FROM THE CHAIRPERSON & MANAGING DIRECTOR

Dear Shareholders,

It gives me immense pleasure to present the Annual Report for FY 2025–2026, marking the 85th year of our Company's journey. Over the past eight and a half decades, KCP has built a legacy founded on integrity, resilience, innovation, and an unwavering commitment to creating sustainable value for all stakeholders. As we look back on another year of progress, I express my sincere gratitude to our shareholders, customers, employees, business partners, and communities for their continued trust and support.

The year under review unfolded against a backdrop of geopolitical conflicts, evolving trade policies, inflationary pressures, and global economic uncertainty. Despite these challenges, the Indian economy continued to demonstrate remarkable resilience, supported by strong macroeconomic fundamentals, sustained infrastructure investment, and prudent policy measures. These favourable conditions, together with our diversified business portfolio and disciplined execution, enabled our Company to deliver a stable operational and financial performance.

Our diversified presence across Cement, Heavy Engineering, Hospitality, and Overseas Sugar operations continues to strengthen our ability to navigate changing business cycles while creating long-term value to stake holders.

During FY 2025–2026, the Company recorded standalone revenue of ₹1,661 crore compared with ₹1,475 crore for the previous year with an EBITDA margin of 13.55% and Consolidated revenue of ₹2,649 crore against ₹2,590 crore for the previous year with EBITDA margin of 15.35%. These results reflect the resilience of our businesses, our focus on operational excellence, and our commitment to prudent financial management.

Our Cement business remained the primary driver of growth. Supported by continued demand from infrastructure, housing, and industrial development, cement sales and profitability improved during the year. Production volumes reached 3.1 million metric tonnes, compared with 2.9 million metric tonnes in the previous year, reflecting improved operational efficiencies and enhanced market presence.

The Heavy Engineering Division operated in a challenging environment characterised by intense competition and lower-margin orders. Revenue stood at ₹112 crore compared with ₹119 crore in the previous year. While margins remained under pressure, we continue to focus on strengthening execution capabilities, improving operational efficiency, and pursuing opportunities in higher-value engineering projects.

Our Hospitality business, Mercure Hyderabad KCP, delivered another year of encouraging performance. Improved occupancy levels, stronger average room rates, and higher food and beverage revenues contributed to growth in both revenue and profitability, reinforcing its position as one of Hyderabad's preferred business hotels.

Our subsidiary, KCP Vietnam Industries Limited, continued to perform steadily despite challenging international market conditions. The Company recorded revenue of ₹1,080 crore compared with ₹1,178 crore in the previous year and reported a Profit Before Tax of ₹236 crore against ₹318 crore in FY 2024-2025. Lower international sugar prices and higher raw material costs impacted profitability; however, the business continues to maintain strong operational fundamentals and remains well positioned for long-term growth.

Our joint venture, Fives Cail KCP Limited, operated under difficult market conditions arising from subdued investments in the sugar sector and restrictions on sugar exports. The Company recorded revenue of ₹61 crore compared with ₹161 crore in the previous year. While the operating environment remained challenging, we remain confident that long-term opportunities will emerge as market conditions improve.

As part of our commitment to sustainable and efficient operations, significant progress was made on two strategic infrastructure projects. The Waste Heat Recovery System at our Muktyala Cement Plant has reached the final stage of implementation, with trial runs successfully completed and commercial commissioning expected shortly. This project will improve energy efficiency while reducing our environmental footprint. Simultaneously, construction of the Railway Siding Facility at Muktyala is progressing well and is expected to enhance logistics efficiency, optimise transportation costs, and strengthen supply chain capabilities.

Sustainability remains central to our long-term growth strategy. We believe responsible business practices are fundamental to creating enduring value for all stakeholders. Through our Corporate Social Responsibility initiatives, we continue to invest in healthcare, education, women empowerment, rural development, and environmental conservation. These initiatives reflect our commitment to building stronger communities while contributing meaningfully to sustainable development.

Our Board has recommended a dividend of ₹0.50 per equity share of face value ₹1.00 each, subject to the approval of shareholders at the forthcoming 85th Annual General Meeting.

Looking ahead, while global uncertainties continue to persist, India's long-term growth outlook remains positive. Supported by sustained investments in infrastructure, urbanisation, manufacturing, and industrial development, we believe significant opportunities lie ahead. With our diversified businesses, disciplined capital allocation, strong governance framework, and dedicated workforce, we remain confident of delivering sustainable growth and creating lasting value for all stakeholders.

On behalf of the Board of Directors, I extend my heartfelt appreciation to our shareholders for their continued confidence, our customers for their enduring trust, our business partners for their valuable collaboration, our employees for their dedication and commitment, and my fellow Board members for their invaluable guidance and support.

Together, we will continue to build a stronger, more sustainable, and future-ready KCP.

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