



THE KCP LIMITED

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Chairperson's Speech :

Dear Shareholders,

It is my privilege along with our Board of Directors of this company to welcome all of you to the 79th Annual General Meeting with this being my maiden communication as Chairperson and Managing Director of this esteemed Company.

I profoundly thank you all for reposing confidence in me, to take this company forward, as Chairperson & Managing Director.

Before I commence the proceedings, Along with my team, I would like to pay our heartfelt homage to our former Chairman Dr. V.L. Dutt, who passed away on 18th February 2020 of this year. This unexpected demise has left an irreparable loss to the company and the family. KCP is deeply indebted to Dr. Dutt, who took the company from a largely domestic firm to a multi-national entity by forging collaborations with Fuller Inc, USA and Fives Group, France to form Joint Ventures in India in the early 1980's and setting up sugar plants in Vietnam in the late 1990's. He was also the driving force behind the expansion of cement capacity from 0.8 million tons to over 4 million tons.

Dr. Dutt, was known for his Values, Ethics and Socially responsible business decisions. His vision in setting up units for generation of all kinds of power, through renewable sources like Wind, Solar and Hydel, apart from setting up waste heat recovery and thermal power plants primarily for internal consumption was farsighted.

His contributions to National and International business associations made KCP one of the well-respected business group in the country. FICCI, under the leadership of Dr Dutt as President for 1991-1992, made important policy suggestions to the Government of India, during the transition to an open economy, under the then Hon'ble Prime Minister late Shri PV Narasimha Rao. He was also responsible in leading various business delegations overseas.

Dr. Dutt was the Honorary Consul General of the Republic of Turkey in Chennai, in charge of all the Southern States of India.

Along with our entire team at KCP, we place on record its deep gratitude and appreciation of his invaluable services to the company for over 60 years.

Coming to business, India entered the pandemic amid slowing growth, shrinking fiscal space, and a weak financial sector. The exit from this pandemic crisis could well see some uncertainties in growth, fiscal issues and risks to financial sector with fall out on all industries. Any sustainable recovery will require infrastructure investments, creation of a social security net, and easing of traditional sore points such as a weak financial sector, correction of outdated laws etc. India's economy is staring at de-growth and perhaps the worst ever recession.

The Indian economy had started to steadily slip into a slowdown phase even before the pandemic. The growth rates of the country took severe beating in 2019-2020, with one of the slowest estimated growth rate of 4.2%, one of the lowest registered in 11 years.

KCP has been affected by the pandemic across all business verticals, be it Cement in Andhrapradesh or the Hotel in Telangana or Heavy Engineering in Tamilnadu. Cement Production has started in Andhrapradesh, with the partial lifting of government lockdown conditions.

Looking back at the performance of your company in 2019-2020, you would have observed that the performance was not as expected by all our stakeholders. With the slowing economy, the cement business of the company was affected by weak demand, resulting in lower volumes along with price corrections. For the first time in several years, this business was not profitable. The interest & depreciation burden of the recently expanded capacity could not be recovered due to fragile conditions.

At a time when we started relishing the improvement in the performance of the hotel, pandemic struck it very badly. The economic conditions were equally bad for the Heavy Engineering business. The Silver lining was, despite the drought conditions, the sugar subsidiary in Vietnam performed reasonably well, as reflected in the profitability of the unit.

At KCP, we believe that the communities residing around our business units are our key stakeholders and we have a firm commitment towards their empowerment. Our CSR activities were focused improving access to quality health, education and enhancing employability of youth through skill development centers and vocational training etc.

The complete details of the company's performance has been included in the Annual Report, which is in front of you.

Going forward, it is expected that, booster doses given by the Government, in the form of Economic Packages, could help in revival of the economy and would help the fortunes of the sectors your company is operating in. The

sequential recovery seen in the recent past few months, promises hope from the otherwise derailed economy, due to imposition of lockdown norms by various states.

Internally, strategies are being devised to reduce costs and partially contain the impact of the pandemic. The Company is exploring steps to diversify the cement markets into states bordering Andhra Pradesh which has been our traditional stronghold. We are confident these initiatives will greatly help us in the months to come.

I would like to thank all our stakeholders for standing by us in these troubled times. I would like to also sincerely thank all of you for taking the unusual effort to attend this AGM via video conference.

I would like to place on record, our sincere thanks to the governments, employees, customers, suppliers and all the stakeholders of the company.

Thanking You.