597.67        | -               | 1,393.60        | -               |
|    | <b>c) Net Liability recognised in the Balance Sheet</b>                  |                 |                 |                 |                 |
|    | Present value of obligations as at the end of the year                   | 1,695.63        | 1,384.17        | 1,678.97        | 1,432.74        |
|    | Fair value of plan Assets as at the end of the year                      | 1,597.67        | -               | 1,393.60        | -               |
|    | Amount determined under para 63 of IND AS 19                             | 97.96           | 1,384.17        | 285.37          | 1,432.74        |

(Rs in Lakhs)

|  |                       |                |                       |               |
|--|-----------------------|----------------|-----------------------|---------------|
| Net defined benefit liability recognised in the Balance sheet                    | 97.96                 | 1,384.17       | 285.37                | 1,432.74      |
| Net Defined benefit asset recognised under para 64 of IND AS 19                  | -                     | -              | -                     | -             |
| <b>d) Expenses recognised in statement of Profit &amp; Loss</b>                  |                       |                |                       |               |
| Current service cost   | 114.84                | 185.62         | 119.14                | 174.31        |
| Net interest on net Defined benefit obligations                                  | 11.58                 | -              | 5.61                  | -             |
| Interest cost  | -                     | 87.53          | -                     | 90.52         |
| Net actuarial (gain)/loss recognised in the year                                 | -                     | -              | -                     | -             |
| Past service Cost  | -                     | -              | -                     | -             |
| Expense to be recognised in the Profit & Loss a/c                                | <b>126.42</b>         | <b>273.15</b>  | <b>124.75</b>         | <b>264.83</b> |
| <b>e) Amount recognised in the statement of OCI</b>                              |                       |                |                       |               |
| Actuarial (gain)/loss on Plan obligation   | (83.12)               | (57.32)        | 319.70                | 101.09        |
| Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss | (4.12)                | -              | (39.60)               | -             |
| Effect of Balance Sheet asset limit  | -                     | -              | -                     | -             |
| Amount recognized in OCI for the current period                                  | <b>(87.24)</b>        | <b>(57.32)</b> | <b>280.10</b>         | <b>101.09</b> |
| <b>f) Actuarial Assumptions</b>  |                       |                |                       |               |
| Assumptions as at 31 March, 2021   |                       |                |                       |               |
| Discount rate  | 6.84%                 | 6.84%          | 6.73%                 | 6.73%         |
| Salary escalation  | 6.00%                 | 6.00%          | 6.00%                 | 6.00%         |
| Attrition rate   | 4.00%                 | 4.00%          | 4.00%                 | 4.00%         |
| Expected return on Plan Assets   | 6.84%                 | 0.00%          | 6.73%                 | 0.00%         |
| Mortality  | <b>IALM (2012-14)</b> |                | <b>IALM (2012-14)</b> |               |
| g) Date of Valuation   | 31-Mar-21             | 31-Mar-21      | 31-Mar-20             | 31-Mar-20     |
| h) Average Duration of Defined Benefit Obligation (in Yrs)                       | 8.31                  | 5.25           | 8.69                  | 5.29          |

### i) Sensitivity Analysis

Gratuity and Leave benefit are lump sum plans and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to discount rate and future salary escalation rate. The following details summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of increase (+) or decrease(-) in the reported assumption by 100 basis points.

|          | Particulars                      | FY 2020-21 |                 | FY 2019-20 |                 |
|----------|----------------------------------|------------|-----------------|------------|-----------------|
|          |                                  | Gratuity   | Leave Absentees | Gratuity   | Leave Absentees |
| <b>A</b> | Discount Rate + 100/ (100) BP    | 7.84%      | 7.84%           | 7.73%      | 7.73%           |
|          | Defined Benefit Obligation (PVO) | 1,615.78   | 1,339.81        | 1,594.37   | 1,492.57        |
|          | Current Service Cost             | 107.49     | 178.93          | 109.33     | 167.99          |
|          | Discount Rate - 100/(100) BP     | 5.84%      | 5.84%           | 5.73%      | 5.73%           |
|          | Defined Benefit Obligation (PVO) | 1,785.00   | 1,432.25        | 1,773.82   | 1,376.43        |
|          | Current Service Cost             | 123.32     | 192.95          | 127.25     | 181.19          |

(Rs in Lakhs)

|          |                                       |          |          |          |          |
|----------|---------------------------------------|----------|----------|----------|----------|
| <b>B</b> | Salary Escalation Rate + 100/(100) BP | 7.00%    | 7.00%    | 7.00%    | 7.00%    |
|          | Defined Benefit Obligation (PVO)      | 1,796.28 | 1,440.99 | 1,784.57 | 1,385.59 |
|          | Current Service Cost                  | 124.05   | 194.10   | 127.95   | 182.23   |
|          | Salary Escalation Rate - 100/(100) BP | 5.00%    | 5.00%    | 5.00%    | 5.00%    |
|          | Defined Benefit Obligation (PVO)      | 1,603.96 | 1,330.71 | 1,583.02 | 1,483.81 |
|          | Current Service Cost                  | 106.71   | 177.71   | 108.56   | 166.90   |

The sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in the market conditions at the accounting date.

| Projected plan Cash flows:  | FY 2020-21 |                 | FY 2019-20 |                 |
|---|------------|-----------------|------------|-----------------|
|   | Gratuity   | Leave Absentees | Gratuity   | Leave Absentees |
| j) Expected Contribution in following Years [mid-year cash flows]     |            |                 |            |                 |
| Year 1  | 283.24     | 27.68           | 164.59     | 324.65          |
| Year 2  | 359.71     | 42.36           | 171.17     | 278.08          |
| Year 3  | 453.23     | 50.90           | 178.02     | 248.57          |
| Year 4  | 562.01     | 60.20           | 185.14     | 210.50          |
| Year 5  | 702.51     | 62.61           | 192.55     | 141.91          |
| next 5 years  | 7,206.92   | 352.69          | 1,084.61   | 441.93          |
| k) Expected Benefit payments in following Years [mid-year cash flows] |            |                 |            |                 |
| Year 1  | 154.86     | 291.59          | 330.75     | 324.65          |
| Year 2  | 196.68     | 300.34          | 195.53     | 278.08          |
| Year 3  | 247.81     | 310.85          | 220.00     | 248.57          |
| Year 4  | 307.29     | 323.29          | 148.71     | 210.50          |
| Year 5  | 384.11     | 336.22          | 144.54     | 141.91          |
| next 5 years  | 3,940.50   | 1,893.91        | 768.87     | 441.93          |

**Note. 48. RELATED PARTY DISCLOSURE**

(as per separate annexure enclosed)

**Note. 49. A DERIVATIVE INSTRUMENT FOR HEDGING PURPOSE**

The company has entered into the following Derivative instruments for Hedging purpose associated with foreign currency fluctuations related to certain firm commitments and is not intended for trading or speculation. The period end foreign exchange exposures that have been hedged by a derivative instrument are stated below.

| Currency | Amount | Indian Rupees |
|----------|--------|---------------|
|          | \$     | Equivalent    |
| USD      | -      | -             |

**Note. 49. B Foreign Currency Exposure not hedged by forward contracts**

| Particulars                    | FY 2020-21 | FY 2019-20 |
|--------------------------------|------------|------------|
| (i) Export Receivables         | 29.53      | -          |
| (ii) Import Creditors Payables | -          | -          |

(Rs in Lakhs)

| 50 | DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES (MSMED ACT,2006)   | As at 31st March 2021 | As at 31st March 2020 |
|----|---|-----------------------|-----------------------|
| a  | The amounts remaining unpaid to Micro, Small and Medium Enterprises at the end of each accounting year<br>- Principal amount of bills to be paid<br>- Interest due thereon  | 334.03<br>-           | 99.77<br>-            |
| b  | The amount of interest paid by the buyer in terms of Section 6 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.   | -                     | -                     |
| c  | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,2006   | -                     | -                     |
| d  | The amount of interest accrued and remaining unpaid at the end of each accounting year.   | -                     | -                     |
| e  | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.<br><br>Note: For the purpose of the above details, of the status of the supplier's under the Act has been determined, to the extent of and based on information furnished by the respective parties and has accordingly, been relied upon by the company and its auditors. | -                     | -                     |

| 51 | CORPORATE SOCIAL RESPONSIBILITY (CSR)  | FY 2020-21     | FY 2019-20      |
|----|--|----------------|-----------------|
|    | In terms of section 135 of the Companies Act 2013, the CSR committee has been formed by the company. The areas of CSR activities are eradication of hunger and malnutrition promoting education, Art and Culture, Health care, destitute care and rehabilitation and Rural development projects.<br>-> Gross amount required to be spent by the company during the year<br>( ) Amount spent by the company during the year towards CSR | 39.31<br>64.72 | 106.55<br>63.68 |
|    | <b>Amount yet to be spent / (Excess spent) by the company</b>  | <b>(25.42)</b> | <b>42.87</b>    |

(Rs in Lakhs)

| 52 | PROVISION FOR ONEROUS CONTRACTS- IND AS 37  | As at 31-03-2021 | As at 31-03-2020 |
|----|---|------------------|------------------|
|    | As per section 143(3)(j) of the Companies Act, 2013 and rule 11 of the Companies (Audit & Auditors) Rules, 2014, the Company estimated material foreseeable losses on long term contracts at its Engineering Unit and made provision. | 28.15            | 82.72            |

(Rs in Lakhs)

**Note. 53. PROPOSED DIVIDEND**

In respect of the year ended March 31, 2021 the Directors proposed a dividend of Rs. 2 per share on equity share of Re.1/- each. This equity dividend is subject to approval by shareholders at the Annual General meeting. The Proposed Equity Dividend payable to all holders of fully paid equity shares and the total estimated equity dividend to be paid is Rs.2,578.42 lakhs.

**Note. 54 Financial instruments - Fair values and risk management**

(as per separate Annexure-II enclosed)

**Note. 55.** Consequent to the Hon'ble Supreme Court upholding the power of APERC to levy the wheeling and other charges, an amount of Rs. 551.73 lakhs was provided in the books of accounts in the current year towards the transmission charges payable by the company for the period from 2002-03 to 2013-14.

**Note. 56.** Figures in brackets indicate negative figures unless otherwise specially stated.

**Note. 57.** Figures for the previous have been regrouped, wherever necessary to make them comparable.

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**for K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

Place: Chennai  
Date: 25th June 2021

## ANNEXURE - I TO STANDALONE NOTES- RELATED PARTY DISCLOSURE

Refer Note No 48. Related party Disclosure

### A. List of Related parties:

|   |  |
|---|--|
| <b>Subsidiary Company</b>   | KCP Vietnam Industries Limited   |
| <b>Joint Venture Company</b>                                      | Fives Cail KCP Limited   |
| <b>Key Management Personnel</b>                                   | Dr. V.L. Indira Dutt - Chairperson & Managing Director<br>Smt. V Kavitha Dutt - Joint Managing Director<br>Sri. G.N.Murty - Chief Financial Officer<br>Sri. Y. Vijaya Kumar - Company Secretary  |
| <b>Other Related Personnel</b>                                    | Sri V.H. Ramakrishnan- Independent Director<br>Sri P.S Kumar- Independent Director<br>Sri Vijay Sankar- Independent Director<br>Sri Narasimhappa Muttuluri- Independent Director<br>Smt. Janaki Pillai - Independent Director<br>Sri V. Chandra Kumar Prasad - Non-Executive Non-Independent Director<br>Dr. Subbarao Vallabhaneni - Non-Executive Non-Independent Director<br>Sri. Ravi Chitturi - Non-Executive Non-Independent Director |
| <b>Relatives of Key Management Personnel (KMP)</b>                | Dr. V.L. Dutt - Executive Chairman<br>Smt. Rajeswary Ramakrishnan - Sister<br>Dr. V.L. Indira Dutt -<br>Smt. Uma Vallabhaneni - Sister<br>Sri V.Chandra Kumar - Brother<br>Smt.V.Rama Kumari - Sister<br>Dr. Subbarao Vallabhaneni - Brother-in-law<br>Smt. V Kavitha Dutt -<br>Kum.Shivani Dutt Chitturi - Daughter<br>Sri Ravi Chitturi - Husband  |
| <b>Companies controlled by Key management Personnel/Relatives</b> | KCP Technologies Limited<br>V. Ramakrishna Sons Pvt Limited<br>BGE Engineering (India) Private Limited<br>VRK Grandsons Investment (Private) Limited<br>V Ramakrishna Charitable Trust<br>Sri Chandramoulieswara Nursing Home Trust<br>Bala Tripurasundari Ammavaru Trust<br>Fives Combustion Systems Pvt Ltd.   |

**B. Transactions with the related parties:**

| Transactions during the year                           | Subsidiary Company     | Joint Venture      | KMP/ Other Related parties | Related parties other relations | Companies Controlled by KMP |
|--|------------------------|--------------------|----------------------------|---------------------------------|-----------------------------|
| <b>Services - Rendered - Lease Rentals</b>             |                        |                    |                            |                                 |                             |
| Fives Cail KCP Limited                                 |                        | 104.04<br>(121.54) |                            |                                 |                             |
| V. Ramakrishna Charitable Trust                        |                        |                    |                            |                                 | 0.13<br>(0.13)              |
| <b>Dividend Income</b>                                 |                        |                    |                            |                                 |                             |
| KCP Vietnam Industries Limited                         | 3,028.00<br>(2,792.00) |                    |                            |                                 |                             |
| Fives Cail KCP Limited                                 |                        | 20.00<br>(80.00)   |                            |                                 |                             |
| <b>Loans/Deposits received</b>                         |                        |                    |                            |                                 |                             |
| Dr V L Indira Dutt                                     |                        |                    | 408.50<br>(2,368.50)       |                                 |                             |
| Smt. V Kavitha Dutt                                    |                        |                    | 11.53                      |                                 |                             |
| VL Dutt (HUF)  |                        |                    | -                          | 650.00<br>(150.00)              |                             |
| Kum. Shivani Dutt Chitturi                             |                        |                    |                            | 252.00<br>(45.00)               |                             |
| Sri.V.Chandra Kumar                                    |                        |                    |                            | 0.96<br>(0.96)                  |                             |
| <b>Purchase of Goods</b>                               |                        |                    |                            |                                 |                             |
| Fives Cail KCP Limited                                 |                        | -<br>(16.61)       |                            |                                 |                             |
| <b>Remuneration paid</b>                               |                        |                    |                            |                                 |                             |
| Dr V L Dutt  |                        |                    | -<br>(88.69)               |                                 |                             |
| Dr V L Indira Dutt                                     |                        |                    | 822.94<br>(154.44)         |                                 |                             |
| Smt. V Kavitha Dutt                                    |                        |                    | 617.20<br>(166.66)         |                                 |                             |
| Sri G.N. Murty   |                        |                    | 92.47<br>(81.38)           |                                 |                             |
| Sri Y. Vijayakumar                                     |                        |                    | 34.63<br>(32.56)           |                                 |                             |
| <b>Directors Out of pocket Exp. &amp; Sitting fees</b> |                        |                    |                            |                                 |                             |
| Sri V. H Ramakrishnan                                  |                        |                    | 4.00<br>(3.34)             |                                 |                             |

| Transactions during the year    | Subsidiary Company | Joint Venture | KMP/ Other Related parties | Related parties other relations | Companies Controlled by KMP |
|---------------------------------|--------------------|---------------|----------------------------|---------------------------------|-----------------------------|
| Sri Vijay Sankar                |                    |               | 4.40<br>(1.90)             |                                 |                             |
| Sri P. S. Kumar                 |                    |               | 4.80<br>(3.30)             |                                 |                             |
| Sri M. Narasimhappa             |                    |               | 4.00<br>(3.34)             |                                 |                             |
| Smt. Janaki Pillai              |                    |               | 1.80<br>-                  |                                 |                             |
| Sri V. Chandra Kumar Prasad     |                    |               | 1.60<br>-                  |                                 |                             |
| Sri Subbarao Vallabhaneni       |                    |               | 1.60<br>-                  |                                 |                             |
| Sri. Ravikumar Chitturi         |                    |               | 1.60<br>-                  |                                 |                             |
| <b>Interest paid</b>            |                    |               |                            |                                 |                             |
| Dr V L Dutt                     |                    |               | -<br>(155.06)              |                                 |                             |
| Dr V L Indira Dutt              |                    |               | 226.34<br>(63.28)          |                                 |                             |
| Smt. V Kavitha Dutt             |                    |               | 43.85<br>(45.16)           |                                 |                             |
| <b>Other Relations</b>          |                    |               |                            |                                 |                             |
| Kum. Shivani D. Chitturi        |                    |               |                            | 37.20<br>(35.53)                |                             |
| VL Dutt (HUF)                   |                    |               |                            | 92.99<br>(85.15)                |                             |
| V. Ramakrishna Sons Pvt Limited |                    |               |                            |                                 | 20.83<br>(26.44)            |
| <b>Dividend paid</b>            |                    |               |                            |                                 |                             |
| Dr V L Dutt                     |                    |               | -<br>(60.06)               |                                 |                             |
| Dr V L Indira Dutt              |                    |               | 14.41<br>(34.68)           |                                 |                             |
| Smt. V Kavitha Dutt             |                    |               | 1.97<br>(12.25)            |                                 |                             |
| <b>Other Relations</b>          |                    |               |                            |                                 |                             |
| Kum. Shivani Dutt Chitturi      |                    |               |                            | 1.95<br>(13.00)                 |                             |
| Smt. Uma S Vallabhaneni         |                    |               |                            | 0.24<br>(1.63)                  |                             |

(Rs in Lakhs)

| Transactions during the year               | Subsidiary Company | Joint Venture | KMP/ Other Related parties | Related parties other relations | Companies Controlled by KMP |
|--|--------------------|---------------|----------------------------|---------------------------------|-----------------------------|
| Smt.Rajeswary Ramakrishnan                 |                    |               |                            | 0.01<br>(0.07)                  |                             |
| V. Ramakrishna Sons Pvt Limited            |                    |               |                            |                                 | 58.43<br>(389.56)           |
| VRK Grandsons Investment (Private) Limited |                    |               |                            |                                 | 6.37<br>(42.49)             |
| Dr V L Dutt (HUF)                          |                    |               |                            | 0.17<br>(1.14)                  |                             |
| <b>Loans/Deposit Repaid</b>                |                    |               |                            |                                 |                             |
| Dr V L Dutt                                |                    |               | -<br>(2,133.50)            |                                 |                             |
| Dr. V. L. Indira Dutt                      |                    |               | 273.50                     |                                 |                             |
| Smt. V Kavitha Dutt                        |                    |               | -<br>11.53                 |                                 |                             |
| V. Ramakrishna Sons Pvt Limited            |                    |               | -                          |                                 | -<br>(80.00)                |
| Dr V L Dutt(HUF)                           |                    |               |                            | 600.00                          |                             |
| Kum.Shivani Dutt Chitturi                  |                    |               |                            | -<br>252.00                     |                             |
| <b>Rent Paid</b>                           |                    |               |                            |                                 |                             |
| Dr V L Indira Dutt                         |                    |               | 125.36<br>(104.47)         |                                 |                             |
| Smt. V Kavitha Dutt                        |                    |               | 4.29<br>(4.29)             |                                 |                             |
| <b>Other Relations</b>                     |                    |               |                            |                                 |                             |
| Smt.Uma.S.Vallabhaneni                     |                    |               |                            | 125.24<br>(101.39)              |                             |
| Smt.V.Rama Kumari                          |                    |               |                            | 92.88<br>(76.24)                |                             |
| Bala Tripurasundari Ammavaru Trust         |                    |               |                            |                                 | 122.81<br>(97.45)           |
| Sri.V.Chandra kumar                        |                    |               |                            | 52.07<br>(42.02)                |                             |

| Transactions during the year               | Subsidiary Company     | Joint Venture    | KMP/ Other Related parties | Related parties other relations | Companies Controlled by KMP |
|--|------------------------|------------------|----------------------------|---------------------------------|-----------------------------|
| <b>Balances as at 31.03.2021</b>           |                        |                  |                            |                                 |                             |
| <b>Share Capital held by KCP in</b>        |                        |                  |                            |                                 |                             |
| KCP Vietnam Industries Limited             | 2,371.44<br>(2,371.44) |                  |                            |                                 |                             |
| Fives Cail KCP Limited                     |                        | 40.00<br>(40.00) |                            |                                 |                             |
| <b>Receivable - Trade dues/others</b>      |                        |                  |                            |                                 |                             |
| Fives Cail KCP Limited                     |                        | -<br>(19.04)     |                            |                                 |                             |
| V. Ramakrishna Sons Pvt Limited            |                        |                  |                            |                                 | 0.04<br>(0.04)              |
| <b>Share capital in KCP held by</b>        |                        |                  |                            |                                 |                             |
| Dr. VL Dutt                                |                        |                  | -<br>(60.26)               |                                 |                             |
| Dr. V. L. Indira Dutt                      |                        |                  | 98.87<br>(35.94)           |                                 |                             |
| Smt. V Kavitha Dutt                        |                        |                  | 13.60<br>(13.00)           |                                 |                             |
| <b>Other Relations</b>                     |                        |                  |                            | -                               |                             |
| Kum.Shivani Dutt Chitturi                  |                        |                  |                            | 13.50<br>(13.00)                |                             |
| Smt.Rajeswary Ramakrishnan                 |                        |                  |                            | 0.07<br>(0.07)                  |                             |
| Smt.Uma S Vallabhaneni                     |                        |                  |                            | 0.10<br>(1.63)                  |                             |
| V. Ramakrishna Sons Pvt Limited            |                        |                  |                            |                                 | 389.56<br>(389.56)          |
| VRK Grandsons Investment (Private) Limited |                        |                  |                            |                                 | 42.49<br>(42.49)            |
| Dr. VL Dutt (HUF)                          |                        |                  |                            | 1.14<br>(1.14)                  |                             |
| <b>Loans/Advances held</b>                 |                        |                  |                            |                                 |                             |
| Dr V L Indira Dutt                         |                        |                  | 1,310.00<br>(1,350.00)     |                                 |                             |
| Smt. V Kavitha Dutt                        |                        |                  | 450.00<br>(450.00)         |                                 |                             |
| V. Ramakrishna Sons Pvt Limited            |                        |                  |                            |                                 | 270.00<br>(270.00)          |
| Sri.V.Chandra kumar                        |                        |                  |                            | 0.96<br>(0.96)                  |                             |

(Rs in Lakhs)

| Transactions during the year              | Subsidiary Company | Joint Venture | KMP/ Other Related parties | Related parties other relations | Companies Controlled by KMP |
|---|--------------------|---------------|----------------------------|---------------------------------|-----------------------------|
| Sri Chandramoulieswara Nursing Home Trust |                    |               |                            |                                 | 0.36<br>(0.36)              |
| Bala Tripurasundari Ammavaru Trust        |                    |               |                            |                                 | 0.54<br>(0.54)              |
| <b>Deposits held with the company</b>     |                    |               |                            |                                 |                             |
| Dr V L Indira Dutt                        |                    |               | 1,433.50<br>(1,258.50)     |                                 |                             |
| Smt. V Kavitha Dutt                       |                    |               | 101.53<br>(101.53)         |                                 |                             |
| <b>Other Relations</b>                    |                    |               |                            |                                 |                             |
| VL Dutt[HUF]                              |                    |               |                            | 1,050.00<br>(1,000.00)          |                             |
| Kum.Shivani Dutt Chitturi                 |                    |               |                            | 415.00<br>(415.00)              |                             |
| <b>Commission payable</b>                 |                    |               |                            |                                 |                             |
| Dr. V. L. Indira Dutt                     |                    |               | 651.12<br>-                |                                 |                             |
| Smt. V Kavitha Dutt                       |                    |               | 445.10<br>-                |                                 |                             |
| <b>Payable-Trade Dues</b>                 |                    |               |                            |                                 |                             |
| Dr. V. L. Indira Dutt                     |                    |               | 41.28<br>(30.55)           |                                 |                             |
| Smt. V Kavitha Dutt                       |                    |               | 1.18<br>(1.16)             |                                 |                             |
| <b>Other Relations</b>                    |                    |               |                            |                                 |                             |
| Smt.V.Rama Kumari                         |                    |               |                            | 35.73<br>(26.81)                |                             |
| Sri.V.Chandra kumar                       |                    |               |                            | 16.31<br>(11.95)                |                             |
| Smt.Uma.s.Vallabhaneni                    |                    |               |                            | 36.25<br>(26.47)                |                             |
| Bala Tripurasundari Ammavaru Trust        |                    |               |                            |                                 | 42.88<br>(28.20)            |

**Note:** Figures in brackets under Note no.48 (Annexure-I) related to previous year.

## Annexure - II Referred in Note No. 55

Rs. in Lakhs

### 55A. Financial Assets & Financial Liabilities and their fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Levels in Fair value Hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31st March, 2021

| Particulars   | Note   | Carrying amount                |                          |                         |                                 |                                      | Fair value       |              |         |         |              |
|---|--------|--------------------------------|--------------------------|-------------------------|---------------------------------|--------------------------------------|------------------|--------------|---------|---------|--------------|
|   |        | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets-Amortised cost | Financial liabilities-amortised cost | Total            | Level 1      | Level 2 | Level 3 | Total        |
| <b>Financial instruments measured at fair value</b> |        |                                |                          |                         |                                 |                                      |                  |              |         |         |              |
| Investments   | 6      | -                              | 17.16                    | -                       | 2,873.43                        | -                                    | 2,890.60         | 17.16        | -       | -       | 17.16        |
| <b>Financial assets not measured at fair value</b>  |        |                                |                          |                         |                                 |                                      |                  |              |         |         |              |
| Trade receivables                                   | 7 & 11 | -                              | -                        | -                       | 7,171.76                        | -                                    | 7,171.76         | -            | -       | -       | -            |
| Cash and Cash Equivalents                           | 12     | -                              | -                        | -                       | 130.35                          | -                                    | 130.35           | -            | -       | -       | -            |
| Bank balances other than above                      | 12A    | -                              | -                        | -                       | 17,935.04                       | -                                    | 17,935.04        | -            | -       | -       | -            |
| Loans   |        | -                              | -                        | -                       | -                               | -                                    | -                | -            | -       | -       | -            |
| Loans and advances to employees                     | 13     | -                              | -                        | -                       | 35.80                           | -                                    | 35.80            | -            | -       | -       | -            |
| Other Financial assets                              |        | -                              | -                        | -                       | -                               | -                                    | -                | -            | -       | -       | -            |
| EMD   | 8      | -                              | -                        | -                       | 12.14                           | -                                    | 12.14            | -            | -       | -       | -            |
| Interest accrued on other deposits                  | 13     | -                              | -                        | -                       | 11.83                           | -                                    | 11.83            | -            | -       | -       | -            |
| Interest accrued on fixed deposits                  | 13     | -                              | -                        | -                       | 223.24                          | -                                    | 223.24           | -            | -       | -       | -            |
| Due from Gratuity Trust                             | 13     | -                              | -                        | -                       | -                               | -                                    | -                | -            | -       | -       | -            |
| Gratuity plan assets (Net)                          | 13     | -                              | -                        | -                       | -                               | -                                    | -                | -            | -       | -       | -            |
| Non trade receivables from JV                       | 13     | -                              | -                        | -                       | 0.04                            | -                                    | 0.04             | -            | -       | -       | -            |
| Contract Assets                                     | 13     | -                              | -                        | -                       | 456.45                          | -                                    | 456.45           | -            | -       | -       | -            |
| Others  | 13     | -                              | -                        | -                       | -                               | -                                    | -                | -            | -       | -       | -            |
| <b>TOTAL</b>  |        | -                              | <b>17.16</b>             | -                       | <b>28,850.09</b>                | -                                    | <b>28,867.25</b> | <b>17.16</b> | -       | -       | <b>17.16</b> |

| Particulars   | Note        | Carrying amount                |                          |                         |                                 |                                      |                  | Fair value |         |         |       |
|---|-------------|--------------------------------|--------------------------|-------------------------|---------------------------------|--------------------------------------|------------------|------------|---------|---------|-------|
|   |             | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets-Amortised cost | Financial liabilities-amortised cost | Total            | Level 1    | Level 2 | Level 3 | Total |
| <b>Financial liabilities not measured at fair value</b> |             |                                |                          |                         |                                 |                                      |                  |            |         |         |       |
| Borrowings  | 18, 23 & 25 | -                              | -                        | -                       | -                               | 39,383.27                            | 39,383.27        | -          | -       | -       | -     |
| Trade payables  | 19 & 24     | -                              | -                        | -                       | -                               | 9,462.25                             | 9,462.25         | -          | -       | -       | -     |
| Other financial liabilities ( Non Current)              | 20          | -                              | -                        | -                       | -                               | 6,850.31                             | 6,850.31         | -          | -       | -       | -     |
| <b>Other financial liabilities (Current) :-</b>         |             |                                |                          |                         |                                 |                                      |                  |            |         |         |       |
| Accrued salaries and benefits                           | 25A         | -                              | -                        | -                       | -                               | 1,038.84                             | 1,038.84         | -          | -       | -       | -     |
| Payable to director                                     | 25A         | -                              | -                        | -                       | -                               | 1,096.21                             | 1,096.21         | -          | -       | -       | -     |
| Outstanding liabilities for expenses                    | 25A         | -                              | -                        | -                       | -                               | -                                    | -                | -          | -       | -       | -     |
| Others  | 25A         | -                              | -                        | -                       | -                               | 7,400.61                             | 7,400.61         | -          | -       | -       | -     |
| <b>TOTAL</b>  |             | -                              | -                        | -                       | -                               | <b>65,231.49</b>                     | <b>65,231.49</b> | -          | -       | -       | -     |

As at 31st March,2020

Rs. in Lakhs

| Particulars   | Note   | Carrying amount                |                          |                         |                                 |                                      |          | Fair value |         |         |       |
|---|--------|--------------------------------|--------------------------|-------------------------|---------------------------------|--------------------------------------|----------|------------|---------|---------|-------|
|   |        | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets-Amortised cost | Financial liabilities-amortised cost | Total    | Level 1    | Level 2 | Level 3 | Total |
| <b>Financial instruments measured at fair value</b> |        |                                |                          |                         |                                 |                                      |          |            |         |         |       |
| Investments   | 6      | -                              | 10.01                    | -                       | 2,873.43                        | -                                    | 2,883.44 | 10.01      | -       | -       | 10.01 |
| <b>Financial assets not measured at fair value</b>  |        |                                |                          |                         |                                 |                                      |          |            |         |         |       |
| Trade receivables                                   | 7 & 11 | -                              | -                        | -                       | 4,864.30                        | -                                    | 4,864.30 | -          | -       | -       | -     |
| Cash and Cash Equivalents                           | 12     | -                              | -                        | -                       | 1,886.81                        | -                                    | 1,886.81 | -          | -       | -       | -     |
| Bank balances other than above                      | 12A    | -                              | -                        | -                       | 1,658.11                        | -                                    | 1,658.11 | -          | -       | -       | -     |

(Rs. in Lakhs)

| Particulars   | Note        | Carrying amount                |                          |                         |                                  |                                       | Fair value       |              |         |         |              |
|---|-------------|--------------------------------|--------------------------|-------------------------|----------------------------------|---------------------------------------|------------------|--------------|---------|---------|--------------|
|   |             | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets- Amortised cost | Financial liabilities- amortised cost | Total            | Level 1      | Level 2 | Level 3 | Total        |
| Loans   |             | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| Loans and advances to employees                         | 13          | -                              | -                        | -                       | 31.87                            | -                                     | 31.87            | -            | -       | -       | -            |
| Other Financial assets                                  |             | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| EMD   | 8           | -                              | -                        | -                       | 23.18                            | -                                     | 23.18            | -            | -       | -       | -            |
| Interest accrued on other deposits                      | 13          | -                              | -                        | -                       | 13.95                            | -                                     | 13.95            | -            | -       | -       | -            |
| Interest accrued on fixed deposits                      | 13          | -                              | -                        | -                       | 79.44                            | -                                     | 79.44            | -            | -       | -       | -            |
| Due from Gratuity Trust                                 | 13          | -                              | -                        | -                       | 5.74                             | -                                     | 5.74             | -            | -       | -       | -            |
| Gratuity plan assets (Net)                              | 13          | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| Non trade receivables from JV                           | 13          | -                              | -                        | -                       | 0.91                             | -                                     | 0.91             | -            | -       | -       | -            |
| Contract Assets   | 13          | -                              | -                        | -                       | 92.55                            | -                                     | 92.55            | -            | -       | -       | -            |
| Others  | 13          | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| <b>TOTAL</b>  |             | -                              | <b>10.01</b>             | -                       | <b>11,530.29</b>                 | -                                     | <b>11,540.30</b> | <b>10.01</b> | -       | -       | <b>10.01</b> |
| <b>Financial liabilities not measured at fair value</b> |             |                                |                          |                         |                                  |                                       |                  |              |         |         |              |
| Borrowings  | 18, 23 & 25 | -                              | -                        | -                       | -                                | 50,752.65                             | 50,752.65        | -            | -       | -       | -            |
| Trade payables  | 19 & 24     | -                              | -                        | -                       | -                                | 11,698.80                             | 11,698.80        | -            | -       | -       | -            |
| Other financial liabilities ( Non Current)              | 20          | -                              | -                        | -                       | -                                | 5,261.01                              | 5,261.01         | -            | -       | -       | -            |
| <b>Other financial liabilities (Current) :-</b>         |             |                                |                          |                         |                                  |                                       |                  |              |         |         |              |
| Accrued salaries and benefits                           | 25A         | -                              | -                        | -                       | -                                | 473.13                                | 473.13           | -            | -       | -       | -            |
| Payable to director                                     | 25A         | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| Outstanding liabilities for expenses                    | 25A         | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| Others  | 25A         | -                              | -                        | -                       | -                                | 7,231.46                              | 7,231.46         | -            | -       | -       | -            |
| <b>TOTAL</b>  |             | -                              | -                        | -                       | -                                | <b>75,417.05</b>                      | <b>75,417.05</b> | -            | -       | -       | -            |

## 55B. Financial instruments - Fair values and risk management

### Financial risk management objectives and policies

The Company's activities exposed it to market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management is carried out by the Board of Directors. The board supervises overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and use of financial instruments. The financial authority limits or seek to limit and mitigate transactional risks by setting out the threshold of approvals required for entering into contractual obligations.

#### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

#### b) Interest rate risk

The Company's exposure to market risk for changes in interest rate environment relates mainly to its debt obligations. The Company's policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate debts and long-term and short-term borrowings. The Company's borrowings majorly consists of project funding loans, working capital loans having variable rate of interest.

The interest rate profile of the Company's interest-bearing instruments as reported to management is as follows:

| Particulars                                 | Ast at<br>31.03.2021 | Ast at<br>31.03.2020 |
|---|----------------------|----------------------|
| <b>Fixed rate instruments</b>               |                      |                      |
| Financial liabilities (Includes borrowings) | 10,537.33            | 10,647.05            |
| Financial assets                            | 17,902.66            | 1,579.61             |
| <b>Variable rate instruments</b>            |                      |                      |
| Financial liabilities (Includes borrowings) | 28,845.94            | 40,105.6             |
| <b>Total financial liabilities</b>          | <b>57,285.93</b>     | <b>52,332.26</b>     |

#### i) Sensitivity analysis

| Particulars              | Impact on profit or loss |            |
|--------------------------|--------------------------|------------|
|                          | 31.03.2021               | 31.03.2020 |
| 1% increase in MCLR rate | 288.46                   | 401.06     |
| 1% decrease in MCLR rate | (288.46)                 | (401.06)   |

#### ii) Fair value

The following methods and assumptions were used to estimate the fair values:

- The carrying value of financial asset approximates fair value

#### iii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primary trade receivables) and from its investing activities, including deposits with banks and other financial instruments. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The company's credit risk for trade receivables is as follows

| Particulars       | 31.03.2021 | 31.03.2020 |
|-------------------|------------|------------|
| Trade receivables | 7,171.76   | 4,864.30   |

The movement in allowance for credit loss in respect of trade receivables during the year is as follows:

| Allowance for credit loss  | 31.03.2021   | 31.03.2020  |
|----------------------------|--------------|-------------|
| Balance at the beginning   | 5.61         | 4.56        |
| Impairment loss recognised | 5.18         | 1.05        |
| <b>Balance at the end</b>  | <b>10.79</b> | <b>5.61</b> |

No single customer accounted for more than 10% of the revenue as of 31.03.2021 and 31.03.2020. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the company generally transacts with banks and financial institutions with high credit ratings assigned by international and credit rating agencies.

**55C** Liquidity risk is the risk that the company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Company is expected to this risk from its operating activities and financial activities. The Company's approach to managing liability is to ensure, as far as possible that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity requirements are maintained within the credit facilities established and are available to the company to meet its obligations.

#### As at 31st March 2021

| Particulars                                | Carrying value   | Contractual cash flows |                  |                  |                   | Total            |
|--|------------------|------------------------|------------------|------------------|-------------------|------------------|
|  |                  | Less than 1 year       | 1-2 years        | 2-5 years        | More than 5 years |                  |
| Borrowings (Non current)                   | 24,775.61        | -                      | 9,316.80         | 15,458.81        | 0.00              | 24,775.61        |
| Current maturities of long term borrowings | 10,365.18        | 10,365.18              | -                | -                | -                 | 10,365.18        |
| Financial liabilities (Non current)        | 6,850.31         | -                      | 6,850.31         | -                | -                 | 6,850.31         |
| Cash credit & Demand Loans                 | 4,242.47         | 4,242.47               | -                | -                | -                 | 4,242.47         |
| Trade payables ( current)                  | 9,190.99         | 9,190.99               | -                | -                | -                 | 9,190.99         |
| Trade payables ( non -current)             | 271.26           | -                      | 271.26           | -                | -                 | 271.26           |
| Other financial liabilities(Current)       | 9,535.66         | 9,535.66               | -                | -                | -                 | 9,535.66         |
|  | <b>65,231.49</b> | <b>33,334.31</b>       | <b>16,438.37</b> | <b>15,458.81</b> | <b>0.00</b>       | <b>65,231.49</b> |

(Rs in Lakhs)

As at 31st March 2020

| Particulars                                | Carrying value   | Contractual cash flows |                  |                  |                   | Total            |
|--|------------------|------------------------|------------------|------------------|-------------------|------------------|
|  |                  | Less than 1 year       | 1-2 years        | 2-5 years        | More than 5 years |                  |
| Borrowings (Non current)                   | 26,957.64        | -                      | 8,568.82         | 17,965.86        | 422.96            | 26,957.64        |
| Current maturities of long term borrowings | 12,304.19        | 12,304.19              | -                | -                | -                 | 12,304.19        |
| Financial liabilities (Non current)        | 5,261.01         | -                      | 5,261.01         | -                | -                 | 5,261.01         |
| Cash credit                                | 11,490.82        | 11,490.82              | -                | -                | -                 | 11,490.82        |
| Trade payables ( current)                  | 11,427.54        | 11,427.54              | -                | -                | -                 | 11,427.54        |
| Trade payables ( non -current)             | 271.26           | -                      | 271.26           | -                | -                 | 271.26           |
| Other financial liabilities(Current)       | 7,704.59         | 7,704.59               | -                | -                | -                 | 7,704.59         |
|  | <b>75,417.05</b> | <b>42,927.14</b>       | <b>14,101.09</b> | <b>17,965.86</b> | <b>422.96</b>     | <b>75,417.05</b> |

#### 55D. Foreign exchange risk

The Company imports coal/chromo sand for its production operations, and exports cement/engineering equipments.

The impact of foreign exchange rate variation on its segments' performance is as follows.

(Rs. Lakhs)

| Particulars                       | Impact on profit |         |
|-----------------------------------|------------------|---------|
|                                   | 2020-21          | 2019-20 |
| Increase in Exchange Rate by Re.1 |                  |         |
| Cement                            | (63.95)          | (86.74) |
| Captive Power Plant               | (12.87)          | (16.13) |
| Engineering                       | 0.00             | (0.77)  |
| Decrease in Exchange Rate by Re.1 |                  |         |
| Cement                            | 63.95            | 86.74   |
| Captive Power Plant               | 12.87            | 16.13   |
| Engineering                       | 0.00             | 0.77    |

#### E. Commercial risk

##### Sale price risk

(Rs. Lakhs)

| Particulars                  | Impact on profit |            |
|------------------------------|------------------|------------|
|                              | 2020-21          | 2019-20    |
| Selling price increase by 5% |                  |            |
| Cement                       | 5,983.05         | 4,215.16   |
| Power                        | -                | 0.15       |
| Engineering                  | 417.13           | 328.18     |
| Hospitality & other Services | 52.42            | 115.45     |
| Selling price decrease by 5% |                  |            |
| Cement                       | (5,983.05)       | (4,215.16) |
| Power                        | -                | (0.15)     |
| Engineering                  | (417.13)         | (328.18)   |
| Hospitality & other Services | (52.42)          | (115.45)   |

**Raw material price risk**

(Rs. Lakhs)

| Particulars                       | Impact on profit  |                   |
|-----------------------------------|-------------------|-------------------|
|                                   | 2020-21           | 2019-20           |
| Raw material price increase by 5% |                   |                   |
| Cement                            |                   |                   |
| Limestone                         | (785.98)          | (634.94)          |
| Laterite                          | (54.97)           | (43.20)           |
| Fly Ash                           | (98.79)           | (90.31)           |
| Gypsum                            | (109.69)          | (102.25)          |
| Engineering                       |                   |                   |
| Iron and Steel, Nickel and Scrap  | (91.57)           | (155.79)          |
|                                   | <b>(1,141.00)</b> | <b>(1,026.50)</b> |
| Raw material price decrease by 5% |                   |                   |
| Cement                            |                   |                   |
| Limestone                         | 785.98            | 634.94            |
| Laterite                          | 54.97             | 43.20             |
| Fly Ash                           | 98.79             | 90.31             |
| Gypsum                            | 109.69            | 102.25            |
| Engineering                       |                   |                   |
| Iron and Steel, Nickel and Scrap  | 91.57             | 155.79            |
|                                   | <b>1,141.00</b>   | <b>1,026.50</b>   |

This page is left intentionally blank

## The KCP Limited Group

### Consolidated Financial Statements

# Contents

|  |     |
|--|-----|
| 1. Independent Auditors' Report                                | 144 |
| 2. Balance Sheet   | 152 |
| 3. Statement of Profit and Loss                                | 153 |
| 4. Statement of Changes in Equity                              | 154 |
| 5. Cash Flow Statement   | 156 |
| 6. Notes forming Part of the Consolidated Financial Statements | 157 |

## Independent Auditors’ Report on Consolidated Financial Statements

To the members of The KCP Limited, Chennai

### Report on Consolidated Financial Statements:

#### Opinion

We have audited the accompanying consolidated financial statements of **THE KCP LIMITED** (“the Holding Company”) its subsidiary (Holding company and its subsidiary together referred as “the Group”) and its joint venture, comprising the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated financial statements, including a summary of the significant accounting policies (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| No. | Key Audit Matters  | Auditor’s Response  |
|-----|--|---|
| 1   | <p><b>Provision for Decommission Cost</b><br/>The company has an obligation to restore and rehabilitate the mining land used for cement production at the end of their use. This decommissioning liability is recorded based on estimates of the cost required to fulfil this obligation. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements.</p> | <p>Our audit procedures included the following –</p> <ul style="list-style-type: none"> <li>Evaluated the approach adopted by the company management in determining the expected costs of decommissioning.</li> <li>Identified the cost assumptions used that have the most significant impact on the provisions and tested the appropriateness and these assumptions.</li> </ul> |

|  |   |
|--|---|
| <p><b><u>Provision for Decommissioning cost</u></b></p> <p>At each reporting date the decommissioning liability is reviewed and re-measured in line with changes in observable assumptions, timing and the latest estimates of costs to be incurred at reporting date. We have considered the measurement of decommissioning costs as Key Audit Matter as it requires significant management judgement, including accounting calculations and estimates that involves high estimation uncertainty.</p> | <p><b><u>Principal audit procedures</u></b></p> <ul style="list-style-type: none"> <li>• Reviewed the appropriateness of discount and inflation rates used in the estimation.</li> <li>• Verified the unwinding of interest as well as understanding if any restoration was undertaken during the year.</li> <li>• Relied on the judgements of the internal experts for the use of technical evaluation.</li> <li>• Performed a review to ensure that all key movements were understood, corroborated and recorded correctly.</li> <li>• Assessed the appropriateness of the disclosures made in the Financial Statements.</li> </ul> |
|--|---|

### Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

The Holding Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Corporate Governance and Shareholder’s Information, but does not include the consolidated financial statements and our auditor’s report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed and based on the work done/audit report of the other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

### Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Holding Company’s Board of Directors is responsible for the matters stated in section 134(5) of

the Act with respect to preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and Joint venture are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and joint venture are responsible for assessing the Group’s ability and joint venture to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and joint venture are also responsible for overseeing the financial reporting process of the Group and joint venture

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, joint venture and its subsidiary company which is accompany incorporated outside India, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of the holding company included in the consolidated financial statements of which we are the independent auditors. For the other entity and joint venture included in the consolidated financial statements, which has been audited by other auditors, such other auditors remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditors referred to in para (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

#### Other Matters

(a) We did not audit the financial statements /financial information of KCP Vietnam Industries Limited (subsidiary), and whose financial statements/financial information reflect total assets of Rs.73,661.27 Lakhs as at 31<sup>st</sup> March 2021, total revenues of Rs. 41,284.23 Lakhs and net cash flows from operating activities amounting to Rs. 257.34 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements include the share of net profit of Rs.6,592.83 Lakhs for the year ended 31<sup>st</sup> March 2021, as considered in the consolidated Ind AS financial statements, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

(b) We did not audit the financial statements / financial information of Fives Cail KCP Limited (Joint Venture), and the consolidated Ind AS financial statements also includes the Group's share of net loss of Rs. 380.58 Lakhs for the year ended 31<sup>st</sup> March 2021, as considered in the consolidated Ind AS financial statements, in respect of Fives Cail KCP Limited (Joint Venture), whose financial statements/financial information have not been audited by us. These financial statements/financial information have

been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture, and our report in terms of sub-section (3) and (11) of section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements/financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report to the extent applicable, that

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards( Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) on the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the report of Statutory auditor of a joint venture none of the directors

- of the Holding company and joint venture incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein;
- g) with respect to Managerial Remuneration to be included in the Auditors’ report under Section 197(16) :
- In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its joint venture is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its joint venture, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us;
- h) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) the consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group and joint venture – Refer Note No 37 of the consolidated financial statements;
  - (ii) the Group and joint venture has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts but did not have derivative contracts—Refer Note 46 to the Consolidated Ind AS financial statements; and
  - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and joint venture incorporated in India

for **K.S.RAO & CO**

Chartered Accountants  
Firm Regn.No.003109S

**(P. GOVARDHANA REDDY)**

Partner

Membership No. 029193  
UDIN21029193AAAAJB1377

Place : Hyderabad  
Date : 25th June 2021

## Annexure 'A' To The Independent Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of The **KCP Limited** ("the Holding Company") and its joint venture, incorporated in India as of 31<sup>st</sup> March 2021, in conjunction with our audit of the consolidated Ind AS financial statements of the company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its joint venture are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with

reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over financial reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion

on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) Provide reasonable assurance that transactions are recorded as necessary

to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its joint venture have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness



of the internal financial controls with reference to financial statements insofar as it relates to one joint venture, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company

Our opinion is not modified in respect of the above matters.

Place : Hyderabad  
Date : 25th June 2021

for **K.S.RAO & CO**  
Chartered Accountants  
Firm Regn.No.003109S

**(P. GOVARDHANA REDDY)**  
Partner  
Membership No. 029193  
UDIN21029193AAAAJB1377

# Consolidated Balance Sheet

(Rs in Lakhs)

|            | Particulars                                      | Note No. | As at 31-03-2021  | As at 31-03-2020  |
|------------|--|----------|-------------------|-------------------|
| <b>I</b>   | <b>ASSETS</b>                                    |          |                   |                   |
| <b>(1)</b> | <b>Non-current Assets</b>                        |          |                   |                   |
|            | (a) Property, Plant and Equipment                | 2        | 109,010.12        | 117,429.85        |
|            | (b) Capital Work-in-progress                     | 3        | 2,313.01          | 1,539.47          |
|            | (c) Investment Property                          | 4        | 0.74              | 0.75              |
|            | (d) Other Intangible Assets                      | 5        | 549.90            | 597.02            |
|            | (e) Financial Assets                             |          |                   |                   |
|            | (i) Investments                                  | 6        | 1,879.13          | 1,476.63          |
|            | (ii) Trade Receivables                           | 7        | 544.62            | 552.52            |
|            | (iv) Other financial assets                      | 8        | 12.14             | 23.18             |
|            | (f) Deferred Tax Assets (Net)                    |          |                   |                   |
|            | (g) Other Non-current Assets                     | 9        | 1,000.72          | 986.01            |
| <b>(2)</b> | <b>Current Assets</b>                            |          |                   |                   |
|            | (a) Inventories                                  | 10       | 27,838.21         | 28,911.03         |
|            | (b) Financial Assets                             |          |                   |                   |
|            | (ii) Trade Receivables                           | 11       | 11,862.58         | 8,862.84          |
|            | (iii) Cash and cash equivalents                  | 12       | 267.85            | 1,964.80          |
|            | (iv) Bank balances other than (iii) above        | 12A      | 43,417.37         | 25,472.03         |
|            | (v) Loans  |          |                   |                   |
|            | (vi) Other financial assets                      | 13       | 727.36            | 224.45            |
|            | (c) Current Tax Assets (Net)                     | 14       | 1,237.55          | 1,705.94          |
|            | (d) Other Current assets                         | 15       | 10,546.39         | 7,575.14          |
|            | <b>Total Assets</b>                              |          | <b>211,207.70</b> | <b>197,321.67</b> |
| <b>II</b>  | <b>EQUITY AND LIABILITIES</b>                    |          |                   |                   |
|            | <b>Equity</b>                                    |          |                   |                   |
|            | (a) Equity Share Capital                         | 16       | 1,289.21          | 1,289.21          |
|            | (b) Other Equity                                 | 17       | 98,272.47         | 82,542.67         |
|            | Non Controlling Interest                         | 17A      | 19,707.95         | 19,269.18         |
|            | Deferred Government Grant                        |          | 28.42             | 30.41             |
|            | <b>LIABILITIES</b>                               |          |                   |                   |
| <b>(1)</b> | <b>Non-current Liabilities</b>                   |          |                   |                   |
|            | (a) Financial Liabilities                        |          |                   |                   |
|            | (i) Borrowings                                   | 18       | 24,775.61         | 28,034.83         |
|            | (ii) Trade Payables                              | 19       |                   |                   |
|            | Due to Micro and Small Enterprises               |          |                   |                   |
|            | Due to Others                                    |          | 271.26            | 271.26            |
|            | (iii) Other financial liabilities                | 20       | 9,962.98          | 8,752.39          |
|            | Provisions                                       | 21       | 1,292.29          | 1,791.07          |
|            | Deferred Tax Liabilities (Net)                   | 22       | 7,067.54          | 4,485.87          |
| <b>(2)</b> | <b>Current Liabilities</b>                       |          |                   |                   |
|            | (a) Financial Liabilities                        |          |                   |                   |
|            | (i) Borrowings                                   | 23       | 10,364.92         | 13,068.00         |
|            | (ii) Trade payables                              | 24       |                   |                   |
|            | Due to Micro and Small Enterprises               |          | 334.03            | 99.77             |
|            | Due to Others                                    |          | 11,040.57         | 12,838.37         |
|            | (iii) Current Maturities of Long Term Borrowings | 25       | 11,422.95         | 13,806.20         |
|            | (iii) Other financial liabilities                | 25A      | 11,341.29         | 9,407.91          |
|            | (b) Other current liabilities                    | 26       | 3,578.14          | 1,253.68          |
|            | (c) Provisions                                   | 27       | 458.07            | 380.86            |
|            | <b>Total Equity and Liabilities</b>              |          | <b>211,207.70</b> | <b>197,321.67</b> |

The accompanying notes are an integral part of the Consolidated financial statements. 1, 37 to 51

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

for **K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

Place: Chennai  
Date: 25th June 2021

# Consolidated Statement of Profit and Loss

(Rs in Lakhs)

| Particulars   | Note No | FY 2020-21        | FY 2019-20        |
|---|---------|-------------------|-------------------|
| <b>Income</b>   |         |                   |                   |
| Revenue from Operations   | 28      | 171,374.56        | 142,358.65        |
| Other Income  | 29      | 560.79            | 412.37            |
| <b>Total Revenue (I)</b>  |         | <b>171,935.35</b> | <b>142,771.02</b> |
| <b>Expenses</b>   |         |                   |                   |
| Cost of Raw Materials and Components consumed   | 30      | 45,845.67         | 46,852.21         |
| [Increase]/Decrease in Inventories of finished goods, Work-in-progress and traded goods | 31      | 4,307.96          | 1,712.51          |
| Employee Benefits expense   | 32      | 11,663.63         | 10,290.46         |
| Power and fuel  |         | 30,962.95         | 24,245.62         |
| Freight and forwarding charges  |         | 25,945.01         | 23,550.11         |
| Finance Costs   | 33      | 4,636.97          | 5,939.80          |
| Depreciation and amortization expense   | 33A     | 9,171.01          | 9,609.07          |
| Other expenses  | 34      | 14,181.80         | 16,633.31         |
| <b>Total Expenses (II)</b>  |         | <b>146,715.00</b> | <b>138,833.09</b> |
| <b>Profit/(Loss) before Exceptional items and tax</b>                                   |         | <b>25,220.35</b>  | <b>3,937.94</b>   |
| <b>Add : Exceptional Items (Net)</b>  |         | -                 | -                 |
| <b>Profit/(Loss) before Tax</b>   |         | <b>25,220.35</b>  | <b>3,937.94</b>   |
| <b>Add : Income Tax Refund</b>  |         |                   |                   |
| <b>Less : Tax expenses</b>  | 35      |                   |                   |
| Short /Excess provision of Income Tax   |         | -                 | (218.28)          |
| Short /(Excess) MAT credit utilised / (entitlement)                                     |         | -                 | (248.28)          |
| Current tax   |         | 3,812.00          | 487.82            |
| Deferred tax  |         | 4,324.50          | (1,884.17)        |
| <b>Add: MAT credit entitlement</b>  |         | <b>(1,793.13)</b> | -                 |
| <b>Total tax expense</b>  |         | <b>6,343.37</b>   | <b>(1,862.91)</b> |
| <b>Profit/(Loss) for the year from continuing operations (A)</b>                        |         | <b>18,876.98</b>  | <b>5,800.85</b>   |
| Profit / (Loss) from discontinued operations  |         | -                 | -                 |
| Less : Tax expense of discontinued operations   |         | -                 | -                 |
| Profit / (Loss) from discontinued operations (after tax) (B)                            |         | -                 | -                 |
| <b>Profit / (Loss) for the year (A) + (B)</b>   |         | <b>18,876.98</b>  | <b>5,800.85</b>   |
| Share of profit from joint venture  |         | (380.58)          | 29.11             |
| Less: Non Controlling share of Profit   | 17A     | 2,197.61          | 3,116.51          |
| <b>Profit / (Loss) after Non controlling interest</b>                                   |         | <b>16,298.79</b>  | <b>2,713.44</b>   |
| <b>Other Comprehensive Income- OCI</b>  | 36      |                   |                   |
| Items that will not be reclassified to P&L  |         | (630.36)          | 2,286.45          |
| Income tax relating to items that will not be reclassified to profit or loss            |         | (50.30)           | 35.32             |
| Share of OCI from joint venture   |         | 13.67             | (0.02)            |
| Less: Non controlling share of OCI  | 17A     | (291.39)          | 955.28            |
| <b>OCI after Non controlling share</b>  |         | <b>(375.61)</b>   | <b>1,366.48</b>   |
| Total Comprehensive Income for the period (Comprising P&L + OCI)                        |         | 17,829.40         | 8,151.70          |
| Less: Minority share of Total Comprehensive income                                      | 17A     | 1,906.22          | 4,071.78          |
| <b>Total Comprehensive income after minority interest</b>                               |         | <b>15,923.18</b>  | <b>4,079.92</b>   |
| <b>Earnings per share (for Continuing Operations) Basic and diluted</b>                 | Rs 42   | 12.64             | 2.10              |
| <b>Earnings per share (for Discontinued Operations) Basic and diluted</b>               |         | -                 | -                 |
| <b>Total Earnings per share - Basic and diluted</b>                                     | Rs      | 12.64             | 2.10              |
| (Face value of share is Rs.1)   |         |                   |                   |

The accompanying notes are an integral part of the Consolidated financial statements. 1, 37 to 51

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

**for K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

Place: Chennai  
Date: 25th June 2021

## Statement of Changes in Equity for the year ended 31st March 2021

Rs. in Lakhs

**A. Equity share capital**

| Particulars                                    | No of Shares | Amount (Rs. Lakhs) |
|--|--------------|--------------------|
| Balance as at 1st April, 2019                  | 128,921,160  | 1,289.21           |
| Changes in equity share capital during 2019-20 | -            | -                  |
| Balance as at 31st March, 2020                 | 128,921,160  | 1,289.21           |
| Changes in equity share capital during 2020-21 | -            | -                  |
| Balance as at 31st March, 2021                 | 128,921,160  | 1,289.21           |

**B. Other Equity****Reserves & Surplus**

| Particulars  | Reserves & Surplus         |                                   |                                 |                               |                     |                                  |                   | Other Comprehensive Income                            |                               | Total            |
|--|----------------------------|-----------------------------------|---------------------------------|-------------------------------|---------------------|----------------------------------|-------------------|---|-------------------------------|------------------|
|  | Capital Redemption Reserve | Capital Reserve on reorganisation | Capital Reserve on Amalgamation | Capital Reserve of Subsidiary | Translation Reserve | Other Reserves (General reserve) | Retained Earnings | Equity instruments through Other Comprehensive Income | Acturial Gains/losses reserve |                  |
| <b>Balance at the beginning of reporting period - 01-04-2019</b> | <b>2,000.00</b>            | <b>279.91</b>                     | <b>103.83</b>                   | <b>8,455.18</b>               | <b>2,220.92</b>     | <b>27,248.40</b>                 | <b>40,082.40</b>  | <b>(3.67)</b>   | <b>(620.57)</b>               | <b>79,766.40</b> |
| Profit for the period  | -                          | -                                 | -                               | -                             | -                   | -                                | 2,684.34          | -   | -                             | 2,684.34         |
| Share of profit of joint venture                                 | -                          | -                                 | -                               | -                             | -                   | -                                | 29.11             | -   | -                             | 29.11            |
| Additions/(Deletions) during the year to translation reserve     | -                          | -                                 | -                               | 768.23                        | 951.27              | -                                | -                 | -   | -                             | 1,719.50         |
| Ind AS Adjustments   | -                          | -                                 | -                               | -                             | -                   | -                                | (14.43)           | -   | -                             | (14.43)          |
| Other Comprehensive Income                                       | -                          | -                                 | -                               | -                             | -                   | -                                | -                 | (7.13)  | (345.89)                      | (353.02)         |
| <b>Total Comprehensive Income for the year</b>                   | <b>2,000.00</b>            | <b>279.91</b>                     | <b>103.83</b>                   | <b>9,223.41</b>               | <b>3,172.19</b>     | <b>-</b>                         | <b>42,781.41</b>  | <b>(10.80)</b>  | <b>(966.47)</b>               | <b>83,831.88</b> |
| Transfer from/to General Reserve                                 | -                          | -                                 | -                               | -                             | -                   | -                                | -                 | -   | -                             | -                |
| Final Dividends  | -                          | -                                 | -                               | -                             | -                   | -                                | (1,289.21)        | -   | -                             | (1,289.21)       |
| Dividend Distribution tax  | -                          | -                                 | -                               | -                             | -                   | -                                | -                 | -   | -                             | -                |
| <b>Balance at the end of reporting period - 31-03- 2020</b>      | <b>2,000.00</b>            | <b>279.91</b>                     | <b>103.83</b>                   | <b>9,223.41</b>               | <b>3,172.19</b>     | <b>27,248.40</b>                 | <b>41,492.20</b>  | <b>(10.80)</b>  | <b>(966.47)</b>               | <b>82,542.67</b> |
| Profit for the period  | -                          | -                                 | -                               | -                             | -                   | -                                | 16,679.37         | -   | -                             | 16,679.37        |
| Share of profit of joint venture                                 | -                          | -                                 | -                               | -                             | -                   | -                                | (380.58)          | -   | -                             | (380.58)         |

Rs. in Lakhs

| Particulars  | Reserves & Surplus         |                                   |                                 |                               |                     |                                  |                   | Other Comprehensive Income                            |                                | Total            |
|--|----------------------------|-----------------------------------|---------------------------------|-------------------------------|---------------------|----------------------------------|-------------------|---|--------------------------------|------------------|
|  | Capital Redemption Reserve | Capital Reserve on reorganisation | Capital Reserve on Amalgamation | Capital Reserve of Subsidiary | Translation Reserve | Other Reserves (General reserve) | Retained Earnings | Equity instruments through Other Comprehensive Income | Actuarial Gains/losses reserve |                  |
| Additions/(Deletions) during the year to translation reserve | -                          | -                                 | -                               | (208.25)                      | (281.43)            | -                                | -                 | -   | -                              | (489.68)         |
| Ind AS Adjustments   | -                          | -                                 | -                               | -                             | -                   | -                                | -                 | -   | -                              | -                |
| Other Comprehensive Income                                   | -                          | -                                 | -                               | -                             | -                   | -                                | -                 | 6.76  | 107.31                         | 114.07           |
| Total Comprehensive Income for the year                      | 2,000.00                   | 279.91                            | 103.83                          | 9,015.16                      | 2,890.76            | 27,248.40                        | 57,790.99         | (4.04)  | (859.15)                       | <b>98,465.85</b> |
| Final Dividends  | -                          | -                                 | -                               | -                             | -                   | -                                | (193.38)          | -   | -                              | (193.38)         |
| Dividend Distribution tax                                    | -                          | -                                 | -                               | -                             | -                   | -                                | -                 | -   | -                              | -                |
| <b>Balance at the end of reporting period - 31-03-2021</b>   | <b>2,000.00</b>            | <b>279.91</b>                     | <b>103.83</b>                   | <b>9,015.16</b>               | <b>2,890.76</b>     | <b>27,248.40</b>                 | <b>57,597.61</b>  | <b>(4.04)</b>   | <b>(859.15)</b>                | <b>98,272.47</b> |

The accompanying notes form an integral part of the Consolidated financial statements 1

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**for K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

Place: Chennai  
Date: 25th June 2021

# Consolidated Cash Flow Statement

(Rs.in Lakhs)

| Particulars  | FY 2020-21         | FY 2019-20         |
|--|--------------------|--------------------|
| <b>(A) Cash flow from operating activities</b>                   |                    |                    |
| Profit before tax from continuing operations                     | 28,268.35          | 6,809.94           |
| Share of profits from joint venture                              | (380.58)           | 29.11              |
| <b>Profit before tax</b>   | <b>27,887.77</b>   | <b>6,839.04</b>    |
| Adjustments for :  |                    |                    |
| Depreciation/ Amortization on continuing operation               | 9,123.89           | 9,546.11           |
| Depreciation/amortization on continuing operation                | 47.12              | 62.97              |
| Loss/(profit) on sale of fixed assets                            | 0.13               | 35.11              |
| Assets written off   | 147.35             | 23.01              |
| Expected Credit loss   | 5.18               | 1.06               |
| Discounting of trade receivables                                 | (9.57)             | 21.59              |
| Amortisation of government grant                                 | (1.99)             | (2.00)             |
| Unrealised foreign exchange loss/ (gain)                         | -                  | 0.12               |
| Actuarial loss on defined benefit plan-gratuity                  | 180.12             | (471.16)           |
| Actuarial loss on defined benefit plan-leave                     | 6.63               | (65.76)            |
| Translation gain/loss during the year                            | (874.17)           | 2,865.83           |
| Interest expense   | 4,241.50           | 5,641.40           |
| Share of OCI of Associate  | 13.67              | (0.02)             |
| Interest income  | (2,017.64)         | (308.65)           |
| Decommissioning provision credited back                          | (193.75)           | -                  |
| Dividend income  | (3,048.40)         | (2,872.69)         |
| <b>Operating profit before working capital changes</b>           | <b>35,507.84</b>   | <b>21,315.96</b>   |
| <b>Movements in working capital:</b>                             |                    |                    |
| Adjustments for Increase / (Decrease) in operating liabilities : |                    |                    |
| Increase/(decrease) in trade payables                            | (1,563.55)         | 3,429.00           |
| Increase/(decrease) in other financial liabilities (non-current) | 1,204.70           | 707.94             |
| Increase/(decrease) in long term provisions                      | (313.20)           | 370.31             |
| Increase/(decrease) in other financial liabilities (Current)     | 2,216.41           | (1,170.75)         |
| Increase/(decrease) in other current liabilities                 | 2,324.47           | (1,035.38)         |
| Increase/(decrease) in short-term provisions                     | 77.21              | 2.93               |
| Adjustments for [Increase]/decrease in operating assets :        |                    |                    |
| [Increase]/decrease in trade receivables (non-current)           | 17.48              | (254.55)           |
| [Increase]/decrease in other financial assets (non-current)      | 11.04              | 1.90               |
| [Increase]/decrease in other non-current assets                  | (14.71)            | 1,560.00           |
| [Increase]/decrease in inventories                               | 1,072.83           | 5,997.08           |
| [Increase]/decrease in trade receivables (current)               | (3,004.93)         | (814.60)           |
| [Increase]/decrease in other bank deposits                       | (17,945.34)        | (14,425.36)        |
| [Increase]/decrease in other financial assets (current)          | (361.22)           | 2,714.40           |
| [Increase]/decrease in other current assets                      | (2,971.25)         | 1,612.10           |
| <b>Cash generated from/[used in] operations</b>                  | <b>16,257.76</b>   | <b>20,010.98</b>   |
| Direct taxes paid (net of refunds)                               | (3,293.30)         | (687.46)           |
| <b>Net Cash flow from/[used in] operating activities (A)</b>     | <b>12,964.46</b>   | <b>19,323.52</b>   |
| <b>(B) Cash flows from investing activities</b>                  |                    |                    |
| Purchase of fixed assets, including intangible assets, CWIP      | (1,721.86)         | (6,736.44)         |
| Proceeds from sale of fixed assets                               | 191.69             | 598.21             |
| Purchase of non-current investments                              | (782.25)           | -                  |
| Purchase of current investments                                  | (0.40)             | (0.69)             |
| (Increase)/Decrease in value of investments in joint venture     | 366.91             | (29.08)            |
| Interest received  | 1,875.95           | 308.65             |
| Dividends received   | (92.71)            | 3,063.72           |
| <b>Net Cash flow from/[used in] investing activities (B)</b>     | <b>(162.65)</b>    | <b>(2,795.62)</b>  |
| <b>C. Cash flows from financing activities</b>                   |                    |                    |
| Repayment of long term Borrowings (net)                          | (5,642.46)         | (6,336.65)         |
| Proceeds from short term borrowings                              | (2,703.09)         | 1,673.36           |
| Principal repayment of lease liabilities                         | (62.11)            | (108.19)           |
| Interest repayment of lease liabilities                          | (33.64)            | (31.04)            |
| Interest paid  | (4,489.93)         | (5,567.50)         |
| Dividends paid   | (1,567.52)         | (5,763.78)         |
| <b>Net Cash flow from/[used in] in financing activities [C]</b>  | <b>(14,498.75)</b> | <b>(16,133.79)</b> |
| Net increase/[decrease] in Cash and Cash Equivalents (A+B+C)     | (1,696.95)         | 394.12             |
| Cash and Cash Equivalents at the beginning of the year           | 1,964.80           | 1,570.68           |
| <b>Cash and Cash Equivalents at the end of the year</b>          | <b>267.85</b>      | <b>1,964.80</b>    |
| <b>Components of Cash and Cash Equivalents</b>                   |                    |                    |
| Cash on hand   | 11.60              | 14.53              |
| Deposits with original maturity of less than 3 months            | -                  | -                  |
| With banks on current account                                    | 234.33             | 1,880.37           |
| Cheques/drafts on hand   | 21.93              | 69.90              |
| <b>Total Cash and Cash Equivalents</b>                           | <b>267.85</b>      | <b>1,964.80</b>    |

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

for **K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

Place: Chennai  
Date: 25th June 2021

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Group overview and significant accounting policies

#### 1.1. Group overview

The KCP Limited (“the group”) a public limited group incorporated and domiciled in India and has its registered office at Chennai. The securities of the group are listed in National Stock Exchange of India Limited. The Group is engaged in the business of manufacture and sale of cement, sugar, heavy engineering, power generation for captive use and hospitality. The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorize for issue on 25<sup>th</sup> June, 2021. The KCP Limited has a subsidiary by name KCP Vietnam Industries Ltd (KCP VIL), a group incorporated in Socialist Republic of Vietnam, in which it holds 2/3 rd of the share capital. KCP VIL owns and operates sugar business and also runs cogen power plant in Vietnam. The KCP Limited has a joint venture by name Fives Cail KCP Ltd (FC KCP), a Group incorporated in India. In FC KCP group it holds 40% interest in equity capital. FC KCP manufactures sugar machinery, boilers and steam generating plants.

#### 1.2. Basis for preparation of financial statements

These consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, under the provisions of the Companies Act, 2013 (“the Act”) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

a) Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
  - held primarily for the purpose of trading and
  - expected to be realized within twelve months after the reporting period.
- b) All other assets are classified as non-current. c) A liability is treated as current when:
- it is expected to be settled in the normal operating cycle
  - it is held primarily for the purpose of trading
  - it is due to be settled within twelve months after the reporting period, or
  - there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- c) All other liabilities are classified as non-current. e) Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

#### 1.3. Basis of consolidation

The KCP Limited (Parent) has prepared the group consolidated financial statements by Consolidating its accounts and those of its subsidiary KCP VIL and Joint venture FC KCP. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns.

#### KCP VIL:

The subsidiary accounts have been consolidated by combining line-by-line like items of assets, liabilities, equity, income, expenses and cash flows after eliminating material intra group balances and transactions. Non-controlling share of the minority in the net profit for the year is identified and adjusted against the profit after tax of the group to the extent of the share of minorities in the equity.

### **FIVES CAIL KCP:**

The accounts of FC KCP have been consolidated based on equity method. As per the equity method, only share of the KCP Limited in the profits and reserves of FC KCP which is 40%, have been added to the profits and equity respectively in the consolidated accounts.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted there-after to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the group and its Joint venture are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(v) below.

### **Changes in ownership interests: -**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained

interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or Significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **1.4 Recent Pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments are exhaustive and the Company will evaluate the same to give effect to them as required by law.

### **1.5. Significant Accounting Policies**

This note provides a list of the Significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of The KCP Limited (the 'Group') and its subsidiary and the Joint Venture group.

#### **i. Revenue Recognition Revenue from contracts with customers**

The Group derives revenues primarily from sale of goods comprising Cement, Engineering Job work, Power, Hospitality in the brand name of Mercure.

Effective April 1, 2018 The Group adopted Ind AS 115 "Revenue from contracts with the customers" and applied prospectively to contracts with the customers existing as on 1st April 2018.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration that the entity expect to receive in exchange for those products or services.

Revenue relating to products sale is recognized when control over the promised goods is transferred to

the customers. Engineering job work can be either 'material cum service' contracts or service contracts.

Performance obligation in case of 'material cum services' is satisfied at a point in time consequently revenue is recognized when customer obtains control over promised goods and the entity has satisfied performance obligation. In case of 'service contracts' revenue is recognized based on performances completed to date by using either 'Input method' or 'output method' as prescribed for measuring progress of performance obligation under IND AS 115.

The Group accounts for Discount such as Quantity discounts, performance discounts and selling commission to dealers as a reduction from revenue based on target achievement by customer towards earning the discount/ commission.

Trade receivables and contract balances: -

The Group classifies the right to consideration in exchange for transferring control over goods or services either as a trade receivable or as contract asset.

Trade Receivable is a right to consideration that is unconditional and contract assets is a right to consideration that is conditional on something other than passage of time.

*Other income:* -

- a) Dividend income:- Dividend is recognized in statement of profit or loss only when the right to receive payment is established, it is probable that economic benefits associated with the dividend will flow to The Group, and the amount of dividend can be reliably measured.
- b) Interest income:- Interest income is recognized as it accrues in the statement of profit or loss using effective interest rate.

## ii. Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income or they are deducted in reporting the related expenses.

Government grants relating to the purchase of property, plant and equipment are included in non-

current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

## iii. Employee benefits:

Employee benefits includes short term employee benefits, Post-employment benefits, Other long-term benefits and Termination benefits.

Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

## Post employment benefits:

### Defined contribution plans:

These benefits include PF, superannuation and Employee state insurance. Entity contributes at statutorily specified rate monthly to Provident fund, Employee state insurance and will have no legal obligation to pay further contribution if fund doesn't have sufficient assets to pay all employee benefits relating to employee service in current and prior periods. Whereas yearly contribution is paid to Life insurance corporation towards superannuation. So, these PF, superannuation, ESI benefits will be defined contribution plans. Employer contributions for these benefits will be recognized in statement of profit and loss by way of charge against income.

### Defined benefit plans:

These benefits include leave absences, gratuity. Cost of providing these benefits is determined using projected unit credit method by actuary at the end of each reporting period. It has two components one is 'service cost' and 'Remeasurements'. Service cost comprises a) current service cost including gains/loss on curtailment or settlements, b) past service cost in case of plan amendment c) net Interest expense or income. Remeasurements comprise actuarial gains/losses as result of experience adjustment and changes in actuarial assumptions.

## iv. PROPERTY, PLANT AND EQUIPMENT

### Tangible assets:

Property, plant and equipment are stated at cost less

accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use and initial estimate cost of decommissioning & restoring the site on which it is located. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**Construction Period Expenses on Projects:** All identifiable revenue expenses including interest on term loans incurred in respect of various projects/ expansions are allocated to capital cost of respective assets/ capital work in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The group follows the process of componentization for property, plant and equipment. Accordingly, the group has identified a part of an asset as a separate

component in whole asset value (beyond certain value) and useful life of the part is different from the useful life of the remaining asset. The useful life has been assessed based on technical advice, taking into account the nature of the asset / component of an asset, the estimated usage of the asset / component of an asset on the basis of management's best estimation of getting economic benefits from those class of assets /components of an asset. The Group uses its technical expertise along with historical and industry trends for arriving the economic life of an asset/ component of an asset.

Machinery spares which can be used only in connection with a particular item of Fixed Assets and the use of which is irregular, are capitalized at cost.

Non-current assets held for sale- Assets held for sale are measured at the lower of carrying amount or fair value less cost to sell. The determination of fair value less cost to sell includes use of management estimates and assumptions. Non-Current Assets and disposal group that cease to be classified as "Held for Sale", shall be measured at the lower of carrying amount before the Non - Current Assets and disposal group, was classified as "Held for Sale" and the recoverable amount at the date of subsequent decision not to sell.

Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition / construction of fixed assets outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other Non-Current Assets".

**Stripping Costs:**

**Developmental stripping costs**

Developmental stripping costs in order to obtain access to quantities of mineral reserves that will be mined in future periods are capitalised as part of mining assets. Capitalisation of stripping costs ends when commercial production of mineral reserves begins.

**Mine closure, site restoration and decommissioning obligations**

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines.

The company recognises unavoidable obligations, legal or assumed, to restore the mines upon

exhaustion of reserves/end of lease period whichever is earlier.

The obligation is estimated on the basis of cash flows expected to be incurred as per applicable mining regulations, which mainly includes cost of plantation, fencing, biodiversity management, sustainable development, rainwater harvesting, etc.

The estimate of expenses are escalated for inflation, and then discounted at a discount rate that reflects the current market assessment of the time value of money and the risks, such that the amount of provision reflects the present value of the expenditures expected to be required to be settle the obligation.

The company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding assets are recognised in the period in which the liability is incurred. The asset representing the total site restoration cost as per mine closure plan is recognised as a separate item in PPE and amortised over the balance project/mine life.

The value of the provision is progressively increased over time as the effect of discounting unwinds creating an expense recognised as financial expenses.

Subsequent adjustments to the obligation for changes in the estimated cashflows/disbursement period/ discount rate are made against fixed assets and depreciation/amortisation is modified prospectively.

**Intangible Assets:**

An intangible asset is an identifiable non-monetary asset without physical substance. It is measured at the consideration paid for its acquisition and stated at the end of each year net of amortization and impairment. Intangible assets are amortized over their individual estimated lives of 4-7 years. Amortization methods and useful lives are reviewed at the end of financial year.

**Investment Property:**

Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated Impairment loss, if any. Investment properties are de-recognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the

asset is recognized in profit or loss in the period of de-recognition.

**Depreciation**

Depreciation is provided in accordance with the useful life as prescribed as follows.

In respect of assets existing as on 30-6-1988, under the written down value method; and in respect of assets acquired on or after 1-7-1988, under the straightline method except for decommissioning cost. Decommissioning cost is depreciated using depletion method.

Useful life for parts of Assets having Significant cost, has been assessed based on technical estimate which is different from the life given under the Schedule II to the Companies Act, 2013 as given below:

| No | Description of the Asset  | Estimated useful life |
|----|---|-----------------------|
| 1  | Transformers  | 30 Years              |
| 2  | Economisers in Boilers in the Captive Power Plant; Turbines, Generators, Sluice Gates, Switchgears and Cables in Hydel Plant. | 25 Years              |
| 3  | Electrical Components like Panels, Motors , Insulators which are components of Plant and Machinery                            | 10 Years              |
| 4  | Economisers in Boilers and Water pre-heater in Waste Heat Recovery Plant; Evaporators in the Captive thermal Power Plant      | 5 Years               |

**v. Impairment:**

Recognizing Impairment does not require for financial assets classified at fair value through profit and loss (FVTP&L) and fair value through other comprehensive income (FVTOCI). It is required only in respect of financial assets classified as amortized cost i.e. Loans, Debt securities and trade receivables. Impairment for such financial assets is recognized by Expected credit loss (ECL) model. In this approach expected credit loss means expected shortfall in contractual cash flows. The estimation of ECL should consider past events, current conditions and reasonable & supportable forecasts. Expected credit loss (ECL) for trade receivable is measured at Lifetime ECL.

The amount of ECL required during the period is arrived after considering the already recognized ECL in books and it is reported either as expense or income in statement of profit & loss.

**vi. Financial Instruments: -**

**a. Initial Recognition:**

The group recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are directly measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

**b. Subsequent Recognition & Classification: Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset gives rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset and contractual terms of the financial asset give rise on specified dates to cash flows that solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

**Financial liabilities:**

Financial liabilities are subsequently carried at amortised cost using the effective interest method.

**Impairment: -**

The Group recognizes loss allowances using the expected credit loss (ECL) model for financial assets

and unbilled revenues which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenue with no significant finance component is measured at an amount equal to lifetime ECL using provision matrix as shown below. This estimation of ECL should consider past events, current conditions and reasonable & supportable forecasts. For all other financial assets, expected credit loss are measured at an amount equal to 12-month ECL unless there is significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

The amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as impairment gain or loss in the statement of profit or loss.

**De-recognition of financial assets and liabilities:**

**Financial assets:**

A financial asset shall be derecognised when, and only when

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for de-recognition. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received shall be recognised in profit or loss.

**Financial Liabilities:** A financial liability shall be derecognised when, and only when, obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability extinguished or transferred and consideration paid shall be recognised in profit or loss.

**vii. Inventories**

Inventories are valued at the lower of cost and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The cost (net of taxes subsequently recoverable from

tax authorities) of raw materials, stores & spares is determined on moving weighted average basis.

#### viii. Cash And Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions/banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### ix. Cash flow Statement:

Cash flows are reported using the indirect method, whereby the profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

#### x. Foreign Exchange Transactions:

Functional Currency of the group is Indian Rupee and the Subsidiary KCP VIL is Vietnamese Dongs (VND) These financial statements are presented in Indian Rupees, rounded off to Lakhs. Transactions and translations: Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction and adjusted appropriately with the difference in the rate of exchange arising on actual receipt/payment during the year in determining net profit for the period.

- Foreign currency denominated monetary assets/liabilities- are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.
- Foreign currency denominated non-monetary assets/ non-liabilities are translated at the exchange rate prevalent at the date of the transaction.
- Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expenses in the year in which they are arise.

#### xi. Income tax:

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the net profit in the statement of profit or loss except to the extent that it relates to items recognized in Other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that related tax benefits will be realized.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Where The Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure, The Group accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

#### xii. Earnings Per Share

The Group Basic EPS is calculated by dividing profit or loss from continuing operations attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period as per IND AS-33, Earnings per Share.

The diluted EPS of an entity is calculated on the same basis as basic EPS, after adjusting for the effects of dilutive potential ordinary shares unless the effect of the potential dilutive equity shares is anti-dilutive.

### xiii. Provisions / Contingent Liabilities and Contingent Assets

#### Contingent liabilities:

##### Provision:

A provision is recorded when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. Provisions will be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed. The estimated liability for product warranties is recorded when products are sold based on technical evaluation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

#### Contingent liabilities:

Contingent liability is recognised when it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### Onerous contracts:

Onerous contract is a contract in which the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Company estimates and provides provision at the lower of the following for onerous contracts.

- a) Net Cost of fulfilling the contract; or
- b) Compensation, penalties arising from the failure to fulfil it i.e. Cost of terminating the contract.

#### Contingent assets:

Wherever there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when the inflow of economic benefit is probable.

#### xiv. Leases :

The Company's lease asset consists of lease for Land, buildings and vehicles. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease

liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**xv. Segment reporting:**

Operating segments are defined as components for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and

assessing performance. The group has identified business segments as reportable segments. The business segments comprise 1) Cement unit. 2) Engineering Unit. 3) Power Generation unit 4) Hotel and 5) Sugar.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reporting segment have been allocated on the basis of associated revenue of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, Plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Note : 2 Property, Plant and Equipment for the year ended March 31, 2021 consist as the following:

(Rs in Lakhs)

| Note. 2.A TANGIBLE ASSETS              | COST AS ON 31-03-2020 | ADDITION DURING THE YEAR | DEUCTION DURING THE YEAR | EXCHANGE FLUCTUATION ON OPENING BLOCK OF FOREIGN SUBSIDIARY | COST UPTO 31-03-2021 | EXCHANGE FLUCTUATION ON FOREIGN SUBSIDIARY | UPTO 31-03-2020  | DURING THE YEAR | ON DEDUCTIONS | UPTO 31-03-2021  | AS AT 31-03-2021  | AS AT 31-03-2020  |
|--|-----------------------|--------------------------|--------------------------|---|----------------------|--|------------------|-----------------|---------------|------------------|-------------------|-------------------|
| 1 Lands                                | 4,674.71              | -                        | -                        | -   | 4,674.71             | -  | -                | -               | -             | -                | 4,674.71          | 4,674.71          |
| 2. (a) Buildings                       | 22,640.60             | 393.10                   | -                        | 129.89  | 22,903.81            | 40.26                                      | 4,039.17         | 805.09          | -             | 4,804.00         | 18,099.81         | 18,601.44         |
| (b) Leasehold Buildings                | 8.93                  | -                        | -                        | -   | 8.93                 | -  | 0.97             | 0.24            | -             | 1.21             | 7.72              | 7.96              |
| 3 Roads                                | 208.28                | 18.02                    | -                        | -   | 226.30               | -  | 130.20           | 18.15           | -             | 148.35           | 77.95             | 78.08             |
| 4 Plant & Machinery                    | 127,009.21            | 709.48                   | 281.78                   | 706.65  | 126,730.26           | 398.76                                     | 37,206.97        | 7,790.39        | 111.12        | 44,487.48        | 82,242.78         | 89,802.24         |
| 5 Furniture, Fixtures                  | 1,945.82              | 69.44                    | 2.04                     | 1.21  | 2,012.01             | 1.21                                       | 1,032.65         | 237.48          | 0.82          | 1,268.10         | 743.91            | 913.17            |
| 6 Motor Vehicles                       | 1,265.32              | 10.50                    | 0.58                     | 4.15  | 1,271.09             | 3.48                                       | 778.81           | 103.98          | 0.49          | 878.82           | 392.27            | 486.51            |
| 7 Railway Siding, Locomotives          | 32.53                 | -                        | -                        | -   | 32.53                | -  | 12.61            | 3.15            | -             | 15.76            | 16.77             | 19.93             |
| 8 Ropeway Structures                   | 176.52                | -                        | -                        | -   | 176.52               | -  | 167.43           | -               | -             | 167.43           | 9.09              | 9.09              |
| 9 Office Equipment                     | 255.72                | 16.38                    | 0.43                     | 2.22  | 269.45               | 2.22                                       | 207.91           | 21.51           | 0.28          | 226.92           | 42.53             | 47.80             |
| 10 Computer & Data Processing Units    | 341.80                | 15.86                    | 1.70                     | -   | 355.96               | -  | 238.85           | 37.31           | 1.62          | 274.54           | 81.42             | 102.96            |
| 11 Laboratory Equipment                | 35.08                 | 6.60                     | 0.00                     | -   | 41.68                | -  | 23.06            | 4.35            | -             | 27.41            | 14.27             | 12.03             |
| 12 Electrical Installation & Equipment | 2,747.15              | 41.41                    | 3.47                     | -   | 2,785.09             | -  | 1,217.09         | 296.02          | 2.54          | 1,510.57         | 1,274.52          | 1,530.06          |
| 13 Hydraulic Works, Pipeline & Sluices | 82.41                 | 8.89                     | -                        | -   | 91.30                | -  | 22.77            | 5.76            | -             | 28.53            | 62.77             | 59.64             |
| 14 Leased Lands (Decommissioning)      | 977.51                | 210.24                   | 31.87                    | -   | 1,155.88             | -  | 102.97           | 53.78           | 13.31         | 143.44           | 1,012.44          | 874.54            |
| <b>TOTAL</b>                           | <b>162,401.59</b>     | <b>1,499.92</b>          | <b>321.87</b>            | <b>844.12</b>   | <b>162,735.52</b>    | <b>445.93</b>                              | <b>45,181.46</b> | <b>9,377.21</b> | <b>130.18</b> | <b>53,982.56</b> | <b>108,752.96</b> | <b>117,220.15</b> |

(Rs in Lakhs)

| Note.2.B<br>LEASED<br>ASSETS -<br>RIGHT OF<br>USE* | GROSS BLOCK   |                          |                          |   |                      | DEPRECIATION                               |                  |                 |                |                  | NET BLOCK          |                    |
|--|---|--------------------------|--------------------------|---|----------------------|--|------------------|-----------------|----------------|------------------|--------------------|--------------------|
|  | Addition on account of Transition to Ind AS 116 - 1st April, 2020 | Addition during the Year | Deuction During the Year | Exchange Fluctuation on Opening Block of foreign subsidiary | Cost upto 31-03-2021 | Exchange fluctuation on foreign subsidiary | Upto 31-03-2020  | During the year | On deduc tions | Upto 31-03-2021  | As at 31-03-2021   | As at 31-03-2020   |
| 1 Lands  | 37.02   | 120.72                   | -                        | -   | 157.74               | -  | 0.39             | 0.39            | -              | 0.78             | 156.96             | 36.63              |
| 2 Buildings  | 258.32  | -                        | 7.15                     | -   | 251.17               | -  | 104.66           | 56.78           | -              | 161.44           | 89.73              | 153.66             |
| 3 Vehicles   | 26.88   | -                        | -                        | -   | 26.88                | -  | 7.47             | 8.96            | -              | 16.43            | 10.45              | 19.41              |
| <b>TOTAL</b>                                       | <b>322.22</b>   | <b>120.72</b>            | <b>7.15</b>              | <b>-</b>  | <b>435.79</b>        | <b>-</b>                                   | <b>112.52</b>    | <b>66.13</b>    | <b>-</b>       | <b>178.65</b>    | <b>257.14</b>      | <b>209.70</b>      |
| <b>TOTAL (2+2B)</b>                                | <b>1,62,723.81</b>  | <b>1,620.64</b>          | <b>329.02</b>            | <b>844.12</b>   | <b>1,63,171.31</b>   | <b>445.93</b>                              | <b>45,293.98</b> | <b>9,443.34</b> | <b>130.18</b>  | <b>54,161.21</b> | <b>1,09,010.10</b> | <b>1,17,429.85</b> |

Note : 4 Investment Property for the year ended March 31, 2021 consist as the following:

(Rs in Lakhs)

| PARTICULARS  | GROSS BLOCK           |                          |                          |   |                      | DEPRECIATION                               |                 |                 |                |                 | NET BLOCK        |                  |
|--------------|-----------------------|--------------------------|--------------------------|---|----------------------|--|-----------------|-----------------|----------------|-----------------|------------------|------------------|
|              | Cost as on 31-03-2020 | Addition during the year | Deuction during the year | Exchange Fluctuation on Opening Block of foreign subsidiary | COST UPTO 31-03-2021 | Exchange fluctuation on foreign subsidiary | Upto 31-03-2020 | During the year | On deduc tions | Upto 31-03-2021 | As at 31-03-2021 | As at 31-03-2020 |
| 1 Lands      | 0.47                  | -                        | -                        | -   | 0.47                 | -  | -               | -               | -              | -               | 0.47             | 0.47             |
| 2 Buildings  | 1.67                  | -                        | -                        | -   | 1.67                 | -  | 1.40            | 0.00            | -              | 1.40            | 0.27             | 0.28             |
| <b>TOTAL</b> | <b>2.14</b>           | <b>-</b>                 | <b>-</b>                 | <b>-</b>  | <b>2.14</b>          | <b>-</b>                                   | <b>1.40</b>     | <b>0.00</b>     | <b>-</b>       | <b>1.40</b>     | <b>0.74</b>      | <b>0.75</b>      |

Note : 5 Intangible Assets for the year ended March 31, 2021 consist as the following:

(Rs in Lakhs)

| PARTICULARS        | GROSS BLOCK           |                          |                          |   |                      | DEPRECIATION                               |                 |                 |                |                 | NET BLOCK        |                  |
|--------------------|-----------------------|--------------------------|--------------------------|---|----------------------|--|-----------------|-----------------|----------------|-----------------|------------------|------------------|
|                    | Cost as on 31-03-2020 | Addition during the Year | Deuction During the Year | Exchange Fluctuation on Opening Block of foreign subsidiary | Cost upto 31-03-2021 | Exchange fluctuation on foreign subsidiary | Upto 31-03-2020 | During the year | On deduc tions | Upto 31-03-2021 | As at 31-03-2021 | As at 31-03-2020 |
| 1 Intangible Asset | 764.32                | -                        | -                        | 0.26  | 764.06               | 0.26                                       | 167.30          | 47.12           | -              | 214.16          | 549.90           | 597.02           |
| <b>TOTAL</b>       | <b>764.32</b>         | <b>-</b>                 | <b>-</b>                 | <b>0.26</b>   | <b>764.06</b>        | <b>0.26</b>                                | <b>167.30</b>   | <b>47.12</b>    | <b>-</b>       | <b>214.16</b>   | <b>549.90</b>    | <b>597.02</b>    |

|                                   |                    |                 |               |                 |                    |                 |                  |                 |               |                  |                    |                    |
|-----------------------------------|--------------------|-----------------|---------------|-----------------|--------------------|-----------------|------------------|-----------------|---------------|------------------|--------------------|--------------------|
| <b>GRAND TOTAL FOR FY 2020-21</b> | <b>1,63,490.27</b> | <b>1,620.64</b> | <b>329.02</b> | <b>844.38</b>   | <b>1,63,937.51</b> | <b>446.19</b>   | <b>45,462.68</b> | <b>9,490.45</b> | <b>130.18</b> | <b>54,376.77</b> | <b>1,09,560.76</b> | <b>1,18,027.62</b> |
| <b>GRAND TOTAL FOR FY 2019-20</b> | <b>1,52,765.72</b> | <b>8,282.22</b> | <b>666.75</b> | <b>3,109.08</b> | <b>1,63,490.27</b> | <b>1,471.23</b> | <b>34182.50</b>  | <b>9,868.86</b> | <b>59.92</b>  | <b>45,462.68</b> | <b>1,18,027.60</b> | <b>1,18,583.25</b> |

\* Depreciation for the year includes an amount of Rs.0.56 Lakhs capitalized.(Depreaciation capitalized during the previous year : NIL)  
During the year an amount of Rs. 318.88 lakhs (previous year: Rs. 259.79 lakhs) has been adjusted against scientific and Technology Development Fund.

Note : 2 Property, Plant and Equipment for the year ended March 31, 2020 consist as the following:

(Rs in Lakhs)

| Note. 2.A TANGIBLE ASSETS              | COST AS ON 31-03-2019 | ADDITION DURING THE YEAR | DEUCTION DURING THE YEAR | EXCHANGE FLUCTUATION ON OPENING BLOCK OF FOREIGN SUBSIDIARY | COST UPTO 31-03-2020 | EXCHANGE FLUCTUATION ON FOREIGN SUBSIDIARY | UPTO 31-03-2019  | DURING THE YEAR | ON DEDUCTIONS | UPTO 31-03-2020  | AS AT 31-03-2020  | AS AT 31-03-2019  |
|--|-----------------------|--------------------------|--------------------------|---|----------------------|--|------------------|-----------------|---------------|------------------|-------------------|-------------------|
| 1 Lands                                | 4,165.04              | 1,019.72                 | 510.04                   |   | 4,674.71             | -  | -                | -               | -             | -                | 4,674.71          | 4,165.04          |
| 2. (a) Buildings                       | 20,991.51             | 1,172.71                 | 0.00                     | 476.39  | 22,640.60            | 129.78                                     | 3,130.91         | 778.48          | -             | 4,039.17         | 18,601.44         | 17,860.60         |
| (b) Leasehold Buildings                | 8.93                  | -                        | -                        |   | 8.93                 | -  | 0.73             | 0.24            | -             | 0.97             | 7.96              | 8.21              |
| 3 Roads                                | 199.35                | 8.93                     | -                        | -   | 208.28               | -  | 114.05           | 16.15           | -             | 130.20           | 78.08             | 85.30             |
| 4 Plant & Machinery                    | 119,627.44            | 4,857.38                 | 79.37                    | 2,603.76  | 127,009.20           | 1,315.99                                   | 27,923.98        | 7,994.67        | 27.65         | 37,206.99        | 89,802.22         | 91,703.46         |
| 5 Furniture, Fixtures                  | 1,902.38              | 39.23                    | 0.28                     | 4.48  | 1,945.81             | 4.48                                       | 789.70           | 238.70          | 0.23          | 1,032.65         | 913.17            | 1,112.68          |
| 6 Motor Vehicles                       | 1,234.78              | 64.08                    | 48.84                    | 15.29   | 1,265.32             | 12.03                                      | 642.01           | 146.76          | 21.99         | 778.81           | 486.51            | 592.77            |
| 7 Railway Siding, Locomotives          | 32.53                 | -                        | -                        | -   | 32.53                |  | 9.45             | 3.16            |               | 12.61            | 19.93             | 23.08             |
| 8 Ropeway Structures                   | 176.52                | -                        | -                        | -   | 176.52               | -  | 71.76            | 95.66           | -             | 167.43           | 9.09              | 104.76            |
| 9 Office Equipment                     | 244.25                | 5.20                     | 1.93                     | 8.20  | 255.72               | 7.98                                       | 173.01           | 27.62           | 0.75          | 207.86           | 47.85             | 71.25             |
| 10 Computer & Data Processing Units    | 317.31                | 29.44                    | 4.95                     | -   | 341.80               | -  | 199.27           | 40.90           | 1.30          | 238.87           | 102.93            | 118.03            |
| 11 Laboratory Equipment                | 35.56                 | 1.45                     | 1.94                     | -   | 35.08                | -  | 19.92            | 4.96            | 1.82          | 23.06            | 12.03             | 15.65             |
| 12 Electrical Installation & Equipment | 2,529.86              | 228.09                   | 10.80                    | -   | 2,747.15             | -  | 926.72           | 296.56          | 6.18          | 1,217.09         | 1,530.06          | 1,603.15          |
| 13 Hydraulic Works, Pipeline & Sluices | 82.41                 | -                        | -                        | -   | 82.41                | -  | 17.06            | 5.70            | -             | 22.77            | 59.64             | 65.34             |
| 14 Leased Lands (Decommissioning)      | 846.29                | 131.22                   | -                        | -   | 977.51               | -  | 59.16            | 43.81           | -             | 102.97           | 874.54            | 787.14            |
| <b>TOTAL</b>                           | <b>152,394.16</b>     | <b>7,557.45</b>          | <b>658.14</b>            | <b>3,108.12</b>   | <b>162,401.59</b>    | <b>1,470.27</b>                            | <b>34,077.72</b> | <b>9,693.38</b> | <b>59.93</b>  | <b>45,181.44</b> | <b>117,220.14</b> | <b>118,316.44</b> |

\* Depreciation for the year includes an amount of Rs.NIL capitalized.(Depreciation capitalized during the previous year Rs.17.63 Lakhs)

(Rs in Lakhs)

| Note.2.B LEASED ASSETS - RIGHT OF USE* | GROSS BLOCK   |                          |                          |   |                      | DEPRECIATION                               |                 |                 |               |                 | NET BLOCK        |                  |
|--|---|--------------------------|--------------------------|---|----------------------|--|-----------------|-----------------|---------------|-----------------|------------------|------------------|
|  | Addition on account of Transition to Ind AS 116 - 1st April, 2019 | Addition during the Year | Deuction During the Year | Exchange Fluctuation on Opening Block of foreign subsidiary | Cost upto 31-03-2020 | Exchange fluctuation on foreign subsidiary | Upto 31-03-2019 | During the year | On deductions | Upto 31-03-2020 | As at 31-03-2020 | As at 31-03-2019 |
| 1 Lands                                | 37.02   | -                        | -                        | -   | 37.02                | -  | -               | 0.39            | -             | 0.39            | 36.63            | -                |
| 2 Buildings                            | 236.34  | 24.40                    | 2.41                     | -   | 258.32               | -  | -               | 104.65          | -             | 104.65          | 153.67           | -                |
| 3 Vehicles                             | -   | 26.88                    | -                        | -   | 26.88                | -  | -               | 7.47            | -             | 7.47            | 19.41            | -                |
| <b>TOTAL</b>                           | <b>273.36</b>   | <b>51.28</b>             | <b>2.41</b>              | <b>-</b>  | <b>322.22</b>        | <b>-</b>                                   | <b>-</b>        | <b>112.51</b>   | <b>-</b>      | <b>112.51</b>   | <b>209.71</b>    | <b>-</b>         |

Note : 4 Investment Property for the year ended March 31, 2020 consist as the following:

(Rs in Lakhs)

| PARTICULARS  | GROSS BLOCK           |                          |                          |   |                      | DEPRECIATION                               |                 |                 |               |                 | NET BLOCK        |                  |
|--------------|-----------------------|--------------------------|--------------------------|---|----------------------|--|-----------------|-----------------|---------------|-----------------|------------------|------------------|
|              | Cost as on 31-03-2019 | Addition during the year | Deuction during the year | Exchange Fluctuation on Opening Block of foreign subsidiary | COST UPTO 31-03-2020 | Exchange fluctuation on foreign subsidiary | Upto 31-03-2019 | During the year | On deductions | Upto 31-03-2020 | As at 31-03-2020 | As at 31-03-2019 |
| 1 Lands      | 0.47                  | -                        | -                        | -   | 0.47                 | -  | -               | -               | -             | -               | 0.47             | 0.47             |
| 2 Buildings  | 1.67                  | -                        | -                        | -   | 1.67                 | 1.39                                       | 0.00            | -               | -             | 1.39            | 0.28             | 0.28             |
| <b>TOTAL</b> | <b>2.14</b>           | <b>-</b>                 | <b>-</b>                 | <b>-</b>  | <b>2.14</b>          | <b>1.39</b>                                | <b>0.00</b>     | <b>-</b>        | <b>-</b>      | <b>1.39</b>     | <b>0.75</b>      | <b>0.75</b>      |

Note : 5 Intangible Assets for the year ended March 31, 2020 consist as the following:

(Rs in Lakhs)

| Particulars        | GROSS BLOCK           |                          |                          |   |                      | DEPRECIATION                               |                 |                 |               |                 | NET BLOCK        |                  |
|--------------------|-----------------------|--------------------------|--------------------------|---|----------------------|--|-----------------|-----------------|---------------|-----------------|------------------|------------------|
|                    | Cost as on 31-03-2019 | Addition during the Year | Deuction During the Year | Exchange Fluctuation on Opening Block of foreign subsidiary | Cost upto 31-03-2020 | Exchange fluctuation on foreign subsidiary | Upto 31-03-2019 | During the year | On deductions | Upto 31-03-2020 | As at 31-03-2020 | As at 31-03-2019 |
| 1 Intangible Asset | 369.41                | 402.55                   | 8.61                     | 0.96  | 764.32               | 0.96                                       | 103.36          | 62.97           | -             | 167.29          | 597.02           | 266.05           |
| <b>TOTAL</b>       | <b>369.41</b>         | <b>402.55</b>            | <b>8.61</b>              | <b>0.96</b>   | <b>764.32</b>        | <b>0.96</b>                                | <b>103.36</b>   | <b>62.97</b>    | <b>-</b>      | <b>167.29</b>   | <b>597.02</b>    | <b>266.05</b>    |

\*(a) The Group has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated. This has resulted in recognising a right-of-use asset of Rs. 295.65 lakhs and a corresponding lease liability of Rs. 310.08 lakhs. The difference of Rs. 14.43 lakhs has been adjusted to retained earnings as at 1st April 2019. In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share. The weighted average incremental borrowing rate of 11% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

(b) The total cash outflow for leases is Rs.1.39 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is Rs.31.04 lakhs for the year.

(Rs in Lakhs)

| <b>Note.3 Capital Work-in-Progress</b>                    | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| <b>1 Building under construction</b>                      |                         |                         |
| Opening Balance   | 1,015.93                | 853.35                  |
| Additions during the year (net)                           | 511.54                  | 1,346.26                |
| Less : Capitalisation / Adjustments during the year (net) | (543.43)                | (1,183.68)              |
| Closing Balance   | 984.04                  | 1,015.93                |
| <b>2 Plant &amp; Machinery under installation</b>         |                         |                         |
| Opening Balance   | 523.55                  | 3,337.26                |
| Additions during the year (net)                           | 1,357.97                | 2,888.01                |
| Less : Capitalisation / Adjustments during the year (net) | (552.56)                | (5,701.72)              |
| Closing Balance   | 1,328.96                | 523.55                  |
| <b>TOTAL</b>  | <b>2,313.01</b>         | <b>1,539.47</b>         |

| <b>Note.6 Non current Financial Assets- Investments</b>  | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Unquoted Equity instruments-Investments measured at cost</b>  |                         |                         |
| 4,00,000 (31 March 2020: 4,00,000) equity shares of Rs.10/- each, fully paid up in Fivescail KCP Ltd.,   | 617.72                  | 1,004.63                |
| <b>Common Stock (unquoted):</b>  |                         |                         |
| 1,640 (31 March 2020: 1,640) Non-Voting common stock of BGE Global Inc., par value \$0.01 per share  | 77.00                   | 77.00                   |
| <b>Preferred Shares (unquoted):</b>  |                         |                         |
| 750 (31 March 2020: 750) Non-Voting preferred stock of BGE Global Inc., par value \$0.01 per share.  | 385.00                  | 385.00                  |
| <b>Subtotal</b>  | <b>1,079.71</b>         | <b>1,466.63</b>         |
| <b>Investments at fair value through other comprehensive income investment in equity instruments(quoted):</b>  |                         |                         |
| 100 (31st March 2020: 100) equity shares of Rs.10/- each, fully paid up in IFCI Ltd.   | 0.01                    | 0.00                    |
| 14,240 (31st March 2020: 14,240) equity shares of Rs.10/- each, fully paid up in IDBI Bank   | 5.49                    | 2.72                    |
| <b>Equity shares (unquoted):</b>   |                         |                         |
| 30 (31st March 2020: 30) equity shares of Rs. 10/- each fully paid up in Andhra Pradesh Heavy Machinery and Engg. Co.Ltd (Written off to the extent of Rs. 299/-)  | 0.00                    | 0.00                    |
| 100,000 (31st March 2020: 100,000) equity shares of Rs. 10/- each fully paid up in Prudential Sugar Corporation Ltd., (Written off to the extent of Rs. 9,99,999/-) (The Shares are not traded in the Stock Exchange though listed). | 0.00                    | 0.00                    |
| <b>Other Investments - Unit Trust of India - Quoted:</b>   |                         |                         |
| 39,696.571 (31st March 2020 : 38,210.93) UTI Balanced Fund Units of Rs.10/- each   | 11.66                   | 7.28                    |
| <b>Subtotal</b>  | <b>17.16</b>            | <b>10.01</b>            |
| <b>Unquoted Debt instruments-Investments measured at cost</b>  |                         |                         |
| Fixed Deposits with Banks with Maturity period > 12 months   | 782.25                  | -                       |
| <b>Subtotal</b>  | <b>782.25</b>           | <b>-</b>                |
| <b>TOTAL</b>   | <b>1,879.13</b>         | <b>1,476.63</b>         |
| Aggregate amount of quoted Investments - Market Value  | 17.16                   | 10.01                   |
| Aggregate amount of quoted Investments - Book Value (cost)   | 21.20                   | 20.81                   |
| Aggregate amount of unquoted Investments   | 1,861.97                | 1,466.63                |

| <b>Note. 6.1 Category wise Investment- as per IND AS 109 classification</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Financial assets carried at cost  |                         |                         |
| Equity Instruments  | 1,079.71                | 1,466.63                |
| Debt Instruments  | 782.25                  | -                       |
| Financial assets carried at amortised cost                                  |                         |                         |
| Equity Instruments  | -                       | -                       |
| Financial assets carried at fair value through Profit or loss (FVTPL)       |                         |                         |
| Equity Instruments  |                         |                         |
| Financial assets carried at fair value through OCI (FVTOCI)                 |                         |                         |
| Equity Instruments  | 17.16                   | 10.01                   |
| <b>TOTAL</b>  | <b>1,879.13</b>         | <b>1,476.64</b>         |

| <b>Note.7 Non Current Financial Assets- Trade Receivables</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Unsecured, considered good                                    | 569.48                  | 552.52                  |
| Receivables having Significant increase in credit risk        | 71.38                   | 80.95                   |
| Less: Provision for Doubtful Receivables                      | 24.86                   | -                       |
| Less : Provision for expected credit loss                     | 71.38                   | 80.95                   |
| <b>TOTAL</b>  | <b>544.62</b>           | <b>552.52</b>           |

| <b>Note.8 Non current- Other Financial Assets</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Earnest money deposit                             | 12.14                   | 23.18                   |
| <b>TOTAL</b>                                      | <b>12.14</b>            | <b>23.18</b>            |

Rs in Lakhs, except no. of equity shares

| <b>Note.9 Non current- Other asset</b>      | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Capital Advances                            | 25.02                   | 13.09                   |
| <b>[A]</b>                                  | <b>25.02</b>            | <b>13.09</b>            |
| <b>Advances other than Capital Advances</b> |                         |                         |
| Security Deposits                           | 194.17                  | 139.16                  |
| <b>(B)</b>                                  | <b>194.17</b>           | <b>139.16</b>           |
| <b>Others</b>                               |                         |                         |
| Prepaid expenses                            | 13.64                   | 37.86                   |
| Balance with Government Authorities         | 767.51                  | 794.51                  |
| Others                                      | 0.39                    | 1.40                    |
| <b>(C)</b>                                  | <b>781.54</b>           | <b>833.76</b>           |
| <b>TOTAL [A+B+C]</b>                        | <b>1,000.72</b>         | <b>986 .01</b>          |

(Rs in Lakhs)

| <b>Note.10 Inventories</b>   | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Raw materials and components at Cost<br>(includes those in transit Rs. 16.72 lakhs-) ( As on 31-03-2020-Rs. 30.62 lakhs) | 580.49                  | 902.87                  |
| Coal At Cost (includes those in transit Rs. 1,422.72 lakhs-) ( As on 31-03-2020- Rs. 161.18 lakhs)                       | 2,965.90                | 1,876.51                |
| Work-in-progress   | -                       | -                       |
| : At Cost  | 4,196.32                | 7,253.76                |
| : At Estimated Realisable Value  | 1,082.79                | 821.06                  |
| Finished goods   |                         |                         |
| : At Cost  | 12,569.67               | 14,081.92               |
| Stores, spares and Coal at Cost (includes in transit Rs. 3.84 lakhs)<br>(As on 31-03-2020 Rs. 1.41 lakhs)                | 6,443.04                | 3,974.92                |
| <b>TOTAL</b>   | <b>27,838.21</b>        | <b>28,911.03</b>        |

The cost of inventories is recognised as an expense during the year in respect of continuing operation was Rs. 56,455.58 lakhs for year ended 31-03-2021 (Rs.54,874.33 lakhs for the year ended 31-03-2020).

The Amount of Write down of inventories to Net Realisable Value recognised as an expense was Rs.213.32 Lakhs (Rs 101.47 Lakhs for the year ended 31-03-2020). The mode of valuation of Inventories has been stated in accounting policy vii of Note1.5 The amount of goods in transit is Rs.1,443.28 lakhs (Rs. 193.72 lakhs for previous year)

| <b>Note.11 Current- Trade receivables</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Secured, considered good                  | 4,209.30                | 3,722.03                |
| Unsecured, considered good                | 7,664.08                | 5,146.42                |
| Less: Provision for expected credit loss  | 10.79                   | 5.61                    |
| <b>TOTAL</b>                              | <b>11,862.58</b>        | <b>8,862.84</b>         |

| <b>Note 12 Cash and cash equivalents</b>              | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Balances with Banks:                                  |                         |                         |
| Current accounts                                      | 234.33                  | 1,880.37                |
| Deposits with original maturity of less than 3 months | -                       | -                       |
| Cheques/drafts on hand                                | 21.93                   | 69.90                   |
| Cash on hand  | 11.60                   | 14.53                   |
| <b>Total</b>  | <b>267.85</b>           | <b>1,964.80</b>         |

| <b>Note 12A Bank balances other than Cash and Cash equivalents</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Fixed Deposits with Banks (Maturity less than 12 months)*          | 42,558.19               | 24,597.56               |
| For Unpaid dividend account  | 196.91                  | 216.69                  |
| Margin money deposit **  | 620.50                  | 633.63                  |
| Balances with banks #  | 41.78                   | 24.15                   |
| <b>TOTAL</b>   | <b>43,417.37</b>        | <b>25,472.03</b>        |

\* Fixed deposits with Banks includes those maintained as required under the Companies Act in respect of Public deposits

\* \*Margin money deposits includes those earmarked for specific purpose

# Balances with banks includes those maintained to pay matured Public deposits which are unclaimed.

(Rs in Lakhs)

| <b>Note 13. Current- Other Financial Assets</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Interest accrued on fixed Deposits              | 223.24                  | 79.44                   |
| Interest accrued on other Deposits              | 11.83                   | 13.94                   |
| Loans to employees                              | 35.80                   | 31.87                   |
| Due from Gratuity Trusts                        | -                       | 5.74                    |
| Non trade receivables from - Joint Venture      | -                       | 0.91                    |
| - Others  | 0.04                    | -                       |
| Contract Assets                                 | 456.45                  | 92.55                   |
| <b>TOTAL</b>                                    | <b>727.36</b>           | <b>224.45</b>           |

| <b>Note 14. Current Tax Assets (Net)</b>   | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Advance tax</b>                         |                         |                         |
| Advance payment of Direct Taxes/TDS Credit | 5,550.38                | 2,206.78                |
| <b>Provision for Tax</b>                   |                         |                         |
| Provision for Income tax                   | 4,312.84                | 500.84                  |
| <b>TOTAL</b>                               | <b>1,237.55</b>         | <b>1,705.94</b>         |

| <b>Note 15. Other Current Assets</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--------------------------------------|-------------------------|-------------------------|
| Advances recoverable in cash or kind |                         |                         |
| Unsecured, considered good           | 3,136.64                | 1,701.12                |
| Advances to Trade payables           | 2,818.67                | 1,401.13                |
| Prepaid expenses                     | 367.97                  | 317.89                  |
| Balance with government Authorities  | 4,223.11                | 4,155.00                |
| <b>TOTAL</b>                         | <b>10,546.39</b>        | <b>7,575.14</b>         |

(Rs in Lakhs)

| Note.16 Share Capital  | As at 31-03-2021 | As at 31-03-2020 |
|--|------------------|------------------|
| <b><u>Authorised Share Capital:</u></b>  |                  |                  |
| 35,00,00,000 (31 March 2020 : 35,00,00,000) Equity shares of Re.1/- each   | 3,500.00         | 3,500.00         |
| 2,00,00,000(31 March 2020 : 2,00,00,000) 12% Redeemable cumulative Non-convertible Preference shares of Rs.10/- each | 2,000.00         | 2,000.00         |
|  | <b>5,500.00</b>  | <b>5,500.00</b>  |
| <b><u>Issued Share Capital:</u></b>  |                  |                  |
| 12,89,77,480 (31 March 2020 : 12,89,77,480) Equity shares of Re.1/- each   | 1,289.77         | 1,289.77         |
|  | <b>1,289.77</b>  | <b>1,289.77</b>  |
| <b><u>Subscribed and fully paid-up :</u></b>   |                  |                  |
| 12,89,21,160 (31 March 2020 :12,89,21,160) Equity shares of Re.1/- each  | 1,289.21         | 1,289.21         |
| <b>Total issued, subscribed and fully paid-up capital</b>  | <b>1,289.21</b>  | <b>1,289.21</b>  |

Note 16.1) Details of shareholders holding more than 5% share in the company:-

1. M/s. V. Ramakrishna Sons Pvt Ltd - 3,89,56,326 (3,89,56,326) equity shares of Re.1/- each fully paid - 30.22% (30.22%)
2. Dr. V.L. Indira Dutt - 98,86,471 (35,94,412) equity shares of Re.1/- each fully paid - 7.67% (2.79%).

Note 16.2) The reconciliation of the Opening and closing balance of the Subscribed and Paid-up equity shares of the company is set out below:-

| Particulars                                       | For FY 2020-21  | For FY 2019-20  |
|---|-----------------|-----------------|
| Equity Share Capital at the beginning of the Year | 1,289.21        | 1,289.21        |
| Add/Less : Changes during during the year         | -               | -               |
| Equity Share Capital at the end of the Year       | <b>1,289.21</b> | <b>1,289.21</b> |

The Company has only one class of equity shares referred to equity shares having a par value of Re.1. Each holder of equity share is entitled to one vote per each share. In the event of liquidation of company, the holder of equity share will be entitles to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the share holders.

| Note 17. Other Equity   | As at 31-03-2021 | As at 31-03-2020 |
|---|------------------|------------------|
| <b>Capital Reserve</b>  |                  |                  |
| Capital Redemption Reserve  |                  |                  |
| Balance as per the last Financial Statements  | 2,000.00         | 2,000.00         |
| Capital Reserve On Reorganisation   | 279.91           | 279.91           |
| <b>Translation Reserve</b>  |                  |                  |
| Balance as per the last Financial Statements  | 3,172.19         | 2,220.92         |
| Additions/(Deletions) during the year   | (281.43)         | 951.27           |
|   | 2,890.76         | 3,172.19         |
| Capital Reserve   |                  |                  |
| Balance as per the last Financial Statements  | 9,223.41         | 8,455.18         |
| Additions/(Deletions) during the year   | (208.25)         | 768.23           |
|   | 9,015.16         | 9,223.41         |
| On Amalgamation Reserve   | 103.83           | 103.83           |
| <b>Total Capital Reserve</b>  | <b>14,289.66</b> | <b>14,779.34</b> |
| <b>Investment Revaluation Reserve</b>   | (10.80)          | (3.67)           |
| Add: Current year revaluation gain/loss   | 6.76             | (7.13)           |
|   | <b>(4.04)</b>    | <b>(10.80)</b>   |
| <b>Actuarial Gain/Loss</b>  | (966.47)         | (620.57)         |
| Add: Current year actuarial gain/loss   | 93.65            | (345.87)         |
| Add : Share of Other Comprehensive income of joint venture                          | 13.67            | (0.02)           |
|   | <b>(859.15)</b>  | <b>(966.47)</b>  |
| <b>General Reserve</b>  |                  |                  |
| Balance as per the last Financial Statements  | 27,248.40        | 27,248.40        |
| Add : Amount transferred from Surplus Balance in the Statement of Profit and Loss   | -                | -                |
| <b>Closing Balance</b>  | <b>27,248.40</b> | <b>27,248.40</b> |
| <b>Surplus/(Deficit) in the Statement of Profit and Loss</b>                        |                  |                  |
| Balance as per the last Financial Statements  | 41,492.20        | 40,082.40        |
| Add/(Less): Ind AS Adjustments  | -                | (14.43)          |
| Profit for the year   | 16,679.37        | 2,684.34         |
| Share of profit of joint venture  | (380.58)         | 29.11            |
|   | <b>57,790.99</b> | <b>42,781.41</b> |
| Less : Appropriations   |                  |                  |
| Final Equity Dividend Paid @ Re.0.15/- per Share (@ Re.1/- per Share in FY 2019-20) | 193.38           | 1,289.21         |
| Tax on Distributed Profits  | -                | -                |
| Total Appropriations  | <b>193.38</b>    | <b>1,289.21</b>  |
| <b>Net Surplus in Statement of Profit and Loss</b>                                  | <b>57,597.61</b> | <b>41,492.20</b> |
| <b>Total Reserves and Surplus taken to Balance Sheet</b>                            | <b>98,272.47</b> | <b>82,542.67</b> |

(Rs in Lakhs)

- > General Reserve: This is used from time to time to transfer profits from retained earnings for appropriation purposes.
- > Investment Revaluation Reserve: This reserve represents the cumulative gain or loss arising on revaluation of equity instruments measured at fair value through OCI, net of amounts reclassified, if any to retained earnings when those investments are disposed off.
- > Actuarial Gain/Loss Reserve: This reserve represents the cumulative gain or loss on account of remeasurement of defined benefit plans, net of amounts reclassified, if any to retained earnings.
- > Capital Redemption Reserve: This is created on redemption of redeemable preference shares issued. This can be utilised for issuing fully paid bonus shares in accordance with the provisions of Companies Act, 2013.
- > Retained Earnings: This represents the accumulated earnings net of losses if any made by the company over the years. This reserves can be utilised for the payment of dividend and other purposes in accordance with the provisions of the Companies Act, 2013.

**Note No. 17A: Financial information of Subsidiary having Non-Controlling interest is given below:**

| Name                           | Country of Incorporation   | Non Controlling interest % As on 31-03-2021 | Profits allocated to non-controlling interest | Other Comprehensive income allocated to non-controlling interest | Accumulated non-Controlling interest |
|--------------------------------|----------------------------|---|---|--|--------------------------------------|
| KCP Vietnam Industries Limited | Socialist Republic Vietnam | 33.33%                                      | 2,197.61                                      | (291.39)   | 19,707.95                            |

The summarised financial information of subsidiary is provided below. This information is based on amounts before inter-company eliminations.

**The summarised Statement of Profit and Loss of subsidiary is provided below:-**

| Particulars                                   | Year ended 31-03-2021 | Year ended 31-03-2020 |
|---|-----------------------|-----------------------|
| Income  | 41,284.24             | 48,591.02             |
| Expenses                                      | 34,691.41             | 39,241.49             |
| Profit before tax                             | 6,592.83              | 9,349.53              |
| Tax expenses                                  | -                     | -                     |
| Profit for the year                           | <b>6,592.83</b>       | <b>9,349.53</b>       |
| -Attributable to the owners of the company    | 4,395.22              | 6,233.02              |
| -Attributable to the non-controlling interest | 2,197.61              | 3,116.51              |
| Other comprehensive Income                    | <b>(874.17)</b>       | <b>2,865.83</b>       |
| -Attributable to the owners of the company    | (582.78)              | 1,910.55              |
| -Attributable to the non-controlling interest | (291.39)              | 955.28                |
| Total comprehensive Income                    | <b>5,718.66</b>       | <b>12,215.35</b>      |
| -Attributable to the owners of the company    | 3,812.44              | 8,143.57              |
| -Attributable to the non-controlling interest | 1,906.22              | 4,071.78              |

**Summarised Balance Sheet**

| Particulars                                   | As on<br>31-03-2021 | As on<br>31-03-2020 |
|---|---------------------|---------------------|
| Non-Current Assets                            | 21,889.57           | 23,797.78           |
| Current Assets                                | 51,771.71           | 45,044.44           |
| Non-Current Liabilities                       | 3,112.66            | 4,568.57            |
| Current Liabilities                           | 11,424.75           | 6,466.10            |
| Total Equity                                  | 59,123.86           | 57,807.55           |
| -Attributable to the owners of the company    | 39,415.91           | 38,538.37           |
| -Attributable to the non-controlling interest | 19,707.95           | 19,269.18           |

**Summarised Cash flow Statements for the year ended**

| Particulars                               | Year ended<br>31-03-2021 | Year ended<br>31-03-2020 |
|---|--------------------------|--------------------------|
| Net cash inflow in operating activities   | 257.35                   | 5,344.90                 |
| Net cash inflow from investing activities | 1,180.69                 | (1,541.92)               |
| Net cash inflow in financing activities   | (1,378.52)               | (4,129.06)               |
| Net decrease in Cash and Cash equivalent  | 59.52                    | (326.08)                 |

**NOTE 17B. NON CONTROLLING INTEREST**

| Particulars  | As at<br>31.03.2020 | Additions       | Deductions        | As at<br>31.03.2021 |
|--|---------------------|-----------------|-------------------|---------------------|
| Share Capital of KCP Vietnam Industries Limited  | 5,797.42            | -               | (104.12)          | 5,693.30            |
| 101,61,668 Equity shares (101,61,668 shares); - Share capital plus General Reserve held by minority shareholders |                     |                 |                   |                     |
| Profit & Loss account  | 11,768.84           | 2,197.61        | (1,467.45)        | 12,499.00           |
| Translation Reserve  | 1,702.93            | (187.27)        | -                 | 1,515.66            |
| <b>Total</b>   | <b>19,269.18</b>    | <b>2,010.34</b> | <b>(1,571.57)</b> | <b>19,707.95</b>    |
| Total Dividend declared by KCP VIL   | 4,402.35            |                 |                   |                     |
| Less: The KCP Ltd- share @ 2/3 rd  | 2,934.90            |                 |                   |                     |
| Non Controlling Share in Dividends   | 1,467.45            |                 |                   |                     |

(Rs in Lakhs)

| <b>Note 18. Non current Financial Liabilities- Borrowings</b>  | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Rupee Term Loans from Banks - Secured</b>   |                         |                         |
| Engg Unit  | 276.11                  | 215.25                  |
| Hotel Project  | -                       | 846.42                  |
| Captive Power Plant- Muktyala  | 1,164.59                | 1,667.59                |
| Cement Plant Muktyala Expansion  | 16,210.78               | 19,199.70               |
| Corporate Loan (Capex Reimbursement)   | 1,822.08                | -                       |
| Sugar project  | -                       | 1,077.19                |
| Subtotal   | <b>19,473.56</b>        | <b>23,006.15</b>        |
| <b>Other Loans and advances:</b>   |                         |                         |
| <b>Deposits (unsecured)</b>  |                         |                         |
| From Directors   | 1,345.03                | 1,315.00                |
| From Others  | 3,957.02                | 3,713.68                |
| Subtotal   | 5,302.05                | 5,028.68                |
| <b>TOTAL</b>   | <b>24,775.61</b>        | <b>28,034.83</b>        |
| <b>The above amount includes</b>   |                         |                         |
| Secured borrowings   | 19,473.56               | 23,006.15               |
| Unsecured borrowings   | 5,302.05                | 5,028.68                |
| Amount disclosed under the head<br>Current maturities of the borrowings shown under "other current liabilities(Note-25)" | 11,422.95               | 13,806.20               |
| Details of deposits held by Directors of the company   |                         |                         |
| a) Smt. V Kavitha Dutt   | 101.53                  | 101.53                  |
| b) Dr. V L Indira Dutt   | 1,433.50                | 1,258.50                |

## Term Loans

| Particulars                              | Cement Expansion Muktyala  | Captive Power  | Hotel                                  | Engineering                            | Capex Reimbursement Loan                              | Covid Credit Support Scheme Loan                      | KCP Vietnam Industries Ltd. |
|--|--|--|--|--|---|---|-----------------------------|
| Lending Bank                             | State Bank of India  | Canara Bank  | Indian Overseas Bank                   | Canara Bank                            | HDFC Bank   | Canara Bank   | Vietnam Development Bank    |
| Loan Amount Sanctioned (Rs Lakhs)        | 27,563   | 7,964  | 5,973                                  | 338                                    | 2,278   | 250   | 3,30,000 Million VND        |
| Loan Amount Availed (Rs Lakhs)           | 27,498   | 7,215  | 5,973                                  | 317                                    | 2,278   | 250   | 2,81,300 Million VND        |
| Loan amount outstanding as on 31-03-2021 | 20,925   | 2,096  | 842                                    | 257                                    | 2,278   | 250   | 33,805 Million VND          |
| No of Installments (Quarterly)           | 32   | 32   | 28                                     | 20                                     | 20  | 18  | 28                          |
| Installments Commencement                | Dec,2018   | Mar,2015   | May,2015                               | Oct,2019                               | July,2021   | April,2021  | March,2016                  |
| Rate of Interest                         | 1 Yr MCLR plus 0.65%   | 1 Yr MCLR plus 1.30%                                 | 1 Yr MCLR plus 1.00%                   | 1 Yr MCLR plus 0.50%                   | 1 Yr MCLR plus 0.30%                                  | 1 Yr MCLR plus 0.50%                                  | 8.55%                       |
| Installment Amount (Rs Lakhs)            | 1,175  | 207.25   | 314                                    | 16.9                                   | 113.88  | 13.88   | 11,785 Million VND          |
| Security                                 | First Charge on the Project Assets and Charge on Land at Muktyala ranking pari-passu with other lenders. | First Charge on Fixed Assets of Captive Power Plant. | First Charge on Fixed Assets of Hotel. | First Charge on Imported Lathe Machine | Exclusive Charge on Commercial Building at Hyderabad. | Extension of existing primary and collateral security | Pledge of Project Assets    |

Note : Initial Loan Processing Charges by State Bank of India are being amortised over the period of the loan. Net amount outstanding at the end of the year to be amortised was Rs. 16.20 lakhs.

## Carrying value of assets Pledged for Term Loan

(Rs. In Lakhs)

| Particulars          | Muktyala Plant Fixed Assets<br>(including Expansion Assets) |               | Macherla Plant Fixed Assets |              | Hotel Fixed Assets |              |              |
|----------------------|---|---------------|-----------------------------|--------------|--------------------|--------------|--------------|
|                      | FY  | 2021          | 2020                        | 2021         | 2020               | 2021         | 2020         |
| Plant & Machinery    |   | 51,854        | 55,706                      | 2,156        | 2,501              | 7,236        | 7,651        |
| Lands & Buildings    |   | 7,981         | 7,876                       | 4,696        | 4,887              | 1,313        | 1,349        |
| Furntiure & fixtures |   | 89            | 44                          | 555          | 753                | 5            | 6            |
| <b>Total</b>         |   | <b>59,924</b> | <b>63,627</b>               | <b>7,407</b> | <b>8,140</b>       | <b>8,554</b> | <b>9,007</b> |

## Cash Credit

| Particulars                         | Muktyala   |                      | Macherla   |                      | CPP  | Engineering Unit   |                      |
|-------------------------------------|--|----------------------|--|----------------------|--|--|----------------------|
|                                     | Bank of Baroda   | Canara Bank          | Bank of Baroda   | HDFC Bank            | Canara Bank  | Canara Bank  | AXIS Bank            |
| Outstanding Amount as on 31.03.2021 | 959  | 16                   | 164  | 556                  | 25   | 206  | 285                  |
| Rate of Interest on 31.03.2021      | 0.95% over 1 Yr MCLR plus SP                                     | 1 Yr MCLR plus 1.85% | 0.95% over 1 Yr MCLR plus SP                                     | 1 Yr MCLR plus 1.25% | 1 Yr MCLR plus 1.85%   | 1 Yr MCLR plus 1.85%   | 1 Yr MCLR plus 2.00% |
| Security                            | Paripassu First Charge on Current Assets of Muktyala Cement Unit |                      | Paripassu First Charge on Current Assets of Macherla Cement Unit |                      | Paripassu First Charge on Current Assets of Captive Powere Plant | Paripassu First Charge on Current Assets of Engineering Unit |                      |

| <b>Note 19. Non current- Trade payables</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Due to Micro and Small Enterprises          | -                       | -                       |
| Due to Others                               | 271.26                  | 271.26                  |
| <b>TOTAL</b>                                | <b>271.26</b>           | <b>271.26</b>           |

| <b>Note 20. Non current- Other Financial Liabilities</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Trade Deposits   | 5,540.11                | 4,155.13                |
| Science & Technology development fund                    | 3,112.66                | 3,491.38                |
| Deposits Payable-Contractors                             | 313.40                  | 341.90                  |
| Interest accrued but not due                             | 107.81                  | 122.35                  |
| Outstanding Liabilities for Expenses                     | 889.00                  | 641.62                  |
| <b>TOTAL</b>   | <b>9,962.98</b>         | <b>8,752.39</b>         |

| <b>Note 21. Non current - Provisions</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Provision for gratuity                   | -                       | 229.15                  |
| Provision for leave benefits             | 1,024.05                | 1,108.10                |
| Provision for Decommissioning expenses   | 268.25                  | 453.82                  |
| <b>TOTAL</b>                             | <b>1,292.29</b>         | <b>1,791.07</b>         |

| <b>Note 22. Deferred Tax Liability (Net)</b>  | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| <b>Deferred Tax Liability</b>   |                         |                         |
| Fixed assets: Difference between Tax depreciation and depreciation/amortisation charged for the financial reporting                 | 18,697.09               | 14,322.29               |
| Discounting of legal cases  | 24.95                   | 24.95                   |
| <b>Gross Deferred Tax Liability</b>   | <b>18,722.04</b>        | <b>14,347.24</b>        |
| <b>Deferred Tax Asset</b>   |                         |                         |
| MAT Credit  | 6,270.43                | 4,477.30                |
| Expected Credit loss  | 1.96                    | 1.96                    |
| Discounting of trade receivables  | 28.29                   | 28.29                   |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 744.56                  | 744.56                  |
| Unabsorbed Losses   | 4,313.96                | 4,313.96                |
| Provision for decommissioning cost  | 158.58                  | 158.58                  |
| Onerous Contracts   | 28.91                   | 28.91                   |
| Others  | 107.82                  | 107.82                  |
| <b>Gross Deferred tax asset</b>   | <b>11,654.50</b>        | <b>9,861.37</b>         |
| <b>Net Deferred Tax Liability</b>   | <b>7,067.54</b>         | <b>4,485.87</b>         |

(Rs in Lakhs)

| <b>Note.23 Current Financial Liabilities- Borrowings</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| Cash credit from Banks                                   |                         |                         |
| : Secured  | 2,212.47                | 7,788.11                |
| : Unsecured  | 6,122.44                | -                       |
| Other Short Term Borrowings-Working Capital Demand Loan  | -                       | 3,209.89                |
| Loan Repayable on Demand (Unsecured)                     |                         |                         |
| :from Directors  | 1,760.00                | 1,800.00                |
| Inter-corporate deposit repayable on demand              | 270.00                  | 270.00                  |
| <b>TOTAL</b>   | <b>10,364.92</b>        | <b>13,068.00</b>        |
| <b>The above amount includes</b>                         |                         |                         |
| Secured borrowings                                       | 2,212.47                | 10,998.00               |
| Unsecured borrowings                                     | 8,152.44                | 2,070.00                |

| <b>Note.24 Current Financial liabilities- Trade payables</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Trade payables</b>  |                         |                         |
| Due to Micro and Small Enterprises                           | 334.03                  | 99.77                   |
| Due to Others  | 11,040.57               | 12,838.37               |
| <b>TOTAL</b>   | <b>11,374.59</b>        | <b>12,938.14</b>        |

| <b>Note. 25 Current maturities of long term borrowings</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>Term Loans from Banks - Secured</b>                     |                         |                         |
| Hotel Project  | 841.93                  | 854.43                  |
| Engineering Unit   | 230.78                  | 67.60                   |
| Captive Power Plant- Muktyala                              | 931.67                  | 833.79                  |
| Cement Plant Muktyala Expansion                            | 4,700.00                | 5,000.00                |
| Corporate Loan (Capex Reimbursement)                       | 455.52                  | 2,000.00                |
| Sugar Project  | 1,057.77                | 1,502.00                |
| <b>Sub Total</b>   | <b>8,217.67</b>         | <b>10,257.83</b>        |
| <b>Other Loans and advances:</b>                           |                         |                         |
| <b>Deposits (unsecured)</b>                                |                         |                         |
| From Directors   | 190.00                  | 45.03                   |
| From Others  | 3,015.28                | 3,503.34                |
| <b>Sub Total</b>   | <b>3,205.28</b>         | <b>3,548.37</b>         |
| <b>TOTAL</b>   | <b>11,422.95</b>        | <b>13,806.20</b>        |

| <b>Note 25A. Current- Other Financial Liabilities</b> | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| Interest Accrued but not due on borrowings            | 179.89                  | 179.90                  |
| Interest Accrued and due on borrowings                | 50.30                   | 344.55                  |
| Advance from customers                                | 7,328.71                | 6,678.62                |
| Unpaid Dividend                                       | 196.91                  | 216.69                  |
| Accrued Salaries and Benefits                         | 1,346.40                | 711.40                  |
| Directors Remuneration Payable                        | 1,096.21                | -                       |
| Project related payables                              | 0.44                    | 9.93                    |
| Outstanding Liabilities for Others                    | 1,142.43                | 1,266.82                |
| <b>Total</b>  | <b>11,341.29</b>        | <b>9,407.91</b>         |

| Note 26. Other Current Liabilities | As at 31-03-2021 | As at 31-03-2020 |
|------------------------------------|------------------|------------------|
| Statutory Dues                     | 3,578.14         | 1,253.68         |
| <b>TOTAL</b>                       | <b>3,578.14</b>  | <b>1,253.68</b>  |

| Note 27. Current- Provisions | As at 31-03-2021 | As at 31-03-2020 |
|------------------------------|------------------|------------------|
| Provision for gratuity       | 97.95            | 56.22            |
| Provision for leave benefits | 360.12           | 324.65           |
| <b>TOTAL</b>                 | <b>458.07</b>    | <b>380.86</b>    |

| Note 28. Revenue from operations            | FY 2020-21         | FY 2019-20         |
|---|--------------------|--------------------|
| <b>Revenue from operations</b>              |                    |                    |
| Sale of products                            | 167,856.00         | 138,329.47         |
| Sale of services                            | 1,048.48           | 2,309.05           |
| <b>Sub Total</b>                            | <b>1,68,904.48</b> | <b>1,40,638.52</b> |
| <b>Other operating revenue</b>              |                    |                    |
| Scrap sales                                 | 320.57             | 279.49             |
| Packing & Forwarding                        | 129.87             | 107.92             |
| Interest Income on -                        |                    |                    |
| Bank deposits                               | 1,984.11           | 1,227.75           |
| Others                                      | 33.53              | 102.98             |
| Amortisation of govt. grant (VAT Incentive) | 1.99               | 2.00               |
| <b>Revenue from operations (Gross)</b>      | <b>171,374.56</b>  | <b>142,358.65</b>  |

#### Disaggregation of revenue information as per INDAS 115

| Particulars                        | FY 2020-21        | FY 2019-20        |
|------------------------------------|-------------------|-------------------|
| Revenue from Sale of Cement        | 128,049.28        | 84,343.93         |
| Revenue from Sale of Sugar         | 33,766.11         | 43,599.76         |
| Revenue from Power                 | 6,040.61          | 3,822.23          |
| Revenue from Engineering Job works | 482.39            | 7,076.17          |
| Revenue from Hospitality services  | 566.09            | 1,796.43          |
| <b>TOTAL</b>                       | <b>168,904.48</b> | <b>140,638.52</b> |

#### Revenue from Contract with Customer as per disclosure requirements under para 126AA of INDAS-115:

| Particulars                                      | FY 2020-21        | FY 2019-20        |
|--|-------------------|-------------------|
| Revenue from contracts with customers (excl GST) | 190,784.60        | 154,362.13        |
| Less:  |                   |                   |
| Discounts  | 21,420.28         | 13,429.26         |
| Selling Agent commission                         | 226.15            | 160.33            |
| Sales Promotion                                  | 233.69            | 134.03            |
| Gross sales as per Profit and loss account       | <b>168,904.48</b> | <b>140,638.52</b> |

## Disclosure requirements under IND AS 115 para 116 in respect of Engineering Job works

| Particulars   | 31.03.2021 | 31.03.2020 |
|---|------------|------------|
| Opening balance of Trade Receivables  | 2,946.18   | 2,211.00   |
| Opening balance of Contract assets  | 92.55      | 2,833.95   |
| Opening balance of Contract liabilities   | 2,128.85   | 2,695.14   |
| Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period | 1,358.94   | 2,392.33   |
| Revenue recognized in the reporting period from performance obligations satisfied in the previous period                        | -          | -          |
| Closing balance of receivables  | 3,759.93   | 2,946.18   |
| Closing balance of contract assets  | 456.45     | 92.55      |
| Closing balance of contract liabilities   | 1,178.47   | 2,128.85   |

| Note 29. Other Income             | FY 2020-21    | FY 2019-20    |
|-----------------------------------|---------------|---------------|
| <b>Dividend income on</b>         |               |               |
| Long-term investments             | 0.40          | 0.69          |
| <b>Other non-operating income</b> | 560.39        | 411.69        |
| <b>TOTAL</b>                      | <b>560.79</b> | <b>412.37</b> |

| Note 30. Cost of raw material and components consumed | FY 2020-21       | FY 2019-20       |
|---|------------------|------------------|
| Inventory at the beginning of the year                | 902.87           | 1,249.81         |
| Add: Purchases  | 7,073.00         | 4,936.13         |
| Add: Cost of raw materials produced                   | 38,450.29        | 41,569.14        |
|   | <b>46,426.16</b> | <b>47,755.08</b> |
| Less: Inventory at the end of the year                | 580.49           | 902.87           |
| <b>Cost of raw material and components consumed</b>   | <b>45,845.67</b> | <b>46,852.21</b> |

| Details of raw material and components consumed       | FY 2020-21       | FY 2019-20       |
|---|------------------|------------------|
| i) Cement Unit  |                  |                  |
| Limestone   | 15,719.54        | 12,698.88        |
| Laterite  | 1,099.41         | 864.06           |
| Fly Ash   | 1,975.74         | 1,806.28         |
| Gypsum  | 2,193.84         | 2,044.91         |
| Sugar Cane  | 22,951.10        | 26,094.67        |
| Sub Total   | <b>43,939.63</b> | <b>43,508.80</b> |
| ii) Engineering Unit                                  |                  |                  |
| Iron and Steel, Nickel, Scrap and Equipments          | 1,831.38         | 3,115.86         |
| iii) Bricks Unit / Others                             |                  |                  |
| Sand, Stoner Dust, Metal / Admixture Stock and Others | 11.39            | 13.59            |
| iv) Hotel   |                  |                  |
| Provisions  | 63.26            | 213.96           |
| <b>TOTAL</b>  | <b>45,845.67</b> | <b>46,852.21</b> |

| Details of Inventory                                      | FY 2020-21        | FY 2019-20        |
|---|-------------------|-------------------|
| <b>Raw materials and components</b>                       |                   |                   |
| Limestone   | 307.11            | 532.21            |
| Laterite  | 82.55             | 63.69             |
| Fly Ash   | 14.50             | 7.49              |
| Gypsum  | 170.40            | 294.01            |
| BF Slag   | 1.40              | -                 |
| Sugar   | -                 | -                 |
| Iron and Steel, Nickel, Scrap and Equipments - In Transit | 1.54              | 4.92              |
| <b>Others</b>   |                   |                   |
| Sand  | -                 | 0.12              |
| Stone Crusher Dust  | 2.99              | 0.17              |
| Cement Stock Loose  | -                 | 0.26              |
| <b>TOTAL</b>  | <b>580.49</b>     | <b>902.87</b>     |
| <b>Note 31. (Increase)/decrease in inventories</b>        | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
| <b>Inventories at the end of the year</b>                 |                   |                   |
| Work in progress  | 5,279.11          | 8,074.82          |
| Finished goods  | 12,569.67         | 14,081.92         |
| Sub Total   | 17,848.78         | 22,156.74         |
| <b>Inventories at the beginning of the year</b>           |                   |                   |
| Work in progress  | 8,074.82          | 6,981.15          |
| Finished goods  | 14,081.92         | 16,888.10         |
| Sub Total   | <b>22,156.74</b>  | <b>23,869.25</b>  |
| <b>Increase/ (Decrease)</b>                               | <b>4,307.96</b>   | <b>1,712.51</b>   |
| <b>Note 32. Employee benefit expenses</b>                 | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
| Salaries, Wages and bonus                                 | 10,202.89         | 8,626.81          |
| Contribution to Provident and other funds                 | 569.70            | 652.55            |
| Gratuity expenses   | 126.31            | 124.61            |
| Staff welfare expenses                                    | 764.73            | 886.48            |
| <b>TOTAL</b>  | <b>11,663.63</b>  | <b>10,290.46</b>  |
| <b>Note 33. Finance Costs</b>                             | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
| Interest  | 4,486.78          | 5,653.66          |
| Other Borrowing costs                                     | 102.75            | 142.81            |
| Unwinding of Finance Cost                                 | 47.44             | 143.33            |
| <b>TOTAL</b>  | <b>4,636.97</b>   | <b>5,939.80</b>   |
| <b>Note 33A. Depreciation and amortization expense</b>    | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
| Depreciation of tangible assets                           | 9,123.89          | 9,546.11          |
| Amortization of intangible assets                         | 47.12             | 62.97             |
| <b>TOTAL</b>  | <b>9,171.01</b>   | <b>9,609.07</b>   |

(Rs in Lakhs)

| <b>Note 34. Other expenses</b>            | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|---|-------------------|-------------------|
| Consumption of stores and spares          | 6,201.16          | 6,138.65          |
| Consumption of loose tools                | 100.79            | 170.96            |
| Sub-contracting expenses                  | 1,266.43          | 1,755.69          |
| Insurance                                 | 355.08            | 215.03            |
| Rent                                      | 87.45             | 39.36             |
| Rates and taxes                           | 586.96            | 533.74            |
| Repairs and maintenance                   |                   |                   |
| To Plant & Machinery                      | 1,015.23          | 1,452.41          |
| Buildings                                 | 296.63            | 342.48            |
| Other Assets                              | 243.57            | 264.91            |
| Wheeling/Banking Charges                  | 768.24            | 787.21            |
| Advertising and sales promotion           | 494.40            | 705.77            |
| Travelling and conveyance                 | 117.22            | 291.15            |
| Communication costs                       | 82.39             | 112.91            |
| Printing & Stationery                     | 50.97             | 76.78             |
| Donations                                 | 101.32            | 2.48              |
| Corporate Social Responsibility           | 64.72             | 63.68             |
| Professional, Consultancy and Legal fees  | 561.04            | 721.23            |
| Directors' sitting fees                   | 23.80             | 11.40             |
| Payment to auditors (Refer details below) | 40.19             | 43.19             |
| Exchange Difference - Net Loss /(Gain)    | 28.99             | 0.12              |
| Bad debts/advances written off            | 4.76              | 2.30              |
| Bank Charges                              | 63.61             | 81.30             |
| Assets Written Off                        | 142.59            | 20.71             |
| Loss on sale of fixed assets (net)        | 0.13              | 35.11             |
| Performance and Delivery Guarantee Claims | 68.82             | 484.00            |
| Provision for doubtful debts and advances | 24.86             | -                 |
| Expected Credit Loss                      | 5.18              | 1.06              |
| Security Charges                          | 478.27            | 505.23            |
| Miscellaneous expenses                    | 907.01            | 1,774.43          |
| <b>TOTAL</b>                              | <b>14,181.80</b>  | <b>16,633.31</b>  |

| <b>Payment to Auditors</b>            |              |              |
|---------------------------------------|--------------|--------------|
| <b>As Auditor:</b>                    |              |              |
| <b>Audit Fee</b>                      | <b>21.67</b> | <b>21.58</b> |
| <b>Certification &amp; Other fees</b> | <b>9.47</b>  | <b>9.84</b>  |
| <b>Fees for Cost Auditor</b>          | <b>8.6</b>   | <b>8.60</b>  |
| <b>Reimbursement of expenses</b>      | <b>0.43</b>  | <b>3.18</b>  |
| <b>TOTAL</b>                          | <b>40.19</b> | <b>43.20</b> |

**Note 35. Income Tax Reconciliation****The major components of income tax expense for the years ended 31-03-2021**

| <b>Income tax expense:-</b>                 | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|---|-------------------|-------------------|
| Current tax                                 | 3,812.00          | 487.82            |
| Deferred tax                                | 4,324.50          | (1,884.17)        |
| MAT credit Utilised/ (Entitlement)          | (1,793.13)        | -                 |
| Short /(Excess) provision of Income Tax/MAT | -                 | (466.56)          |
| <b>Total tax expense for the year</b>       | <b>6,343.37</b>   | <b>(1,862.91)</b> |

**Reconciliation of effective tax rate:**

Tax on the company's profit before tax differs from the theoretical amount that would arise on using the enacted rate of corporate tax in india (34.94%) as follows:

| <b>Particulars</b>  | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|---|-------------------|-------------------|
| (a) Net Profit / (Loss) before taxes  | 25,220.35         | 3,937.94          |
| (b) Corporate Tax as per Income Tax Act, 1961                                 | 34.94%            | 34.94%            |
| (c) Tax on Accounting Profit (c) = (a)*(b)                                    | 8,813.00          | 1,376.07          |
| (d) Increase/Decrease in tax expense on account of:-                          |                   |                   |
| i) Non taxable income/Exempt income   | (2,303.80)        | (3,295.29)        |
| ii) Reduction in Depreciation/ (Accelerated Depreciation)                     | 21.80             | (1,660.44)        |
| iii) Expenses not allowed under Income Tax                                    | (10.92)           | 52.02             |
| iv) Expenses that are allowed under payment basis                             | 128.39            | (148.68)          |
| v) Expected Credit Loss as per Ind AS   | 1.81              | -                 |
| vi) Amortisation of Government Grant as per Ind AS                            | (0.70)            | (0.70)            |
| vii) Finance Cost as per Ind AS   | (43.14)           | 47.76             |
| viii) Stripping Cost Capitalised as per Ind AS                                | (73.47)           | (45.85)           |
| ix) Deduction under Sec 80-IA   | (262.01)          | 2,900.03          |
| x) Deduction under Sec 80M  | (518.08)          | -                 |
| xi) Foreign dividend taxable at special rates                                 | (529.05)          | 487.82            |
| xii) Utilisation of brought forward business losses                           | (4,303.74)        | -                 |
| xiii) Difference due to elimination of dividend received from Group Companies | 1,065.09          | 1,003.59          |
| xiv) Other adjustments  | 33.69             | (228.51)          |
| <b>Tax Expense recognised in Statement of P &amp; L</b>                       | <b>2,018.87</b>   | <b>487.82</b>     |
| (e) Tax as per Normal Provision under Income Tax                              | 2,018.87          | 487.82            |
| (f) Tax rate applicable to the company as per MAT Provisions                  | 17.47%            | 17.47%            |
| (g) MAT Tax expense on Net Profits  | 3,787.15          | -                 |
| (h) Increase/Decrease in tax expense on account of:-                          |                   |                   |
| i) Items that will not be reclassified to Profit & Loss                       | 25.15             | -                 |
| ii) Exempt Income u/s 10(34)  | -                 | -                 |
| iii) 1/5th of transition amount u/s 115JB(2C)                                 | (34.71)           | -                 |
| iv) Expected Credit Loss  | 0.90              | -                 |
| v) Expenses that are not allowed as per Section 115JB                         | (9.45)            | -                 |
| vi) Other adjustments   | 42.96             | -                 |
| <b>MAT tax provision under 115JB (g+h)</b>                                    | <b>3,812.00</b>   | <b>-</b>          |

(Rs in Lakhs)

**Deferred Taxes**

| Particulars  | FY 2020-21      | FY 2019-20        |
|--|-----------------|-------------------|
| <b>As on reporting date</b>                                      |                 |                   |
| Deferred tax arising due to                                      |                 |                   |
| <b>a) On OCI component</b>                                       |                 |                   |
| -Actuarial Gain/Loss   | 50.30           | (35.32)           |
| <b>b) Other than OCI component</b>                               |                 |                   |
| -Difference in W.D.V of Property Plant & Equipment               | 61.17           | 1,966.66          |
| -Impact of expenditure allowed under Income tax on payment basis | (145.26)        | -                 |
| -Discounting of trade receivables                                | 3.34            | (7.54)            |
| -Provision for Loss allowance                                    | (1.81)          | (0.37)            |
| -Discounting of Legal cases                                      | 7.83            | (14.02)           |
| -Provision for Decommissioning cost                              | 64.85           | (14.98)           |
| -Unabsorbed depreciation and business losses                     | 4,313.96        | (3,830.45)        |
| -Other disallowances   | 20.41           | 16.53             |
| <b>c) Total for the year</b>                                     | <b>4,374.80</b> | <b>(1,919.49)</b> |

| <b>Expense/(income) recognised for the year ended:</b>                    |                 |                   |
|---|-----------------|-------------------|
| Deferred tax liability/(asset) recognised in statement of profit and loss | 4,324.50        | (1,884.17)        |
| Deferred tax recognised in other comprehensive income                     | 50.30           | (35.32)           |
| Deferred tax recognised in Total comprehensive income                     | <b>4,374.80</b> | <b>(1,919.49)</b> |

**Details of Deferred tax liability/ (asset) arised during FY 2020-21:-**

| No | Particulars  | Opening Balance | Recognised in Statement of Profit and loss | Recognised in other comprehensive income | MAT Credit Utilised | Closing Balance |
|----|--|-----------------|--|--|---------------------|-----------------|
| 1) | Temporarty Timing difference arised in relation to Fixed Assets  |                 |  |  |                     |                 |
|    | - Depreciation charged as per income tax act and Companies Act   | 14,322.29       | 4,374.80                                   | -  | -                   | 18,697.09       |
|    | - Decommissioning Cost- Mines  | -               | -  | -  | -                   | -               |
| 2) | Bank Processing Charges  |                 |  |  |                     |                 |
|    | - Amortization   | -               | -  | -  | -                   | -               |
| 3) | Discounting of Legal Cases   | 24.95           | -  | -  | -                   | 24.95           |
| 4) | Expenditure charged to Statement of profit and loss in the current year but allowed for tax purpose on payment basis | (744.56)        | -  | -  | -                   | (744.56)        |
| 5) | Provision for Doubtful debts   | (28.29)         | -  | -  | -                   | (28.29)         |

(Rs in Lakhs)

|     |  |                 |                 |          |                  |                 |
|-----|--|-----------------|-----------------|----------|------------------|-----------------|
| 6)  | Deferred Tax Asset on Expected credit loss | (1.96)          | -               |          |                  | (1.96)          |
| 7)  | Provision for Decommissioning Cost         | (158.58)        | -               | -        | -                | (158.58)        |
| 8)  | MAT Credit                                 | -4,477.30       | -               | -        | -1,793.13        | -6,270.43       |
| 9)  | Unabsorbed Losses                          | -4,313.96       | -               |          |                  | -4,313.96       |
| 10) | Onerous Contract                           | (28.91)         | -               |          |                  | (28.91)         |
| 11) | Others                                     | (107.82)        | -               |          |                  | (107.82)        |
|     | <b>TOTAL</b>                               | <b>4,485.87</b> | <b>4,374.80</b> | <b>-</b> | <b>-1,793.13</b> | <b>7,067.54</b> |

| <b>Note 36. Other Comprehensive Income- OCI</b>              | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|--|-------------------|-------------------|
| Foreign translation reserve changes                          | (781.07)          | 2,674.77          |
| Remeasurement of Defined Benefit Plan Loss/Gain              |                   |                   |
| Gratuity   | 87.01             | (280.10)          |
| Leave Encashment   | 56.93             | (101.09)          |
| Increase/Decrease in Fair Value of Investments               | 6.76              | (7.13)            |
| Deferred Tax Liability on above items                        | (50.30)           | 35.32             |
| Share of OCI from Joint Venture                              | 13.67             | (0.02)            |
| <b>Sub Total</b>   | <b>(667.00)</b>   | <b>2,321.75</b>   |
| Less: Non Controlling interest share in OCI (Refer Note 17A) | (291.39)          | 955.28            |
| <b>TOTAL</b>   | <b>(375.61)</b>   | <b>1,366.48</b>   |

**Statement of additions, write off and payments closing as per IND AS 37 Para 84**

| <b>S. No</b> | <b>Provisions</b>                                  | <b>Leave Benefits</b> | <b>Gratuity</b> | <b>Income Tax</b> | <b>Decommissioning</b> |
|--------------|--|-----------------------|-----------------|-------------------|------------------------|
| 1            | <b>Balance as at 31st March, 2020</b>              | <b>1,432.74</b>       | <b>285.36</b>   | <b>500.84</b>     | <b>453.82</b>          |
| 2            | Provision recognised during the year               |                       |                 |                   |                        |
|              | - In Statement of Profit & Loss                    | 273.15                | 126.42          | 3,812.00          | (185.58)               |
|              | - In Statement of Other Comprehensive Income       | (57.32)               | (87.24)         | -                 | -                      |
| 3            | Amounts incurred and charged against the provision | (264.41)              | (226.59)        | -                 | -                      |
| 4            | <b>Balance as at 31st March, 2021</b>              | <b>1,384.17</b>       | <b>97.95</b>    | <b>4,312.84</b>   | <b>268.25</b>          |

The Company provides for the expenses at fair value that are required to restore the mines based on the estimated mineral reserves available and is included in cost of material consumed. The unwinding of discount on provision is shown as finance costs in the statement of profit and loss. It is expected to be settled in 2026-27 for Muktyala mining lands, 2020-21 for terala mines and 2034-35 for macherla mines.

(Rs in Lakhs)

| <b>Note 37. CONTINGENT LIABILITIES</b>   | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|--|-------------------------|-------------------------|
| <b>A. Claims against the company not acknowledged as debt</b>  |                         |                         |
| Statutory Levies   | 2,452.62                | 2,669.56                |
| Contractual Levies   | 13.41                   | 13.41                   |
| Others   | 591.42                  | 579.86                  |
| <b>B. Guarantees issued by the Bankers on behalf of the Company</b>  |                         |                         |
| Against Advances Received  | 3,171.33                | 6,010.73                |
| Towards Performance Guarantees   | 2,078.49                | 1,614.70                |
| Sales Tax authorities of Andhra Pradesh have issued an order regarding some defects in "F Forms" for the year 2012-13. Since the matter is disputed and liability is to be crystallised, no value is included in the contingent liability. |                         |                         |

| <b>Note 38. COMMITMENTS</b>   | <b>As at 31-03-2021</b> | <b>As at 31-03-2020</b> |
|---|-------------------------|-------------------------|
| A. Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,349.53                | 1,148.32                |
| B. Other commitments - Sale contracts   | 10,261.58               | 14,745.54               |
| - Export Obligation under EPCG Scheme   | 179.78                  | 179.78                  |

| <b>Note 39. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF</b> | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|---|-------------------|-------------------|
| a) Raw Materials and Stock-in-Trade                         | -                 | 304.86            |
| b) Components ,Spares parts , Consumables & Coal            | 5,977.66          | 5,751.99          |
| c) Tools  | 1.97              | -                 |
| d) Capital goods  | -                 | 398.97            |
|   | <b>5,979.63</b>   | <b>6,455.83</b>   |

| <b>Note 40. REVENUE EXPENDITURE CAPITALISED DURING THE YEAR</b> | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|---|-------------------|-------------------|
| a) Opening unallocated capital expenditure                      | 32.58             | 362.36            |
| <b>Add:</b>   |                   |                   |
| Salaries,wages & Bonus  | 27.85             | 51.18             |
| Contribution to provident fund and Family Pension Scheme        | 1.62              | -                 |
| Staff welfare Expenses  | 1.02              | -                 |
| Stores and Spares Consumed                                      | 4.92              | -                 |
| Power   | 11.69             | 1.90              |
| Insurance   | 0.46              | 1.60              |
| Repairs to Building   | 4.65              | -                 |
| Repairs to Machinery  | 0.02              | -                 |
| Repairs to Other Assets   | 4.59              | -                 |
| Professional Fees   | 68.28             | 70.17             |
| Travelling Expenses   | 0.63              | -                 |
| Security Charges  | 19.95             | -                 |
| Rates & taxes   | 1.10              | -                 |
| Depreciation  | 0.56              | -                 |
| Miscellaneous expenses  | 5.71              | 0.59              |
|   | <b>185.63</b>     | <b>487.81</b>     |

|   |               |               |
|---|---------------|---------------|
| <b>Less:</b>                            |               |               |
| Interest Received                       | -             | -             |
| Miscellaneous Income                    | 1.03          | -             |
|   | <b>184.60</b> | <b>487.81</b> |
| Capitalised/Allocated to fixed assets   | -             | 452.18        |
| Written off during the year             | 32.58         | 3.05          |
| Closing unallocated Capital Expenditure | <b>152.01</b> | <b>32.58</b>  |

| <b>Note 41. Revenue from Operations</b> | <b>FY 2020-21</b>  | <b>FY 2019-20</b> |
|---|--------------------|-------------------|
| Finished goods sold                     |                    |                   |
| Cement                                  | 1,19,660.93        | 84,303.23         |
| Heavy Engineering products              | 8,342.65           | 6,563.56          |
| Electrical energy                       | 5,999.81           | 3,295.84          |
| Sugar                                   | 35,267.44          | 45,268.62         |
| Service Receipts                        | 1,048.48           | 2,309.05          |
| Others                                  | 1,055.24           | 618.35            |
| <b>TOTAL</b>                            | <b>1,71,374.54</b> | <b>142,358.65</b> |

| <b>Note 42. Earnings Per Share (EPS)</b>  | <b>FY 2020-21</b> | <b>FY 2019-20</b> |
|---|-------------------|-------------------|
| i) Profit / (Loss) after Non controlling interest from continuing operations          | 16,298.79         | 2,713.44          |
| i) Profit / (Loss) after Non controlling interest from discontinued operations        | -                 | -                 |
| Total Profit / (Loss) after Non controlling interest                                  | 16,298.79         | 2,713.44          |
| ii) Net Profit attributable to Equity Shareholders                                    | 16,298.79         | 2,713.44          |
| iii) Weighted Average number of equity shares used as denominator for calculating EPS | 128,921,160       | 128,921,160       |
| Earnings per share (for Continuing Operations) Basic and diluted                      | 12.64             | 2.10              |
| Earnings per share (for Discontinued Operations) Basic and diluted                    | -                 | -                 |
| Total Earnings per share - Rs.  | 12.64             | 2.10              |
| Nominal value per each Equity share - Rs.   | 1.00              | 1.00              |

| <b>Note 43. Disclosures required by Indian Accounting Standard 19- Employee Benefits</b> | <b>FY 2020-21</b> |                        | <b>FY 2019-20</b> |                        |
|--|-------------------|------------------------|-------------------|------------------------|
|  | <b>Gratuity</b>   | <b>Leave Absentees</b> | <b>Gratuity</b>   | <b>Leave Absentees</b> |
| <b>a) Reconciliation for present value of obligations</b>                                |                   |                        |                   |                        |
| Present value of obligations as at beginning of the year                                 | 1,678.97          | 1,432.74               | 1,376.37          | 1,299.83               |
| Less: Difference in Opening Balance  | -                 | -                      | -                 | -                      |
| Interest cost  | 108.83            | 87.53                  | 96.39             | 90.52                  |
| Current service cost   | 114.84            | 185.62                 | 119.14            | 174.31                 |
| Past service cost  |                   |                        |                   |                        |
| Benefits paid  | (123.89)          | (264.40)               | (232.64)          | (233.01)               |
| Actuarial loss/(gain) on obligation  | (83.12)           | (57.32)                | 319.71            | 101.09                 |
| Present value of obligations as at end of the year                                       | <b>1,695.63</b>   | <b>1,384.17</b>        | <b>1,678.97</b>   | <b>1,432.74</b>        |

(Rs in Lakhs)

| Note 43. Disclosures required by Indian Accounting Standard 19- Employee Benefits | FY 2020-21            |                 | FY 2019-20            |                 |
|---|-----------------------|-----------------|-----------------------|-----------------|
|   | Gratuity              | Leave Absentees | Gratuity              | Leave Absentees |
| <b>b) Reconciliation for fair value of plan assets</b>                            |                       |                 |                       |                 |
| Fair Value of Plan Assets at the beginning of the year                            | 1,393.60              | 0.00            | 1,331.34              | 0.00            |
| Add : Increase In Value By LIC  | 0.00                  |                 | 0.00                  |                 |
| Less: Decrease In Value   | 0.00                  |                 | 0.00                  |                 |
| Expected Return on Plan Assets  | 97.25                 |                 | 90.78                 |                 |
| Contributions   | 226.59                | 264.40          | 164.52                | 233.01          |
| Benefits Paid   | (123.89)              | (264.40)        | (232.64)              | (233.01)        |
| Acturial Gain on Plan Assets  | 4.12                  |                 | 39.60                 |                 |
| Fair Value of Plan Assets at the end of the year                                  | <b>1,597.67</b>       | <b>0.00</b>     | <b>1,393.60</b>       | <b>0.00</b>     |
| <b>c) Net Liability recognised in the Balance Sheet</b>                           |                       |                 |                       |                 |
| Present value of obligations as at the end of the year                            | 1,695.63              | 1,384.17        | 1,678.97              | 1,432.74        |
| Fair value of plan Assets as at the end of the year                               | 1,597.67              | -               | 1,393.60              | -               |
| Amount determined under para 63 of IND AS 19                                      | <b>97.96</b>          | <b>1,384.17</b> | <b>285.37</b>         | <b>1,432.74</b> |
| Net defined benefit liability recognised in the Balance sheet                     | 97.96                 | 1,384.17        | 285.37                | 1,432.74        |
| Present value of future reduction in contribution under para 65 of IND AS 19      | -                     | -               | -                     | -               |
| Net Defined benefit asset recognised under para 64 of IND AS 19                   | -                     | -               | -                     | -               |
| <b>d) Expenses recognised in statement of Profit &amp; Loss</b>                   |                       |                 |                       |                 |
| Current service cost  | 114.84                | 185.62          | 119.14                | 174.31          |
| Net interest on net Defined benefit obligations                                   | 11.58                 | 0.00            | 5.61                  | 0.00            |
| Interest cost   | 0.00                  | 87.53           | 0.00                  | 90.52           |
| Net actuarial (gain)/loss recognised in the year                                  | 0.00                  | 0.00            | 0.00                  | 0.00            |
| Past service Cost   | 0.00                  |                 | 0.00                  |                 |
| Expense to be recognised in the Profit & Loss a/c                                 | <b>126.42</b>         | <b>273.15</b>   | <b>124.75</b>         | <b>264.83</b>   |
| <b>e) Amount recognised in the statement of OCI</b>                               |                       |                 |                       |                 |
| Actuarial (gain)/loss on Plan obligation  | (83.12)               | (57.32)         | 319.70                | 101.09          |
| Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss  | (4.12)                | 0.00            | (39.60)               | 0.00            |
| Effect of Balance Sheet asset limit   | 0.00                  | 0.00            | 0.00                  | 0.00            |
| Amount recognized in OCI for the current period                                   | <b>(87.24)</b>        | <b>(57.32)</b>  | <b>280.10</b>         | <b>101.09</b>   |
| <b>f) Acturial Assumptions</b>  |                       |                 |                       |                 |
| Assumptions as at 31 March, 2021  |                       |                 |                       |                 |
| Discount rate   | 6.84%                 | 6.84%           | 6.73%                 | 6.73%           |
| Salary escalation   | 6.00%                 | 6.00%           | 6.00%                 | 6.00%           |
| Attrition rate  | 4.00%                 | 4.00%           | 4.00%                 | 4.00%           |
| Expected return on Plan Assets  | 6.84%                 | 0.00%           | 6.73%                 | 0.00%           |
| Mortality   | <b>IALM (2012-14)</b> |                 | <b>IALM (2012-14)</b> |                 |
| <b>g) Date of Valuation</b>   | 31-Mar-21             | 31-Mar-21       | 31-Mar-20             | 31-Mar-20       |
| <b>h) Average Duration of Defined Benefit Obligation (in Yrs)</b>                 | 8.31                  | 5.25            | 8.69                  | 5.29            |

### i) Sensitivity Analysis

Gratuity and Leave benefit are lump sum plans and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to discount rate and future salary escalation rate. The following details summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of increase or decrease in the reported assumption by 100 basis points.

| Particulars                           | FY 2020-21 |                 | FY 2019-20 |                 |
|---------------------------------------|------------|-----------------|------------|-----------------|
|                                       | Gratuity   | Leave Absentees | Gratuity   | Leave Absentees |
| Discount Rate + 100/ (100) BP         | 7.84%      | 7.84%           | 7.73%      | 7.73%           |
| Defined Benefit Obligation (PVO)      | 1,615.78   | 1,339.81        | 1,594.37   | 1,492.57        |
| Current Service Cost                  | 107.49     | 178.93          | 109.33     | 167.99          |
| Discount Rate - 100/(100) BP          | 5.84%      | 5.84%           | 5.73%      | 5.73%           |
| Defined Benefit Obligation (PVO)      | 1,785.00   | 1,432.25        | 1,773.82   | 1,376.43        |
| Current Service Cost                  | 123.32     | 192.95          | 127.25     | 181.19          |
| Salary Escalation Rate + 100/(100) BP | 7.00%      | 7.00%           | 7.00%      | 7.00%           |
| Defined Benefit Obligation (PVO)      | 1,796.28   | 1,440.99        | 1,784.57   | 1,385.59        |
| Current Service Cost                  | 124.05     | 194.10          | 127.95     | 182.23          |
| Salary Escalation Rate - 100/(100) BP | 5.00%      | 5.00%           | 5.00%      | 5.00%           |
| Defined Benefit Obligation (PVO)      | 1,603.96   | 1,330.71        | 1,583.02   | 1,483.81        |
| Current Service Cost                  | 106.71     | 177.71          | 108.56     | 166.90          |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in the market conditions at the accounting date.

| Projected plan Cash flows:  |          |          |          |        |
|---|----------|----------|----------|--------|
| i) Expected Contribution in following Years [mid-year cash flows]       |          |          |          |        |
| Year 1  | 283.24   | 27.68    | 164.59   | 324.65 |
| Year 2  | 359.71   | 42.36    | 171.17   | 278.08 |
| Year 3  | 453.23   | 50.90    | 178.02   | 248.57 |
| Year 4  | 562.01   | 60.20    | 185.14   | 210.50 |
| Year 5  | 702.51   | 62.61    | 192.55   | 141.91 |
| next 5 years  | 7,206.92 | 352.69   | 1,084.61 | 441.93 |
| ii) Expected Benefit payments in following Years [mid- year cash flows] |          |          |          |        |
| Year 1  | 154.86   | 291.59   | 330.75   | 324.65 |
| Year 2  | 196.68   | 300.34   | 195.53   | 278.08 |
| Year 3  | 247.81   | 310.85   | 220.00   | 248.57 |
| Year 4  | 307.29   | 323.29   | 148.71   | 210.50 |
| Year 5  | 384.11   | 336.22   | 144.54   | 141.91 |
| next 5 years  | 3,940.50 | 1,893.91 | 768.87   | 441.93 |

(Rs in Lakhs)

**Note 44. Particulars disclosed pursuant to "IND AS-24 Related Party Disclosures" :-**

(as per separate Annexure-I enclosed)

**Note 45. Corporate Social Responsibility (CSR)**

As per section 135 of the Companies Act 2013, the CSR committee has been formed by the company. The areas of CSR activities are eradication of hunger and malnutrition, promoting education, Art and Culture, Health care, destitute care and rehabilitation and Rural development projects.

|  |                |              |
|--|----------------|--------------|
| Gross amount required to be spent by the company during the year | 39.31          | 106.55       |
| Less: Amount spent by the company during the year towards CSR    | 64.72          | 63.68        |
| Amount yet to be spent / (excess spent) by the company           | <b>(25.42)</b> | <b>42.87</b> |

**Note 46. Provision for Onerous Contracts as per IND AS-37**

As per section 143(3)(j) of the Companies Act, 2013 and rule 11 of the Companies (Audit & Auditors) Rules, 2014, the Company estimated material foreseeable losses on long term contracts at its Engineering Unit and made provision for an amount of Rs.28.15 lakhs (Previous Year : Rs.82.72 lakhs)

**Note 47. Particulars disclosed pursuant to IND AS 108 " Segment Reporting" are given in Annexure II.****Note 48. Movement in Translation Reserve**

| Particulars                                | Majority        | Minority        | Total           |
|--|-----------------|-----------------|-----------------|
| Opening Balance (Cr)                       | 3,172.19        | 1,702.93        | 4,875.12        |
| <b>Movement due to Non Monetary items-</b> |                 |                 |                 |
| Capital, Reserves, opening Stock etc.      | (374.53)        | (187.27)        | (561.80)        |
| Exchange Difference on Dividend Received   | 93.10           | -               | 93.10           |
| Closing balance(Cr)                        | <b>2,890.76</b> | <b>1,515.66</b> | <b>4,406.42</b> |

Note 49. Additional Information on Share of Parent Company, Subsidiaries and Joint Venture in Consolidation :

(Rs in Lakhs)

| Name of the Enterprise  | Net Assets i.e. total assets minus total liabilities |                   | Share in profit or loss             |                  | Share in Other Comprehensive Income |                 | Share in Total Comprehensive Income |                  |
|---|--|-------------------|-------------------------------------|------------------|-------------------------------------|-----------------|-------------------------------------|------------------|
|   | As % of consolidated net assets                      | Amount Rs.        | As % of consolidated profit or loss | Amount Rs.       | As % of consolidated profit or loss | Amount Rs.      | As % of Total comprehensive income  | Amount Rs.       |
| <b>Parent</b>   |  |                   |                                     |                  |                                     |                 |                                     |                  |
| The KCP Limited   | 52%  | 61,939.50         | 94%                                 | 15,332.15        | (60%)                               | 100.41          | 96%                                 | 15,432.56        |
| <b>Subsidiary Foreign</b>                                       |  |                   |                                     |                  |                                     |                 |                                     |                  |
| KCP Vietnam Industries Limited                                  | 33%  | 39,415.91         | 40%                                 | 6,592.83         | 336%                                | (561.80)        | 37%                                 | 6,031.03         |
| Non Controlling Interest in all Subsidiaries                    | 17%  | 19,707.95         | (13%)                               | (2,197.61)       | (112%)                              | 187.27          | (12%)                               | (2,010.34)       |
| <b>Joint Venture (Investment as per Equity Method)</b>          |  |                   |                                     |                  |                                     |                 |                                     |                  |
| <b>Indian</b>   |  |                   |                                     |                  |                                     |                 |                                     |                  |
| Fives Cail KCP Limited  | 0.48%  | 577.72            | (2%)                                | (380.58)         | (8%)                                | 13.67           | (2%)                                | (366.91)         |
| <b>Less : Elimination on Consolidation</b>                      |  |                   |                                     |                  |                                     |                 |                                     |                  |
| Dividend received from Subsidiary & Joint Venture               |  |                   | (19%)                               | 3,048.00         |                                     |                 | (19%)                               | 3,048.00         |
| Difference in Foreign Exchange Investment in Foreign Subsidiary | (2%)   | (2,371.44)        |                                     |                  | (56%)                               | 93.10           | 0.58%                               | 93.10            |
| <b>Total</b>  | <b>100%</b>  | <b>119,269.64</b> | <b>100%</b>                         | <b>16,298.79</b> | <b>100%</b>                         | <b>(167.36)</b> | <b>100%</b>                         | <b>16,131.43</b> |

**Note 50. Proposed Dividends**

In respect of the year ended March 31, 2021 the Directors proposed a dividend of Rs.2/- per share on equity share of Re.1/- each. This equity dividend is subject to approval by shareholders at the Annual General meeting. The Proposed Equity Dividend payable to all holders of fully paid equity shares and the total estimated equity dividend to be paid is Rs.2,578.42 lakhs.

**Note 51. Financial Instruments- Fair value and risk management** (Separately given in the annexure-III)

**52.** Consequent to the Hon'ble Supreme Court upholding the power of APERC to levy the wheeling and other charges, an amount of Rs. 551.73 lakhs was provided in the books of accounts in the current year towards the transmission charges payable by the company for the period from 2002-03 to 2013-14.

**Note 53. General:**

Figures in brackets indicate negative figure unless otherwise specifically stated.

Figures for the previous year have been regrouped, wherever necessary.

(FOR AND ON BEHALF OF THE BOARD)

As per our report annexed

**Dr. V.L. INDIRA DUTT**  
Chairperson & Managing Director

**V. KAVITHA DUTT**  
Joint Managing Director

**for K.S.RAO & CO**  
Chartered Accountants  
Firm Regn No. 003109S

**G N MURTY**  
Chief Financial Officer

**Y VIJAYAKUMAR**  
Company Secretary  
ACS: 16353

**P GOVARDHANA REDDY**  
Partner  
ICAI Mem No: 029193

Place: Chennai  
Date: 25th June 2021

## ANNEXURE - I TO STANDALONE NOTES- RELATED PARTY DISCLOSURE

### Refer Note No 44. Related party Disclosure

#### A. List of Related parties:

|   |  |
|---|--|
| <b>Subsidiary Company</b>   | KCP Vietnam Industries Limited   |
| <b>Joint Venture Company</b>                                      | Fives Cail KCP Limited   |
| <b>Key Management Personnel</b>                                   | Dr. V.L. Indira Dutt - Chairperson & Managing Director-<br>The KCP Ltd<br>Smt.V Kavitha Dutt - Joint Managing Director-The KCP Ltd<br>Shri K.B Pranesh - Managing Director - Fives Cail KCP Ltd<br>Sri. G.N. Murty - Chief Financial Officer - The KCP Ltd<br>Sri. Y. Vijaya Kumar - Company Secretary - The KCP Ltd   |
| <b>Other Related Personnel</b>                                    | Sri V.H. Ramakrishnan- Independent Director<br>Sri P.S Kumar- Independent Director<br>Sri Vijay Sankar- Independent Director<br>Sri Narasimhappa Muttuluri- Independent Director<br>Smt. Janaki Pillai - Independent Director<br>Sri V. Chandra Kumar Prasad - Non-Executive Non-Independent Director<br>Dr. Subbarao Vallabhaneni - Non-Executive Non-Independent Director<br>Sri. Ravi Chitturi - Non-Executive Non-Independent Director |
| <b>Relatives of Key Management Personnel (KMP)</b>                | Dr. V.L. Indira Dutt -<br>Smt. Uma Vallabhaneni - Sister<br>Smt.V.Rama Kumari - Sister<br>Smt. V Kavitha Dutt -<br>Kum.Shivani Dutt Chitturi - Daughter  |
| <b>Companies controlled by Key management Personnel/Relatives</b> | KCP Technologies Limited<br>V. Ramakrishna Sons Pvt Limited<br>BGE Engineering (India) Private Limited<br>VRK Grandsons Investment (Private) Limited<br>V Ramakrishna Charitable Trust<br>Sri Chandramoulieswara Nursing Home Trust<br>Bala Tripurasundari Ammavaru Trust<br>Fives Combustion Systems Pvt Ltd.   |

**B. Transactions with the related parties:**

|  | Joint Venture      | KMP/Other<br>Related parties | Related<br>parties other<br>relations | Companies<br>Controlled by<br>KMP |
|--|--------------------|------------------------------|---------------------------------------|-----------------------------------|
| <b>Services -Rendered</b>                              |                    |                              |                                       |                                   |
| Fives Cail KCP Limited                                 | 104.04<br>(121.33) |                              |                                       |                                   |
| V. Ramakrishna Charitable Trust                        |                    |                              |                                       | 0.13<br>(0.13)                    |
| <b>Loans/Deposits received</b>                         |                    |                              |                                       |                                   |
| Dr V L Indira Dutt                                     |                    | 408.50<br>(2,368.50)         |                                       |                                   |
| Smt. V Kavitha Dutt                                    |                    | 11.53<br>-                   |                                       |                                   |
| VL Dutt (HUF)  |                    |                              | 650.00<br>(150.00)                    |                                   |
| Kum.Shivani Dutt Chitturi                              |                    |                              | 252.00<br>(45.00)                     |                                   |
| Sri.V.Chandra Kumar                                    |                    |                              | 0.96<br>(0.96)                        |                                   |
| <b>Purchase of Goods</b>                               |                    |                              |                                       |                                   |
| Fives Cail KCP Limited                                 | -<br>(16.61)       |                              |                                       |                                   |
| <b>Remuneration paid</b>                               |                    |                              |                                       |                                   |
| Dr V L Dutt  |                    | -<br>(88.69)                 |                                       |                                   |
| Dr V L Indira Dutt                                     |                    | 822.94<br>(154.44)           |                                       |                                   |
| Smt. V Kavitha Dutt                                    |                    | 617.20<br>(166.66)           |                                       |                                   |
| Sri G.N. Murty   |                    | 92.47<br>(81.38)             |                                       |                                   |
| Sri Y. Vijayakumar                                     |                    | 34.63<br>(32.56)             |                                       |                                   |
| <b>Directors Out of pocket Exp. &amp; Sitting fees</b> |                    |                              |                                       |                                   |
| Sri V. H Ramakrishnan                                  |                    | 4.00<br>(3.34)               |                                       |                                   |
| Sri Vijay Sankar                                       |                    | 4.40<br>(1.90)               |                                       |                                   |
| Sri P. S. Kumar  |                    | 4.80<br>(3.30)               |                                       |                                   |
| Sri M. Narasimhappa                                    |                    | 4.00<br>(3.34)               |                                       |                                   |
| Smt. Janaki Pillai                                     |                    | 1.80<br>-                    |                                       |                                   |
| Sri V. Chandra Kumar Prasad                            |                    | 1.60<br>-                    |                                       |                                   |

|   | Joint Venture | KMP/Other<br>Related parties | Related<br>parties other<br>relations | Companies<br>Controlled by<br>KMP |
|---|---------------|------------------------------|---------------------------------------|-----------------------------------|
| Sri Subbarao Vallabhaneni                     |               | 1.60                         |                                       |                                   |
| Sri. Ravikumar Chitturi                       |               | -                            |                                       |                                   |
|   |               | 1.60                         |                                       |                                   |
| <b>Interest paid</b>                          |               |                              |                                       |                                   |
| Dr V L Dutt                                   |               | -                            |                                       |                                   |
|   |               | (155.06)                     |                                       |                                   |
| Dr V L Indira Dutt                            |               | 226.34                       |                                       |                                   |
|   |               | (63.28)                      |                                       |                                   |
| Smt. V Kavitha Dutt                           |               | 43.85                        |                                       |                                   |
|   |               | (45.16)                      |                                       |                                   |
| <b>Other Relations</b>                        |               |                              |                                       |                                   |
| Kum. Shivani D. Chitturi                      |               |                              | 37.20                                 |                                   |
|   |               |                              | (35.53)                               |                                   |
| VL Dutt (HUF)                                 |               |                              | 92.99                                 |                                   |
|   |               |                              | (85.15)                               |                                   |
| V. Ramakrishna Sons Pvt Limited               |               |                              |                                       | 20.83                             |
|   |               |                              |                                       | (26.44)                           |
| <b>Dividend paid</b>                          |               |                              |                                       |                                   |
| Dr V L Dutt                                   |               | -                            |                                       |                                   |
|   |               | (60.06)                      |                                       |                                   |
| Dr V L Indira Dutt                            |               | 14.41                        |                                       |                                   |
|   |               | (34.68)                      |                                       |                                   |
| Smt. V Kavitha Dutt                           |               | 1.97                         |                                       |                                   |
|   |               | (12.25)                      |                                       |                                   |
| <b>Other Relations</b>                        |               |                              |                                       |                                   |
| Kum. Shivani Dutt Chitturi                    |               |                              | 1.95                                  |                                   |
|   |               |                              | (13.00)                               |                                   |
| Smt. Uma S Vallabhaneni                       |               |                              | 0.24                                  |                                   |
|   |               |                              | (1.63)                                |                                   |
| Smt. Rajeswary Ramakrishnan                   |               |                              | 0.01                                  |                                   |
|   |               |                              | (0.07)                                |                                   |
| V. Ramakrishna Sons Pvt Limited               |               |                              |                                       | 58.43                             |
|   |               |                              |                                       | (389.56)                          |
| VRK Grandsons Investment<br>(Private) Limited |               |                              |                                       | 6.37                              |
|   |               |                              |                                       | (42.49)                           |
| Dr V L Dutt (HUF)                             |               |                              | 0.17                                  |                                   |
|   |               |                              | (1.14)                                |                                   |
| <b>Loans/Deposit Repaid</b>                   |               |                              |                                       |                                   |
| Dr V L Dutt                                   |               | -                            |                                       |                                   |
|   |               | (2,133.50)                   |                                       |                                   |
| Dr. V. L. Indira Dutt                         |               | 273.50                       |                                       |                                   |
|   |               | -                            |                                       |                                   |
| Smt. V Kavitha Dutt                           |               | 11.53                        |                                       |                                   |
|   |               | -                            |                                       |                                   |

(Rs in Lakhs)

|                                       | Joint Venture | KMP/Other<br>Related parties | Related<br>parties other<br>relations | Companies<br>Controlled by<br>KMP |
|---------------------------------------|---------------|------------------------------|---------------------------------------|-----------------------------------|
| V. Ramakrishna Sons Pvt Limited       |               |                              |                                       | -                                 |
| Dr V L Dutt(HUF)                      |               |                              | 600.00                                | (80.00)                           |
| Kum.Shivani Dutt Chitturi             |               |                              | -                                     |                                   |
|                                       |               |                              | 252.00                                |                                   |
|                                       |               |                              | -                                     |                                   |
| <b>Rent Paid</b>                      |               |                              |                                       |                                   |
| Dr V L Indira Dutt                    |               | 125.36<br>(104.47)           |                                       |                                   |
| Smt. V Kavitha Dutt                   |               | 4.29<br>(4.29)               |                                       |                                   |
| <b>Other Relations</b>                |               |                              |                                       |                                   |
| Smt.Uma.s.Vallabhaneni                |               |                              | 125.24<br>(101.39)                    |                                   |
| Smt.V.Rama Kumari                     |               |                              | 92.88<br>(76.24)                      |                                   |
| Bala Tripurasundari Ammavaru<br>Trust |               |                              |                                       | 122.81<br>(97.45)                 |
| Sri.V.Chandra kumar                   |               |                              | 52.07<br>(42.02)                      |                                   |
| <b>Balances as at 31.03.2021</b>      |               |                              |                                       |                                   |
| <b>Receivable - Trade dues/others</b> |               |                              |                                       |                                   |
| Fives Cail KCP Limited                | -<br>(19.04)  |                              |                                       |                                   |
| V. Ramakrishna Sons Pvt Limited       |               |                              |                                       | 0.04<br>(0.04)                    |
| <b>Share capital in KCP held by</b>   |               |                              |                                       |                                   |
| Dr. VL Dutt                           |               | -<br>(60.26)                 |                                       |                                   |
| Dr. V. L. Indira Dutt                 |               | 98.87<br>(35.94)             |                                       |                                   |
| Smt. V Kavitha Dutt                   |               | 13.60<br>(13.00)             |                                       |                                   |
| <b>Other Relations</b>                |               |                              |                                       |                                   |
| Kum.Shivani Dutt Chitturi             |               |                              | -<br>13.50<br>(13.00)                 |                                   |
| Smt.Rajeswary Ramakrishnan            |               |                              | 0.07<br>(0.07)                        |                                   |
| Smt.Uma S Vallabhaneni                |               |                              | 0.10<br>(1.63)                        |                                   |
| V. Ramakrishna Sons Pvt Limited       |               |                              |                                       | 389.56<br>(389.56)                |

|   | Joint Venture | KMP/Other<br>Related parties | Related<br>parties other<br>relations | Companies<br>Controlled by<br>KMP |
|---|---------------|------------------------------|---------------------------------------|-----------------------------------|
| VRK Grandsons Investment<br>(Private) Limited |               |                              |                                       | 42.49<br>(42.49)                  |
| Dr. VL Dutt (HUF)                             |               |                              | 1.14<br>(1.14)                        | -<br>-                            |
| <b>Loans/Advances held</b>                    |               |                              |                                       |                                   |
| Dr V L Indira Dutt                            |               | 1,310.00<br>(1,350.00)       |                                       |                                   |
| Smt. V Kavitha Dutt                           |               | 450.00<br>(450.00)           |                                       |                                   |
| V. Ramakrishna Sons Pvt Limited               |               |                              |                                       | 270.00<br>(270.00)                |
| Sri.V.Chandra kumar                           |               |                              | 0.96<br>(0.96)                        |                                   |
| Sri Chandramoulieswara Nursing<br>Home Trust  |               |                              |                                       | 0.36<br>(0.36)                    |
| Bala Tripurasundari Ammavaru<br>Trust         |               |                              |                                       | 0.54<br>(0.54)                    |
| <b>Deposits held with the company</b>         |               |                              |                                       |                                   |
| Dr V L Indira Dutt                            |               | 1,433.50<br>(1,258.50)       |                                       |                                   |
| Smt. V Kavitha Dutt                           |               | 101.53<br>(101.53)           |                                       |                                   |
| <b>Other Relations</b>                        |               |                              |                                       |                                   |
| VL Dutt[HUF]                                  |               |                              | 1,050.00<br>(1,000.00)                |                                   |
| Kum.Shivani Dutt Chitturi                     |               |                              | 415.00<br>(415.00)                    |                                   |
| <b>Commission payable</b>                     |               |                              |                                       |                                   |
| Dr. V. L. Indira Dutt                         |               | 651.12<br>-                  |                                       |                                   |
| Smt. V Kavitha Dutt                           |               | 445.10<br>-                  |                                       |                                   |
| <b>Payable-Trade Dues</b>                     |               |                              |                                       |                                   |
| Dr. V. L. Indira Dutt                         |               | 41.28<br>(30.55)             |                                       |                                   |
| Smt. V Kavitha Dutt                           |               | 1.18<br>(1.16)               |                                       |                                   |

(Rs in Lakhs)

|                                       | Joint Venture | KMP/Other<br>Related parties | Related<br>parties other<br>relations | Companies<br>Controlled by<br>KMP |
|---------------------------------------|---------------|------------------------------|---------------------------------------|-----------------------------------|
| <b>Other Relations</b>                |               |                              |                                       |                                   |
| Smt.V.Rama Kumari                     |               |                              | 35.73<br>(26.81)                      |                                   |
| Sri.V.Chandra kumar                   |               |                              | 16.31<br>(11.95)                      |                                   |
| Smt.Uma.S.Vallabhaneni                |               |                              | 36.25<br>(26.47)                      |                                   |
| Bala Tripurasundari Ammavaru<br>Trust |               |                              |                                       | 42.88<br>(28.20)                  |

**Note:** Figures in brackets under Note no.44 (Annexure-I) related to previous year.

Note 47: SEGMENT REPORT UNDER IND AS 108 AS AT 31ST MARCH 2021  
Primary Segment Report - Business Segments

Annexue II  
(Rs In lakhs)

| Particulars                                   | Engineering |          | Cement   |          | Power    |          | Hotel    |          | Sugar    |          | Others   |          | Elimination |          | Consolidated |          |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------|----------|--------------|----------|
|   | FY 20-21    | FY 20-20 | FY 20-21 | FY 19-20 | FY 20-21    | FY 19-20 | FY 20-21     | FY 19-20 |
| <b>Revenue</b>                                |             |          |          |          |          |          |          |          |          |          |          |          |             |          |              |          |
| Revenue from Operations                       | 8,903       | 7,288    | 120,004  | 84,411   | 15,462   | 11,033   | 573      | 1,802    | 36,466   | 48,030   | 459      | 193      | -           | -        | 181,867      | 152,757  |
| Other Income                                  | 132         | 206      | 271      | 47       | 8        | 4        | 35       | 7        | 17       | 30       | 3,148    | 2,990    | (3,048)     | (2,872)  | 562          | 411      |
|   | 9,035       | 7,494    | 120,275  | 84,458   | 15,470   | 11,037   | 608      | 1,809    | 36,483   | 48,060   | 3,607    | 3,183    | (3,048)     | (2,872)  | 182,429      | 153,169  |
| Less : Inter Segment Sales                    | -           | -        | -        | -        | 9,293    | 7,637    | -        | -        | 1,199    | 2,762    | -        | -        | -           | -        | 10,492       | 10,399   |
|   | 9,035       | 7,494    | 120,275  | 84,458   | 6,176    | 3,400    | 608      | 1,809    | 35,284   | 45,298   | 3,607    | 3,183    | (3,048)     | (2,872)  | 171,937      | 142,770  |
| <b>Result</b>                                 |             |          |          |          |          |          |          |          |          |          |          |          |             |          |              |          |
| Segment Result                                | (920)       | (2,309)  | 23,729   | 2,688    | 418      | (462)    | (949)    | (410)    | 7,545    | 10,291   | (8)      | (5)      | (3,048)     | (2,872)  | 26,767       | 6,920    |
| Less : Unallocated Corporate Expenses         | -           | -        | -        | -        | -        | -        | -        | -        | -        | -        | (3,091)  | (2,958)  | -           | -        | (3,091)      | (2,958)  |
| Operating Profit / (Loss)                     | (920)       | (2,309)  | 23,729   | 2,688    | 418      | (462)    | (949)    | (410)    | 7,545    | 10,291   | 3,083    | 2,953    | (3,048)     | (2,872)  | 29,857       | 9,878    |
| Less : Interest Expenses                      |             |          |          |          |          |          |          |          |          |          |          |          |             |          | (4,637)      | (5,940)  |
|   |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 25,220       | 3,938    |
| Less : Tax Provisions                         |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 3,812        | 21       |
| Current Tax                                   |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 4,325        | (1,884)  |
| Deferred Tax                                  |             |          |          |          |          |          |          |          |          |          |          |          |             |          | (1,793)      | -        |
| MAT Entitlement Credit                        |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 6,343        | (1,863)  |
| Total Tax Expense                             |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 18,877       | 5,801    |
| Profit/(Loss) from Continuing Operations      |             |          |          |          |          |          |          |          |          |          |          |          |             |          | -            | -        |
| Profit/(Loss) from Discontinued Activities    |             |          |          |          |          |          |          |          |          |          |          |          |             |          | -            | -        |
| Less : Current Tax of Discontinued Operations |             |          |          |          |          |          |          |          |          |          |          |          |             |          | -            | -        |
| Profit After Tax of Discontinued Operations   |             |          |          |          |          |          |          |          |          |          |          |          |             |          | -            | -        |
| Profit/(Loss) for the Year                    |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 18,877       | 5,801    |

| Particulars   | Engineering |          | Cement   |          | Power    |          | Hotel    |          | Sugar    |          | Others   |          | Elimination |          | Consolidated |          |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------|----------|--------------|----------|
|   | FY 20-21    | FY 20-20 | FY 20-21 | FY 19-20 | FY 20-21    | FY 19-20 | FY 20-21     | FY 19-20 |
| Other Comprehensive Income                                |             |          |          |          |          |          |          |          |          |          |          |          |             |          | (681)        | 2,322    |
| Add : Share of Profit from Joint Venture                  |             |          |          |          |          |          |          |          |          |          |          |          |             |          | (367)        | 29       |
| Less : Non Controlling of Profit / (Loss)                 |             |          |          |          |          |          |          |          |          |          |          |          |             |          | (1,906)      | (4,072)  |
| Total Comprehensive Income after Non-Controlling Interest |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 15,923       | 4,080    |
| <b>Other Information</b>                                  |             |          |          |          |          |          |          |          |          |          |          |          |             |          |              |          |
| Segment Assets  | 11,458      | 13,379   | 83,899   | 86,948   | 22,027   | 23,344   | 7,758    | 8,770    | 63,437   | 57,977   | 202      | 216      | (1,794)     | (1,407)  | 186,988      | 189,227  |
| Unallocated Corporate Assets                              |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 24,220       | 8,095    |
| Total Assets  | 11,458      | 13,379   | 83,899   | 86,948   | 22,027   | 23,344   | 7,758    | 8,770    | 63,437   | 57,977   | 202      | 216      | (1,794)     | (1,407)  | 211,208      | 197,322  |
| Segment Liabilities                                       | 5,372       | 9,869    | 47,201   | 50,236   | 3,828    | 4,187    | 1,033    | 2,066    | 14,506   | 11,019   | 4        | 1        | (1,794)     | (1,407)  | 70,150       | 75,972   |
| Unallocated Corporate Liabilities                         |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 21,788       | 18,249   |
| Minority Interest Shareholders Funds                      |             |          |          |          |          |          |          |          |          |          |          |          |             |          | 19,708       | 19,269   |
| Total Liabilities   | 5,372       | 9,869    | 47,201   | 50,236   | 3,828    | 4,187    | 1,033    | 2,066    | 14,506   | 11,019   | 4        | 1        | (1,794)     | (1,407)  | 211,208      | 197,322  |
| Depreciation  | 375         | 377      | 4,938    | 5,054    | 1,887    | 1,890    | 740      | 749      | 1,108    | 1,375    | 123      | 164      |             |          | 9,171        | 9,609    |

| PARTICULARS               | Sales Revenue |            | Carrying amount of Assets |            |
|---------------------------|---------------|------------|---------------------------|------------|
|                           | FY 2020-21    | FY 2019-20 | FY 2020-21                | FY 2019-20 |
| India                     | 130,107       | 93,797     | 137,546                   | 128,479    |
| South East Asia - Vietnam | 41,267        | 48,561     | 73,661                    | 68,842     |

**Other Disclosures :**

1. The Company and its subsidiary have disclosed Business Segment as the Primary Segments. Segments have been identified taking into account the nature of products, the different risks and rewards, the organisation structure and internal reporting system.
2. No external customer individually accounted for more than 10% of the revenues in the year ended 31-03-2021.
3. Inter-Segment revenues are recognised at market price.
4. Figures for previous year have been regrouped, wherever necessary, for reporting in accordance with Ind-AS.

**ANNEXURE-III Referred in Note 51**

(Rs in Lakhs)

**Note 51A. Financial Assets & Financial Liabilities and their fair values Financial instruments - Fair values and risk management**

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Levels in Fair value Hierarchy

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs, other than quoted prices which are included in Level 1, that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**As at 31st March,2021**

| Particulars   | Note   | Carrying amount                |                          |                         |                                 |                                      |                  | Fair value   |         |         |              |
|---|--------|--------------------------------|--------------------------|-------------------------|---------------------------------|--------------------------------------|------------------|--------------|---------|---------|--------------|
|   |        | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets-Amortised cost | Financial liabilities-amortised cost | Total            | Level 1      | Level 2 | Level 3 | Total        |
| <b>Financial instruments measured at fair value</b> |        |                                |                          |                         |                                 |                                      |                  |              |         |         |              |
| Investments   | 6      | -                              | 17.16                    | -                       | 1,861.97                        | -                                    | 1,879.13         | 17.16        | -       | -       | 17.16        |
| <b>Financial assets not measured at fair value</b>  |        |                                |                          |                         |                                 |                                      |                  |              |         |         |              |
| Trade receivables                                   | 7 & 11 | -                              | -                        | -                       | 12,407.20                       | -                                    | 12,407.20        | -            | -       | -       | -            |
| Cash and Cash Equivalents                           | 12     | -                              | -                        | -                       | 267.85                          | -                                    | 267.85           | -            | -       | -       | -            |
| Bank balances other than above                      | 12A    | -                              | -                        | -                       | 43,417.37                       | -                                    | 43,417.37        | -            | -       | -       | -            |
| Loans and advances to employees                     | 13     | -                              | -                        | -                       | 35.80                           | -                                    | 35.80            | -            | -       | -       | -            |
| Other Financial assets                              |        |                                |                          |                         |                                 |                                      |                  |              |         |         |              |
| EMD   | 8      | -                              | -                        | -                       | 12.14                           | -                                    | 12.14            | -            | -       | -       | -            |
| Interest accrued on other deposits                  | 13     | -                              | -                        | -                       | 11.83                           | -                                    | 11.83            | -            | -       | -       | -            |
| Interest accrued on fixed deposits                  | 13     | -                              | -                        | -                       | 223.24                          | -                                    | 223.24           | -            | -       | -       | -            |
| Due from Gratuity Trust                             | 13     | -                              | -                        | -                       | -                               | -                                    | -                | -            | -       | -       | -            |
| Non trade receivables from JV                       | 13     | -                              | -                        | -                       | 0.04                            | -                                    | 0.04             | -            | -       | -       | -            |
| Others  | 13     | -                              | -                        | -                       | 456.45                          | -                                    | 456.45           | -            | -       | -       | -            |
| <b>TOTAL</b>  |        | -                              | <b>17.16</b>             | -                       | <b>58,693.90</b>                | -                                    | <b>58,711.07</b> | <b>17.16</b> | -       | -       | <b>17.16</b> |

| Particulars   | Note     | Carrying amount                |                          |                         |                                  |                                       |                  | Fair value |         |         |       |
|---|----------|--------------------------------|--------------------------|-------------------------|----------------------------------|---------------------------------------|------------------|------------|---------|---------|-------|
|   |          | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets- Amortised cost | Financial liabilities- amortised cost | Total            | Level 1    | Level 2 | Level 3 | Total |
| <b>Financial liabilities not measured at fair value</b> |          |                                |                          |                         |                                  |                                       |                  |            |         |         |       |
| Borrowings  | 18,23&25 | -                              | -                        | -                       | -                                | 46,563.48                             | 46,563.48        | -          | -       | -       | -     |
| Trade payables  | 19 & 24  | -                              | -                        | -                       | -                                | 11,645.85                             | 11,645.85        | -          | -       | -       | -     |
| Other financial liabilities ( Non Current)              | 20       | -                              | -                        | -                       | -                                | 9,962.98                              | 9,962.98         | -          | -       | -       | -     |
| Accrued salaries and benefits                           | 25A      | -                              | -                        | -                       | -                                | 1,346.40                              | 1,346.40         | -          | -       | -       | -     |
| Payable to director                                     | 25A      | -                              | -                        | -                       | -                                | 1,096.21                              | 1,096.21         | -          | -       | -       | -     |
| Outstanding liabilities for expenses                    | 25A      | -                              | -                        | -                       | -                                | -                                     | -                | -          | -       | -       | -     |
| Others  | 25A      | -                              | -                        | -                       | -                                | 8,898.67                              | 8,898.67         | -          | -       | -       | -     |
| <b>TOTAL</b>  |          | -                              | -                        | -                       | -                                | <b>79,513.59</b>                      | <b>79,513.59</b> | -          | -       | -       | -     |

## As at 31st March, 2020

| Particulars   | Note   | Carrying amount                |                          |                         |                                  |                                       |           | Fair value |         |         |       |
|---|--------|--------------------------------|--------------------------|-------------------------|----------------------------------|---------------------------------------|-----------|------------|---------|---------|-------|
|   |        | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets- Amortised cost | Financial liabilities- amortised cost | Total     | Level 1    | Level 2 | Level 3 | Total |
| <b>Financial instruments measured at fair value</b> |        |                                |                          |                         |                                  |                                       |           |            |         |         |       |
| Investments   | 6      | -                              | 10.01                    | -                       | 1,466.62                         | -                                     | 1,476.63  | 10.01      | -       | -       | 10.01 |
| <b>Financial assets not measured at fair value</b>  |        |                                |                          |                         |                                  |                                       |           |            |         |         |       |
| Trade receivables                                   | 7 & 11 | -                              | -                        | -                       | 9,415.36                         | -                                     | 9,415.36  | -          | -       | -       | -     |
| Cash and Cash Equivalents                           | 12     | -                              | -                        | -                       | 1,964.80                         | -                                     | 1,964.80  | -          | -       | -       | -     |
| Bank balances other than above                      | 12A    | -                              | -                        | -                       | 25,472.03                        | -                                     | 25,472.03 | -          | -       | -       | -     |
| Loans and advances to employees                     | 13     | -                              | -                        | -                       | 31.87                            | -                                     | 31.87     | -          | -       | -       | -     |
| Other Financial assets                              |        |                                |                          |                         |                                  |                                       |           |            |         |         |       |

| Particulars   | Note     | Carrying amount                |                          |                         |                                  |                                       |                  | Fair value   |         |         |              |
|---|----------|--------------------------------|--------------------------|-------------------------|----------------------------------|---------------------------------------|------------------|--------------|---------|---------|--------------|
|   |          | Fair value hedging instruments | Financial assets -FVTOCI | Financial assets -FVTPL | Financial assets- Amortised cost | Financial liabilities- amortised cost | Total            | Level 1      | Level 2 | Level 3 | Total        |
| EMD   | 8        | -                              | -                        | -                       | 23.18                            | -                                     | 23.18            | -            | -       | -       | -            |
| Interest accrued on other deposits                      | 13       | -                              | -                        | -                       | 13.94                            | -                                     | 13.94            | -            | -       | -       | -            |
| Interest accrued on fixed deposits                      | 13       | -                              | -                        | -                       | 79.44                            | -                                     | 79.44            | -            | -       | -       | -            |
| Due from Gratuity Trust                                 | 13       | -                              | -                        | -                       | 5.74                             | -                                     | 5.74             | -            | -       | -       | -            |
| Non trade receivables from JV                           | 13       | -                              | -                        | -                       | 0.91                             | -                                     | 0.91             | -            | -       | -       | -            |
| Others  | 13       | -                              | -                        | -                       | 92.55                            | -                                     | 92.55            | -            | -       | -       | -            |
| <b>TOTAL</b>  |          | -                              | <b>10.01</b>             | -                       | <b>38,566.44</b>                 | -                                     | <b>38,576.45</b> | <b>10.01</b> | -       | -       | <b>10.01</b> |
| <b>Financial liabilities not measured at fair value</b> |          |                                |                          |                         |                                  |                                       |                  |              |         |         |              |
| Borrowings  | 18,23&25 | -                              | -                        | -                       | -                                | 54,909.03                             | 54,909.03        | -            | -       | -       | -            |
| Trade payables  | 19 & 24  | -                              | -                        | -                       | -                                | 13,237.66                             | 13,237.66        | -            | -       | -       | -            |
| Other financial liabilities ( Non Current)              | 20       | -                              | -                        | -                       | -                                | 8,752.39                              | 8,752.39         | -            | -       | -       | -            |
| Accrued salaries and benefits                           | 25A      | -                              | -                        | -                       | -                                | 683.14                                | 683.14           | -            | -       | -       | -            |
| Payable to director                                     | 25A      | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| Outstanding liabilities for expenses                    | 25A      | -                              | -                        | -                       | -                                | -                                     | -                | -            | -       | -       | -            |
| <b>TOTAL</b>  | 25A      | -                              | -                        | -                       | -                                | 8,696.51                              | 8,696.51         | -            | -       | -       | -            |
|   |          | -                              | -                        | -                       | -                                | <b>86,278.73</b>                      | <b>86,278.73</b> | -            | -       | -       | -            |

**Note 51B Financial instruments - Fair values and risk management**

**Financial risk management objectives and policies**

Group activities exposed it to market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management is carried out by the Board of Directors. The board supervises overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and use of financial instruments. The financial authority limits or seek to limit and mitigate transactional risks by setting out the threshold of approvals required for entering into contractual obligations.

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

**b) Interest rate risk**

Group exposure to market risk for changes in interest rate environment relates mainly to its debt obligations.

Group policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate debts and long-term and short-term borrowings. The Company's borrowings mostly consists of loans for funding the projects, working capital loans with variable rate of interest and public deposits & demand loans with fixed rates of interest.

The interest rate profile of the Company's interest-bearing instruments is as follows. **Rs. Lakhs**

| Particulars                        | As at 31-03-2021 | As at 31-03-2020 |
|------------------------------------|------------------|------------------|
| <b>Fixed rate instruments</b>      |                  |                  |
| Financial liabilities              | 10,537.33        | 10,647.05        |
| Financial assets                   | 43,385.00        | 25,393.53        |
| <b>Variable rate instruments</b>   |                  |                  |
| Financial liabilities              | 36,026.15        | 40,105.6         |
| <b>Total financial liabilities</b> | <b>89,948.48</b> | <b>76,146.18</b> |

**i) Sensitivity analysis**

| Particulars              | Impact on profit or loss |            |
|--------------------------|--------------------------|------------|
|                          | 31-03-2021               | 31-03-2020 |
| 1% increase in MCLR rate | 360.26                   | 401.06     |
| 1% decrease in MCLR rate | (360.26)                 | (401.06)   |

**ii) Fair value**

The following methods and assumptions were used to estimate the fair values:

- The carrying value of financial asset approximates fair value

**iii) Credit risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primary trade receivables) and from its investing activities, including deposits with banks and other financial instruments. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

Group credit risk for trade receivables is as follows

| Particulars       | 31-03-2021 | 31-03-2020 |
|-------------------|------------|------------|
| Trade receivables | 12,407.20  | 9,415.36   |

The movement in allowance for credit loss in respect of trade receivables during the year is as follows:

| Allowance for credit loss  | 31-03-2021   | 31-03-2020  |
|----------------------------|--------------|-------------|
| Balance at the beginning   | 5.61         | 4.56        |
| Impairment loss recognised | 5.18         | 1.05        |
| <b>Balance at the end</b>  | <b>10.79</b> | <b>5.61</b> |

No single customer accounted for more than 10% of the revenue as of 31.03.2020 and 31.03.2020.

There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the company generally transacts with banks and financial institutions with high credit ratings assigned by credit rating agencies.

### 51C. Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Group is exposed to this risk from its operating activities and financial activities. The Group's approach to managing liability is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity requirements are maintained within the credit facilities established and are available to the company to meet its obligations.

The table now provides details regarding the contractual maturities of significant financial liabilities as of the reporting date.

#### As at 31st March 2021

| Particulars                                | Carrying value   | Contractual cash flows |                  |                  |                   | Total            |
|--|------------------|------------------------|------------------|------------------|-------------------|------------------|
|  |                  | Less than 1 year       | 1-2 years        | 2-5 years        | More than 5 years |                  |
| Borrowings (Non current)                   | 28,034.83        | -                      | 9,646.01         | 17,965.86        | 422.96            | 28,034.82        |
| Current maturities of long term borrowings | 13,806.20        | 13,806.20              | -                | -                | -                 | 13,806.20        |
| Financial liabilities (Non current)        | 8,752.39         | -                      | 8,752.39         | -                | -                 | 8,752.39         |
| Cash credit and demand loans               | 13,068.00        | 13,068.00              | -                | -                | -                 | 13,068.00        |
| Trade payables ( current)                  | 12,966.40        | 12,966.40              | -                | -                | -                 | 12,966.40        |
| Trade payables ( non -current)             | 271.26           | -                      | 271.26           | -                | -                 | 271.26           |
| Other financial liabilities(Current)       | 9,379.65         | 9,379.65               | -                | -                | -                 | 9,379.65         |
|  | <b>86,278.73</b> | <b>49,220.25</b>       | <b>18,669.66</b> | <b>17,965.86</b> | <b>422.96</b>     | <b>86,278.72</b> |

(Rs in Lakhs)

As at 31st March 2020

| Particulars                                | Carrying value   | Contractual cash flows |                  |                  |                   | Total            |
|--|------------------|------------------------|------------------|------------------|-------------------|------------------|
|  |                  | Less than 1 year       | 1-2 years        | 2-5 years        | More than 5 years |                  |
| Borrowings (Non current)                   | 28,034.83        | -                      | 9,646.01         | 17,965.86        | 422.96            | 28,034.82        |
| Current maturities of long term borrowings | 13,806.20        | 13,806.20              | -                | -                | -                 | 13,806.20        |
| Financial liabilities (Non current)        | 8,752.39         | -                      | 8,752.39         | -                | -                 | 8,752.39         |
| Cash credit and demand loans               | 13,068.00        | 13,068.00              | -                | -                | -                 | 13,068.00        |
| Trade payables ( current)                  | 12,966.40        | 12,966.40              | -                | -                | -                 | 12,966.40        |
| Trade payables ( non-current)              | 271.26           | -                      | 271.26           | -                | -                 | 271.26           |
| Other financial liabilities(Current)       | 9,379.65         | 9,379.65               | -                | -                | -                 | 9,379.65         |
|  | <b>86,278.73</b> | <b>49,220.25</b>       | <b>18,669.66</b> | <b>17,965.86</b> | <b>422.96</b>     | <b>86,278.72</b> |

**51D. Foreign exchange risk**

The Group imports Coal, Gypsum and Chromo sand for its production operations and exports Cement, Engineering equipments.

The impact of foreign exchange rate variation on its segments performance, assuming no change in other parameters like price and quantity of imports, is as follows.

(Rs. Lakhs)

| Particulars                       | Impact on profit |           |
|-----------------------------------|------------------|-----------|
|                                   | 2020-2021        | 2019-2020 |
| Increase in Exchange Rate by Re.1 |                  |           |
| Cement                            | (63.95)          | (86.74)   |
| Captive Power Plant               | (12.87)          | (16.13)   |
| Engineering                       | 0.00             | (0.77)    |
| Decrease in Exchange Rate by Re.1 |                  |           |
| Cement                            | 63.95            | 86.74     |
| Captive Power Plant               | 12.87            | 16.13     |
| Engineering                       | 0.00             | 0.77      |

## 51E Commercial risk

### Sale price risk

| Particulars                  | Impact on profit  |                   |
|------------------------------|-------------------|-------------------|
|                              | 2020-2021         | 2019-2020         |
| Selling price increase by 5% |                   |                   |
| Cement                       | 5,983.05          | 4,215.16          |
| Sugar                        | 1,763.37          | 2,263.43          |
| Power                        | 299.99            | 164.79            |
| Engineering                  | 417.13            | 328.18            |
| Hospitality & other Services | 105.19            | 146.37            |
|                              | <b>8,568.73</b>   | <b>7,117.93</b>   |
| Selling price decrease by 5% |                   |                   |
| Cement                       | (5,983.05)        | (4,215.16)        |
| Sugar                        | (1,763.37)        | (2,263.43)        |
| Power                        | (299.99)          | (164.79)          |
| Engineering                  | (417.13)          | (328.18)          |
| Hospitality & other Services | (105.19)          | (146.37)          |
|                              | <b>(8,568.73)</b> | <b>(7,117.93)</b> |

### Raw material price risk

| Particulars                       | Impact on profit  |                   |
|-----------------------------------|-------------------|-------------------|
|                                   | 2020-2021         | 2019-2020         |
| Raw material price increase by 5% |                   |                   |
| Cement                            |                   |                   |
| Limestone                         | (785.98)          | (634.94)          |
| Laterite                          | (54.97)           | (43.20)           |
| Fly Ash                           | (98.79)           | (90.31)           |
| Gypsum                            | (109.69)          | (102.25)          |
| Sugar                             |                   |                   |
| Sugarcane                         | (1,147.55)        | (1,304.73)        |
| Engineering                       |                   |                   |
| Iron and Steel, Nickel and Scrap  | (91.57)           | (155.79)          |
|                                   | <b>(2,288.55)</b> | <b>(2,331.23)</b> |
| Raw material price decrease by 5% |                   |                   |
| Cement                            |                   |                   |
| Limestone                         | 785.98            | 634.94            |
| Laterite                          | 54.97             | 43.20             |
| Fly Ash                           | 98.79             | 90.31             |
| Gypsum                            | 109.69            | 102.25            |
| Sugar                             |                   |                   |
| Sugarcane                         | 1,147.55          | 1,304.73          |
| Engineering                       |                   |                   |
| Iron and Steel, Nickel and Scrap  | 91.57             | 155.79            |
|                                   | <b>2,288.55</b>   | <b>2,331.23</b>   |

# Awards and Recognition





**Smt. V. Kavitha Dutt, Joint Managing Director of the Company distributing Provisions to needy people during peak Covid-19 and national lockdown.**



**KCP contributed an amount of Rs.1 Crore to Chief minister's Relief Fund towards Covid preventive measures and cheque has been handed over to Honorable Andhra Pradesh Chief Minister Sri YS Jaganmohan Reddy in presence of other Ministers.**



**Mercure Hyderabad KCP**  
6-3-551, Somajiguda  
Hyderabad 500 082  
Telangana

☎ +91-40-67 88 88 44 /88  
✉ h8824-re@accor.com

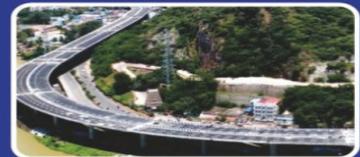
# KCP

## CEMENT

*BUILT TO LAST*



NAGARJUNA SAGAR DAM



SRI KANAKADURGAMMA FLYOVER

### BUILDING THE NATION SINCE 1958

#### The KCP Limited

Ramakrishna Buildings

2, Dr. P.V. Cherian Crescent, Egmore, Chennai 600 008, India

Phone: +91 4466772600 E-Mail: investor@kcp.co.in

www.kcp.co.in

CIN: L65991TN1941PLC001128