

# The K.C.P. Limited

Registered Office: Ramakrishna Buildings, 2, Dr. P.V.Cherian Crescent, Egmore, Chennai - 600 008. INDIA  
Phone: + 91 44 6677 2600 Fax: + 91 44 6677 2620 E-mail: corporate@kcp.co.in, investor@kcp.co.in  
www.kcp.co.in CIN: L65991TN1941PLC001128

**RATED  
FA/Positive  
BY CRISIL**

## DEPOSIT SCHEMES

(Unsecured)

For Public and Shareholders  
w.e.f. 08.08.2019

(Circular in the Form of Advertisement inviting deposits from Public and Shareholders pursuant to section 73 (2)(a) and section 76 and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits) Rules, 2014), as amended.

The Company invites and accepts Deposits on the following broad terms:

SCHEME 1 : FIXED DEPOSITS - INTEREST PAYABLE QUARTERLY			
Period	Rate of Interest P.A.**	Minimum Amount of Deposit	Interest Payable
1 year	8.00%	Rs.21,000/-	Quarterly
2 years	8.50%	Rs.21,000/-	Quarterly
3 years	9.00%	Rs.21,000/-	Quarterly

SCHEME 2 : CUMULATIVE DEPOSITS - INTEREST PAYABLE ON MATURITY COMPOUNDED QUARTERLY				
Period	Rate of Interest P.A.**	Minimum Amount of Deposit	Maturity Value*	Effective Yield*
1 year	8.00%	Rs.21,000/-	Rs.22,731/-	8.24%
2 years	8.50%	Rs.21,000/-	Rs.24,847/-	9.16%
3 years	9.00%	Rs.21,000/-	Rs.27,427/-	10.20%

\*\* Interest is payable subject to deduction of tax at source, wherever applicable.

### 1. GENERAL INFORMATION:

A. Name, address, website and other contact details of the company :  
THE KCP LIMITED, Registered Office : "Ramakrishna Building, 2 Dr. P.V. Cherian Crescent, Egmore, Chennai-600 008, INDIA. Ph. No.: 66772600; Fax No.: 66772620, E-mail IDs : corporate@kcp.co.in, investor@kcp.co.in Website : www.kcp.co.in CIN:L65991TN1941PLC001128

B. Date of incorporation of the company : July 3, 1941

C. Business carried on by the company and its subsidiaries with the details of branches or units, if any;

#### Business carried on by the company

The Company is engaged in Manufacture of Cement, Heavy Industrial Machinery, Power Generation and in Hospitality Business.

#### Details of branches or units

The Registered Office of the Company is situated at 'Ramakrishna Buildings' No.2, Dr.PV Cherian Crescent, Egmore, Chennai - 600 008.

(a) The Cement Production Units are located at  
• Macherla - 522426. Guntur District, Andhra Pradesh  
• Ramakrishnapuram, Muktyala - 521175. Krishna District, Andhra Pradesh

(b) The Engineering Units are located at

• Tiruvottiyur, Chennai - 600 019  
• Mosur Road, Ekhunagar, Arakkonam - 631004, Tamilnadu.

(c) The Power Generating Units are located at:

• Hydrel unit at B.No. AE-1, NSP Colony, Nekarikallu - 522 615 in Guntur District, A.P.  
• Wind Mill at Uthumalai, Tirunelveli District, Tamilnadu.

• Thermal Power Plant (Waste Heat Recovery) at Macherla - 522426, Guntur District, A.P.

• Thermal Power Plant at Muktyala, Ramakrishnapuram, Muktyala - 521175, Krishna District, Andhra Pradesh

• Solar Power Plant at Ramakrishnapuram, Muktyala - 521175, Krishna District, A.P.

(d) The Hotel Division (Mercure Hyderabad KCP) is located at:

• No.6-3-551, Somajiguda, Hyderabad - 500 082

#### Subsidiary and its business:

The Company has a subsidiary in Vietnam - KCP Vietnam Industries Limited which is engaged in Manufacture of Sugar.

#### d. Brief particulars of the management of the company;

The Company is being managed by the Executive Chairman, Managing Director and Joint Managing Director, subject to the superintendence, direction and control of the Board of Directors.

#### e. Names, DIN, Address and Occupation of the Directors:

Name and DIN of the Director	Residential Address	Occupation
Dr. Velagapudi Lakshmana Dutt Executive Chairman Din : 00143013	No.2, Dr.P.V. Cherian Crescent Egmore, Chennai 600 008	Business
Dr. Velagapudi Lakshmana Indira Dutt Managing Director Din: 00139883	No.2, Dr.P.V. Cherian Crescent Egmore, Chennai 600 008	Business
Smt. Velagapudi Kavitha Dutt Joint Managing Director Din: 00139274	Old No.4, New No.7 First Crescent Park Road Gandhi Nagar, Adyar Chennai-600 020	Business
Sri. O. Swaminatha Reddy Director Din: 00006391	Plot No.813, (MCH No.234), Road No.41, Jubilee Hills Hyderabad 500 033	Chartered Accountant & Company Director
Sri. V.H. Ramakrishnan Director Din: 00143948	Flat 1005, Block 2A SMR Vinay City Bollaram Road Miyapur, Hyderabad 500 049	Chartered Accountant & Company Director
Sri. Vijay Sankar Director Din: 00007875	194, T.T.K. Road, Alwarpet, Chennai - 600 018	Chartered Accountant & Company Director
Sri. P.S. Kumar Director Din: 00267280	No. 5, Second Street, Wallace Gardens Chennai 600 006	Chartered Accountant & Company Director
Sri. Narasimhappa Muttuluri Director Din: 03319847	Plot No.22, Kamalapur Colony Phase I Hyderabad 500 073	Company Director

#### f. Management's perception of risk factors:

Both the classes of Deposits (Fixed/Cumulative) being Unsecured in nature but the Company has proven track record in servicing the Depositors till date, without any defaults either in repayment of deposit or payment of interest.

Pursuant to applicable provisions of the Companies Act, 2013 and rules made there under, as amended the company undertakes to deposit twenty per cent of the amount of its deposits maturing during the following financial year in deposit repayment reserve account maintained under a Scheduled Bank.

The Company's cement business witnessed volume growth of around 12% in fiscal 2019. Overall sales from this segment increased to Rs 1017 crore in fiscal 2019 from Rs 951 crore in fiscal 2018. Operating profit (EBITDA) declined to Rs 408 per tonne in fiscal 2019 from Rs 695 per tonne in fiscal 2018 because of lower realisations (in line with prices in South India) and increase in fuel and freight costs. Over the medium term, the cement division is expected to benefit from volume increase in South India.

The company has commissioned its cement production expansion project at Muktyala, Krishna District AP on 18.02.2019, increasing its clinker capacity from 1.55 MTPA to 3.06 MTPA and cement capacity from 1.86 MTPA to 3.52 MTPA. Overall capacity of the company increased to 4.32 MTPA post commissioning of the brownfield capacity.

The company completed major part of the 10,000 TCD expansion project at Son Hoa sugar unit successfully. The total crushing capacity of the Subsidiary is 11,000 TCD. Revenue from this segment increased by 13% in fiscal 2019, in spite of decline in realisations by 16% in line with global prices. The profit increased to Rs. 83 crores in fiscal 2019 from Rs.69 crores in fiscal 2018, on the support of increased sales volume and lower cost of production.

Financial risk profile is backed by steady cash accrual, healthy capital structure, and comfortable debt protection metrics. As on March 31, 2019, Debt to Equity ratio was at 0.90 for the company and 0.59 for the Group. Interest coverage ratio was 4.10 for the company and 6.42 for the Group. They are expected to improve further, on repayment of debt in the medium term.

**Performance of the engineering business :** The engineering and capital goods industry is highly vulnerable to economic cycles on account of its links with the capex plans of customers, which are in turn affected by cycles of industrial growth.

Despite healthy order book, profitability of the engineering division is expected to remain subdued due to intense competition.

**Performance of the hotel business :** KCP's Mercure Hotel at Hyderabad, has been improving occupancy levels and enhancing the revenue from Food & Beverages (F&B) also. The occupancy rates have increased from 48% on 2017-18 to 54% in 2018-19. The revenue from F&B section registered a growth of 17% on FY 2019 over FY 2018. The Average Room Rent (ARR) also improved from Rs.3700 in FY 2018 to Rs. 3784 in FY 2019.

**Overall Outlook :** The company is expected to improve upon its performance in the near term with volumes in cement business going up negating the risks of market price fluctuations. Engineering business is expected to turn around with increased sales in profitable market segments along with cost reduction efforts. Hotel business is expected to improve its occupancy levels and make cash profits. With the major capital expenditure program completed, the company will continue its enviable track record of meeting all its debt service and repayment commitments in time.

#### g. Details of default, including the amount involved, duration of default and present status, in repayment of -

i) statutory dues; : NIL  
ii) debentures and interest thereon; : N.A.  
iii) loan from any bank or financial institution and interest thereon : NIL

#### 2. PARTICULARS OF THE DEPOSIT SCHEME:

a) Date of passing of board resolution : 29.05.2019  
b) Date of passing of resolution in the general meeting authorizing the invitation of such deposits; : 11.08.2014

#### c) Type of deposits, i.e., whether secured or unsecured : UNSECURED DEPOSITS

d) Amount which the company can raise by way of deposits as per the Act and the rules made there under, and the aggregate of deposits actually held on the last day of the immediately preceding financial year and on the date of issue of the Circular or advertisement and amount of deposit proposed to be raised and amount of deposit repayable within the next twelve months;

Sl. No.	Category	Limits as on 31.03.2019	Aggregate of Deposits as on 31.03.2019**	Deposits Proposed to be raised as on 31.03.2019	Deposits Repayable in next twelve months as on 31.03.2019*
(Rs. in Lakhs)					
1	From Public	11803.81	5271.23	6532.58	2358.88
2	From Shareholder	4721.53	3425.26	1296.27	1449.30
<b>TOTAL</b>		<b>16525.34</b>	<b>8696.49</b>	<b>7828.85</b>	<b>3808.18</b>

\*\* The aggregate of Deposits actually held on the last day of the immediately preceding financial year, i.e. 31<sup>st</sup> March, 2019 is: Rs.86,96,49,000/-

Date of Circular or Advertisement : May 29, 2019

\* The aggregate amount of deposits repayable within the next twelve months as on the last day of the immediately preceding financial year, i.e., 31<sup>st</sup> March, 2019: Rs.38,08,18,000/- (which includes deposits matured and unclaimed amounting to Rs.4,26,25,000/-). Out of said matured & unclaimed deposits, Rs. 1,29,51,000/- have been renewed and Rs.95,89,000/- have been repaid as on date of circular.

e) Terms of raising of deposits: Duration, Rate of interest, mode of payment and repayment;

#### MAIN TERMS AND CONDITIONS APPLICABLE FOR BOTH THE SCHEMES

**Minimum Amount of Deposit :** Rs.21,000/- and thereafter in multiples of Rs.1000/- only

**Term of Deposit :** Deposits will be accepted for the Period of ONE/TWO/THREE Years.

**Rate of interest :** 8.00% for 1 Year; 8.50% for 2 Years; 9.00% for 3 Years

**Interest payable :** Interest on deposits under Scheme I will be payable every quarter on 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March. Under Scheme II interest will be payable on Maturity, compounded quarterly, by way of interest warrants which will be in the form of Account Payee cheques payable at par at specified branches of HDFC Bank only. NECS Facility is also available for payment of interest.

**Repayment of Principal :** Deposits will be payable on maturity by way of A/c Payee Cheques payable at par only. Premature withdrawals are generally not permitted. However, under special circumstances they may be considered at the discretion of the Company and subject to the Companies (Acceptance of Deposits) Rules, 2014.

**Mode of Payment :** Remittance for deposits will be accepted only by A/c Payee CHEQUES/ DEMAND DRAFTS drawn on Chennai Banks favouring 'The KCP Limited'. Demand Drafts charges are not deductible from the Principal. Outstation cheques will not be accepted. No deposit will be accepted by way of Cash.

**Renewal of Deposit :** Renewal will be considered on a fresh application accompanied with the duly discharged deposit receipt. Renewal will be accepted for the Principal amount only. In case of renewal, where the principal amount is less than the minimum of Rs.21,000/-, the difference up to the minimum and the additional amount, if any, will be accepted in thousands by way of Cheque / Demand Draft favouring 'The K.C.P. Limited' payable at Chennai.

The duly filled in Application Forms along with the necessary remittance should be sent to the Company's Registered Office at "Ramakrishna Buildings", No.2, Dr. P. V Cherian Crescent, Egmore, Chennai-600 008.

#### Detailed terms and conditions subject to which deposits are accepted by the Company are set out in the prescribed application forms for such deposits

f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid;

**Opening Date is 08.08.2019 and the time period for which this circular is valid is until the expiry of six months from the date of closure of the financial year 2019-20 or until the date of the next Annual General Meeting whichever is earlier.**

g. Reasons or objects of raising the deposits;

**For meeting long term requirements of the Company and to augment the long term resources.**

h. Credit rating obtained; Name of the Credit Rating Agencies, Rating obtained, Meaning of the rating obtained, Date on which rating was obtained.

**Yes, Crisil FA/Positive) dt. 31.07.2019**

i. Extent of deposit insurance, Name of the Insurance Company, Term of the insurance coverage, Duration of coverage, Extent of coverage, Procedure for claim in case of default etc. **NOT APPLICABLE**

j. Short particulars of the charge created or to be created for securing such deposits, if any; **NOT APPLICABLE**

k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons.  
None of the Directors, Key Managerial Personnel and their relatives are concerned or interested.

#### 3. DETAILS OF ANY OUTSTANDING DEPOSITS AS ON 31.03.2019 :

a. Amount Outstanding	Rs. 86,96,49,000/-
b. Date of acceptance	Accepted on different dates
c. Total amount accepted during the year 2018-19	Rs.28,49,38,000/- (Fresh/Renewal acceptance)
d. Rate of interest	8%, 8.5%, 9%, 9.5%, 10%, 10.25%, 10.50%, 10.75% & 11.00%
e. Total number of depositors	4856 depositors
f. Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved;	: NIL
g. Any waiver by the depositors, of interest accrued on deposits	: NIL

#### 4. FINANCIAL POSITION OF THE COMPANY FOR THE LAST THREE YEARS

PARTICULARS	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
<b>1. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	9,38,69,67,159	6,52,20,50,243	6,77,05,73,773
(b) Capital work-in-progress	39,73,95,746	2,52,64,53,752	43,41,43,107
(c) Investment Property	74,962	1,15,124	1,99,081
(d) Other Intangible Assets	2,66,05,225	2,23,71,683	1,73,81,517
(e) Financial Assets			
(i) Investments	28,89,88,340	28,93,38,809	28,92,97,707
(ii) Trade Receivables	3,19,67,609	2,57,53,039	3,73,15,779
(iii) Loans	-	-	-
(iv) Others financial assets	25,08,239	20,86,809	24,38,239
(f) Deferred Tax Assets (Net)	-	-	-
(g) Other Non-current Assets	25,46,00,745	37,89,07,177	56,15,23,314
<b>2 Current assets</b>			
(a) Inventories	1,77,12,80,290	1,27,08,29,851	1,17,25,19,892
(b) Financial Assets			
(i) Investments	-	-	-
(ii) Trade Receivables	29,37,87,650	25,74,74,024	32,05,49,349
(iii) Cash and cash equivalents	11,66,61,766	12,58,84,205	13,56,02,423
(iv) Bank balances other than (iii) above	18,53,52,868	14,76,79,351	8,86,69,625
(v) Loans	-	-	-
(vi) Other financial assets	29,36,41,720	97,89,821	1,61,40,381
(c) Current Tax Assets (Net)	8,29,98,323	7,15,15,392	10,77,54,840
(d) Other Current assets	47,94,82,846	57,97,75,576	62,95,62,217
<b>Total Assets</b>	<b>13,61,23,13,489</b>	<b>12,23,00,24,857</b>	<b>10,58,36,71,245</b>

PARTICULARS	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
<b>I. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	12,89,21,160	12,89,21,160	12,89,21,160
(b) Other Equity	4,77,44,43,419	4,52,88,88,976	3,97,67,55,703
(c) Deferred Government Grant	32,40,599	34,39,719	36,38,838
<b>LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	3,33,19,07,338	3,35,88,42,076	2,22,10,49,301
(ii) Trade Payables			
Due to Micro and Small Enterprises	-	-	-
Due to Others	2,71,25,914	2,71,25,914	2,71,25,914
(iii) Other financial liabilities	50,49,14,434	39,53,94,742	35,85,24,489
(b) Provisions	13,91,36,347	12,25,63,230	11,52,50,651
(c) Deferred Tax Liabilities (Net)	61,60,27,857	57,62,17,807	49,67,49,209
<b>2 Other non-current liabilities</b>			
<b>2 Current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	1,13,94,64,035	59,28,77,488	83,91,55,357
(ii) Trade payables			
Due to Micro and Small Enterprises	46,19,225	42,64,092	7,68,573
Due to Others	71,06,77,765	51,59,68,625	37,99,20,763
(iii) Other financial liabilities	1,98,80,54,929	1,86,83,78,425	1,83,98,30,445
(b) Other current liabilities	20,73,34,409	6,98,28,198	18,97,82,883
(c) Provisions	3,64,46,056	3,73,14,405	61,97,958
(d) Current tax Liabilities (Net)	-	-	-
<b>Total Equity and Liabilities</b>	<b>13,61,23,13,489</b>	<b>12,23,00,24,857</b>	<b>10,58,36,71,245</b>

a. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular or advertisement;

(Rs. in Lakhs)		
For the year Ended	Profit/(Loss) before tax	Profit/(Loss) after tax
31.03.2017	5249.27	3381.42
31.03.2018	11236.94	8126.67
31.03.2019	5480.20	3951.35

b. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid on interest paid)

For the year Ended	Dividend Declared (Equity)	Dividend (%)	Dividend Declared (Preference Shares)	Interest Coverage Ratio
31.03.2016	1289.21	100	N.A.	3.30
31.03.2017	2578.42	200	N.A.	3.15
31.03.2018	1289.21	100	N.A.	5.56

The Board of Directors of the Company, at their Meeting held on 29th May, 2019 has recommended for the approval of shareholders at the ensuing Annual General Meeting a dividend of Re.1/- for equity share of Re. 1/- each.

c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement :

**Particulars provided in point no.4**

d. Audited Cash Flow Statement for the two years immediately preceding the date of issue of circular or advertisement : **Filed with ROC**

e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.

**Effective April 1 2018, the Company adopted IND AS115, Revenue from Contracts with Customers and applied prospectively to Contracts with Customers existing as on 1st April 2018. Due to the applicability of IND AS115, the turnover & profit increased by Rs.2834 Lakhs and Rs.162 Lakhs respectively.**

#### 5. DECLARATION BY THE DIRECTORS