

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

The Directors are pleased to present the 80th Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended 31st March 2020.

FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

	₹ in Crore	
	2019-20	2018-19
Sales & Other Income	4,093.58	3,939.50
Profit before Interest, Depreciation & Tax (EBIDTA)	722.46	472.16
Profit before Depreciation (Before Exceptional Item)	558.04	283.82
Profit / (Loss) after Tax	236.11	80.10
Surplus Brought Forward	330.18	269.23
Amount available for Appropriation	566.29	349.33
Appropriations		
Transfer to Debenture Redemption Reserve	-8.21	8.51
Dividend (Including Interim) & Dividend Distribution Tax	46.10	10.64
Surplus carried to Balance Sheet	528.40	330.18
	566.29	349.33

DIVIDEND

The Board of Directors approved payment of an Interim Dividend of ₹ 2.50 per Equity Share (50%), in March 2020. Total Dividend outgo has been ₹ 46.10 Crore (including Dividend Distribution Tax of ₹ 7.86 Crore). No further Dividend has been recommended by the Board for the Financial Year 2019-20 ended 31st March 2020.

PERFORMANCE

Financial Year 2019-20 was a difficult year for the Industry and Economy on many counts. First, there were elections in the first quarter, followed by an unusually prolonged monsoon stretching into the third quarter of the year. Usually a good monsoon is a precursor to an uptick in rural demand but India being part of global economy could not have remained insulated from the turmoil of global slowdown. In the last quarter when the demand was showing signs of picking up, sudden hit due to COVID-19 in March 2020 not only brought down the quarterly figures but also dashed all the hopes of revival of demand in the near future.

The Industry witnessed a fall in demand of 6% - 7% during the Financial Year 2019-20. The Company's combined sales of Cement and Clinker fell by 5% over the previous year and Cement capacity utilizations fell marginally due to

incremental capacity addition. Managing volatility and fluctuation in the prices of key raw materials such as PET Coke, Coal, Fly Ash etc. is a continuous process and are leveraged to retain our position to be one of the least cost producers. During the year, average pet coke prices fell by about 12% whereas there was a reduction of 2% in power costs. Over the past year, the Company has single-mindedly focused on improving its operational efficiencies at all levels and maximizing its Realisation per tonne by optimising the product mix, introduction of new brands and augmenting the existing distribution network, thus resulting in the net Sales realization to improve by 8%.

Further, despite lower production, the Company maintained its efficiency parameters including with respect to fuel and power consumption to an optimum level. The commissioning of the Waste Heat Recovery Power Plant of 7.5 MW in the Financial Year 2018-19 and 20 MW Thermal Power Plant in the Financial Year 2019-20 has enabled the Company to contain its power cost at the Durg Plant. The cost of logistics, a derivative of global oil prices, is the single biggest cost element in our operations. By optimising dumps and modes of transportation and encouraging direct dispatches aided by the GST regime, the Company was able to bring down the logistics cost by 11%.

The Company registered an EBIDTA of ₹ 722.46 Crore as against ₹ 472.16 Crore in the previous financial year, while the Net Profit topped ₹ 236.11 Crore as against ₹ 80.10 Crore in the corresponding previous period.

Creditably, the Company improved its Debt Equity ratio to 0.86 in Financial Year 2019-20 from 1.06 in Financial Year 2018-19.

PROGRESS OF THE PROJECTS & EXPANSIONS

During Financial Year 2019-20, the Company successfully commissioned a new Grinding Unit with an annual capacity of 0.8 Million tonnes at Cuttack, Odisha and a 20 MW Captive Thermal Power Plant at Durg, Chhattisgarh.

Expansion of Waste Heat Recovery Project in Jaykaypuram, Sirohi with an annual capacity of 10 MW is in full swing and is expected to be commissioned in July 2021.

OUTLOOK FOR INDIAN ECONOMY, INDUSTRY STRUCTURE & DEVELOPMENTS

The economy is in swing mode since last few years. When all seemed to be going smoothly, the Government's pro-active measures like demonetization in November 2016 and introduction of GST in July 2017 caused economic



pendulum to swing in opposite direction impacting all sectors of the economy for at least a year. However, it also ushered in many positive and structural changes in the economy such as greater tax compliance, transparency, digitization, less cash; just to name a few. It took about an year thereafter to recover and then about a year to stabilize in 2019; unfortunately now the current crisis of global pandemic caused by COVID-19 has swung the pendulum again in the opposite direction whose trajectory and magnitude is so unpredictable that it is changing by every day, hour, and minute.

The Indian economy, which began showing signals of slowing down since 3rd quarter of Financial Year 2019-20, is still expected to perform better than other major global economies; to grow by 4% - 5% in Financial Year 2019-20 as against 6.8% during Financial Year 2018-19. However, the growth in Financial Year 2020-21 is likely to be less than 2% due to the severe ongoing contraction of economic activities. While an early lifting of the lockdown is key to the resumption of the stalled economic engine, the strength of the recovery will also depend on the fiscal stimulus and relief by the Central and State governments in addition to monetary and liquidity measures announced by the Central Bank. The wide-ranging economic stimulus package of nearly ₹ 20 Lakh Crore announced by the Prime Minister rekindles the hopes of an early and sustained revival to economic activities at the grass root levels.

India is the world's second largest producer of cement with a cumulative production capacity of ~550 MTPA. Like other commodity businesses, cement is a cyclical industry which is subject to peaks and troughs of growth every few years. During the peak phases, the demand growth reaches near double-digit levels, leading to sustained capacity utilisation at more than 90% and paving the way for fresh capacity addition. These periods of high growth are punctuated by the lean phases when demands tends to taper off causing capacity utilization to decline. As against a growth of over 12% during Financial Year 2018-19, the demand for cement registered a de-growth of about 6% to 7% in Financial Year 2019-20. The history of indiscriminate capacity additions seen between 2005 and 2010, which led to industry almost doubling its capacity, is unlikely to be repeated in the near future as there are hardly any new players that have entered the industry in the recent past. Unexpectedly, low capacity utilisation levels in recent years have seen exit of some of the new entrants in cement business and this has led to consolidation of some of the capacities. This change can act as a stabilizing force in prices which have been quite volatile in recent years.

Overall, apart from continuing resilience of agriculture and allied activities, other sectors of the economy may be

adversely impacted by the pandemic, depending upon its intensity, spread and duration. Relatively modest upsides are expected to emanate from monetary, fiscal and other policy measures and the early containment of global COVID-19 pandemic.

COVID-19, OPPORTUNITIES AND THREATS

The sheer scale, size and intensity of COVID-19 pandemic across the world – perhaps the greatest global health emergency of the last 100 years; in the last quarter of Financial Year 2019-20, has injected a huge element of uncertainty in our operating business environment and clouded the outlook for the coming financial year. Given the enormous risks that the unchecked proliferation of the pandemic poses to human life, health and well-being, governments across the world have been forced to take extraordinary measures, including in the Indian context, an unprecedented country-wide lockdown involving more than 1.3 billion people, whose duration and eventual complete lifting remains an open question. While, it is too early to quantify the full extent and magnitude of the impact that this crisis will have for businesses in India, it is evident that all major sectors of the economy will take a major hit for a prolonged duration. The abrupt stop in the economy caused by the lockdown will only get accentuated by the increasing stress in the financial sector, the tightening of credit, the curtailment of non-essential spending, severe slowdown and the general across-the-board contraction in demand.

Housing and infrastructure are two key segments that account for more than 80% of total cement consumption in the country. Demand in both these sectors remained subdued during Financial Year 2019-20. Amidst this crisis of COVID-19 pandemic and it's looming side effects on the economy, the emerging consensus suggests that as and when things start rolling back to the normal, it would happen sooner in rural economy as compared to urban economy which could take much longer to return back to normal. There may still be some sectors of the economy which could never get back to the place where they were before.

The migration of rural labour from Urban centres has begun leaving an uncertainty about their return to contribute to sustenance of industrial activities. The government also seems to be working towards reviving and strengthening the rural economy by focussing on rural social and community infrastructure. The aim appears to be containment of the movement of people till such time threat is fully not over and it can be a long haul. Rapidly changing environment is forcing the organizations to adopt to new way of working. Social distancing and 'Work from Home' has become new normal. Some of these changes can remain permanent. However, this new normal can well be an opportunity for the future.

Your Company was quick to visualize with this rapidly evolving situation and made a quick move to shift to work from home with maximum use of IT infrastructure without any major disruption in efficiencies. A real testimony of this is that while this disruption happened at the very end of the closing of the financial year; the annual closing of accounts happened much before than earlier years when the offices would function without any interruption. This is an opportunity to reorganize the work, way of functioning and cut fixed costs in all spheres of working. While there is saying that cut flab but not cut the muscle; your Company is cognizant of this very fact and is making selective investments in IT infrastructure and back end operation capabilities so that while physical distancing is maintained; emotional bonding is even made stronger.

Efforts are being made to strengthen rural distribution network and supply chain capabilities and your Company has taken several innovative steps; many of them being first time in the industry. The emphasis is to provide delivery convenience to a rural customer consuming cement in small volumes in far flung areas – a privilege which erstwhile is enjoyed only by an urban customer buying cement in big volumes. The beauty of rural demand is such that while it is small in number for an individual buyer but the number of buyers are far larger than the numbers in urban centres. Given the situation where there is abundance of labour supply in rural areas; rural construction is expected to rise rapidly and our these initiatives will help us to tide over some of the adversities in current turbulent times.

RISKS AND CONCERNS

“Some risks that are thought to be unknown, are not unknown. With some foresight and critical thought, some risks that at first glance may seem unforeseen, can in fact be foreseen. Armed with the right set of tools, procedures, knowledge and insight, light can be shed on variables that lead to risk, allowing us to manage them.”

If there is something that can be predicted with a great degree of certainty is unpredictability of the events that would unfold in the coming future. While it has been widely argued and debated that the Millennials who now form a significant part of working age population globally are quite different in their habits, beliefs and spending patterns, the impact of this difference is now gradually being felt across various sectors of the economy, housing and real estate being one among those. If this alone was not enough, the current COVID-19 pandemic may have wide ranging impact on the economic behavior of the people that is too early to predict. Already there are indicators of shifting consumer preferences across sectors with people either postponing the large value expenditures or intending to

postpone, construction and real estate sectors are bound to get impacted.

Supply chains cutting across all industries are likely to remain adversely impacted for long and this impact may come in waves which may become difficult to predict. Experts are forecasting multiple scenarios which may unfold in future. These range from a permanent loss of 4% in GDP to a quick rebound to a gradual and slow recovery over next 3 – 4 years. While each of these emerging scenarios would need a different kind of response; quick adaptability and agility are the key capabilities that are common to each situation.

The Company has a strong risk management framework that enables regular and active monitoring of business activities for identification, assessment and mitigation of potential internal or external risks. Our commitment to strong ethical values and high levels of personal and organisational integrity adds a further layer of risk mitigation to our operations.

One of the concern and the expectations in industry has is when each time, the GST council meets, the industry eagerly hopes that the cement will be put under lower tax slabs than the sin slab of 28%. Ever since the introduction of GST, the council is periodically reviewing the tax rates and is consistently bringing more and more commodities under lower tax slabs. Cement is now one of the very few commodities that is in highest tax slab and understandably because it is not easy for the governments of the day to let lose the tax cow. Like always, the industry prefers to be positive and keep its hope alive for a favourable outcome.

KEY CHANGES IN FINANCIAL INDICATORS

On account of improved performance and profitability, there was significant improvement in following financial ratios in comparison to previous year as given hereunder:

Sl. No.	Particulars	Unit	As at 31.3.2020	As at 31.3.2019
1	Operating Profit Margin	%	17	11
2	Net Profit Margin	%	5.84	2.06
3	Return on Net-worth	%	13.79	5.26
4	Interest Coverage Ratio	Times	4.39	2.51
5	Debt Service Coverage Ratio	Times	1.79	1.21
6	Current Ratio	Times	0.85	0.72
7	Debt Equity Ratio	Times	0.86	1.06
8	Net Debt Equity Ratio	Times	0.59	0.81
9	Net Debt to EBIDTA	Times	1.41	2.61
10	Inventory Turnover	Times	11	12
11	Debtors Turnover	Times	53	49



HUMAN RESOURCE - "OUR PEOPLE, OUR PRIDE"

JK Lakshmi Cement has always placed pivotal importance to human capital in its journey of growth and expansion. The explicit and tacit knowledge of our talents has led to number of in-house low-cost innovations. The Company has sustained over the years a culture of openness, trust and collaboration to drive change and mitigate successfully challenges posed by business environment and competition. With extremely low level of attrition of talents, it has been able to retain, grow and expand organizational knowledge for seeking competitive edge.

Over the years, it has not only sustained Best HR Practices but focused on Next HR Practices. Some of the key initiatives in practice during the year under report include, Swagatam, We-Care (Cementing Aspirations through Receptive Exchange), Open House Communication Meeting with VC&MD, Whole-time Directors and Plant Heads, Udaan, Umang, Sham Ki Mulakat, Spring Fun Fest, and more. Since Best and Next HR Practices thrive on culture and culture has roots in quality of human resources, therefore the Company has relentlessly pursued Assessment and Development Centers with World Leaders in Assessment and Development Centers across the levels with post assessment support with Certified Experts designing of Individual Development Plans with specific inputs and actions in collaboration with assesseees and his/her reporting managers and superior's superior. This unique kind of collaboration in development of building both capacity and capability of people has resulted in not only innovation but sustaining a high-performance work culture.

The current unparalleled situation caused by pandemic COVID-19 has seen our HR both at group level and the individual company level taking proactive initiatives to keep up the morale of the team, keep them engaged and widen their horizon to look for opportunities which may seemingly be hidden through the cloud of uncertainty and despair. This period also saw emergence of various Standard Operating Procedures (SOPs) like Work From Home which has been hitherto rare practice in manufacturing sector. Technology was widely used in connecting, communicating and aligning employees with business requirements from safety of employee's homes during the lockdown period. Leadership played a pivotal role during this period and communicated one-to-one with the employees and other departments/work groups while assessing and implementing the business strategy.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has a well-defined Internal Control System commensurate with the size, scale and complexities of the operations to support the Business Operations to ensure statutory compliance. These Internal Control Systems were operating effectively during the year. The Company believes that a strong Internal Control framework is an important pillar of Corporate Governance. These Internal Control

Systems are periodically tested for their effectiveness by the Management and also by the Statutory & Internal Auditors of the Company.

The Company has appointed External Auditors to carry-out Internal Audit of all its manufacturing units and certain key Marketing offices / depots. The Company also has a strong and independent Corporate Internal Audit Department which reviews the controls and systems of all the functions of the Company. These Internal Auditors report directly to the Chairman of Audit Committee of the Board.

The Internal Audit Programme and Plan for the Audit of all the locations and departments of the Company are approved before the start of the Financial Year by the Audit Committee of the Board. Based on this Plan, the Internal Auditors carry out the Internal Audit of the Company and check the adequacy and effectiveness of the Internal Control Systems. Their Audit Reports are presented directly to the Audit Committee on quarterly basis. The Audit Committee reviews the findings of the Internal Auditors and ensures implementation of the recommendations of the Internal Auditors.

INTERNAL FINANCIAL CONTROLS

The Company has put in place a strong Internal Financial Control System, Policies and Procedures which ensures accuracy and completeness of Accounting Records and also timely preparation of the reliable Financial Statements. These Internal Financial Control Systems are adequate for safeguarding the assets of the Company and for the prevention and detection of errors and frauds commensurate with the size, nature and complexities of the Operations of the Company. These Policies and Procedures were found by the Statutory Auditors of the Company to be adequate for smooth, orderly and efficient conduct of the business of the Company.

The Company also has a strong Budgetary Control System and Management Reporting System under which actual performance is periodically mapped against the Budget and corrective actions are taken wherever necessary.

The Company has in place specific Standard Operating Practises (SOPs) for its various functions. These SOPs are periodically reviewed by the External and Internal Auditors of the Company and exceptions are reported for corrective actions. Based on the review of the Internal Financial Control System during the year by the Management and the Auditors of the Company, no reportable material weaknesses were observed in these Internal Financial Control Systems during the year.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return as on 31st March 2020 in the prescribed Form MGT-9 is attached as Annexure 'A' to this Report and forms a part of it and is also available on the website of the Company at www.jklakshmicement.com.

RELATED PARTY TRANSACTIONS

During the Financial Year ended 31st March 2020, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on an arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 (Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Form AOC-2 containing the details of the material Related Party Transactions entered into during the Financial Year 2019-20 as per the Related Party Transactions Policy is attached as Annexure 'B' to this Report and forms a part of it. The Related Party Transaction Policy as approved by the Board is available on the website of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT

The particulars of loans given, guarantees or securities provided, and investments made as required under the provisions of Section 186 of the Act are given in the Notes to Financial Statements.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to Section 152 of the Act, Dr. Raghupati Singhania (DIN: 00036129) retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

Shri Pradeep Dinodia (DIN: 00027995) ceased to be Director of the Company w.e.f 31st August 2019, on expiry of his term of office as Independent Director of the Company.

The Board has taken on record the declarations and confirmations received from Ambassador Bhaswati Mukherjee, Shri B.V. Bhargava, Dr. K.N. Memani, Shri N.G. Khaitan and Shri Ravi Jhunjhunwala, the Independent Directors of the Company regarding their independence pursuant to Section 149 of the Act and Regulation 16 of the Listing Regulations.

There were no other changes in the Directors/Key Managerial Personnel of the Company during the year under review.

CONSERVATION OF ENERGY, ETC.

The details as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 are annexed to this Report as Annexure 'C' and forms part of it.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company for the Financial Year 2019-20 have been prepared in accordance with the Act read with the Rules made there under and applicable Indian Accounting Standards. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

In compliance with Section 129(3) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries and associate included in the consolidated financial statements is presented in a separate section in the Annual Report. Please refer AOC-1 annexed to the financial statements in the Annual Report.

Pursuant to the provisions of Section 136 of the Act, the financial statements, consolidated financial statements along with relevant documents of the Company and separate audited accounts in respect of subsidiaries are available on the website of the Company.

During the Financial Year under review, no company has become or ceased to be your Company's subsidiary or joint venture or associate.

DEPOSITS

Pursuant to the approval of Members by means of a Special Resolution passed at the AGM held on 4th September 2014, the Company has continued to accept deposits from the public, in accordance with the provisions of the Act and the Rules made there under.

The Particulars in respect of the deposits covered under Chapter V of the said Act, for the Financial Year ended 31st March 2020 are: (a) Accepted during the year – ₹ 20.66 Crore; (b) Remained unclaimed as at the end of the year – ₹ 0.89 Crore; (c) Default in repayment of deposits or payment of interest thereon at the beginning of the year and at the end of the year - Nil; and (d) Details of deposits which are not in compliance with the requirements of Chapter V of the said Act- Nil.

AUDITORS

(a) In accordance with the provisions of the Act and Rules made there under, M/s S.S. Kothari Mehta & Company, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office from the conclusion of the 77th AGM held on 7th September 2017 until the conclusion of the 80th AGM to be held in the year 2020. Accordingly, the term of office of said Auditors shall expire at the conclusion of the ensuing AGM.

In terms of the provisions of Section 139 of the Act and the Rules made there under, your Directors have proposed re-appointment of M/s S.S. Kothari Mehta & Company, Chartered Accountants as Statutory Auditors of the Company for another term of five consecutive years from conclusion of the ensuing AGM of the Company till the conclusion of the 85th AGM of the Company to be held in the year 2025, for approval of Shareholders of the Company. M/s S.S. Kothari Mehta & Company have given consent to act as Statutory Auditors of the Company and have further confirmed that their appointment, if made, at the ensuing AGM shall be in accordance with conditions specified in the Act.



The observations of the Auditors in their Report on Accounts and the Financial Statements, read with the relevant notes are self-explanatory.

(b) Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act, the Board of Directors appointed Shri Namu Narain Agarwal, Company Secretary in Practice, as Secretarial Auditor to carry out Secretarial Audit of the Company for the Financial Year 2019-20.

The Report given by him for the said Financial Year in the prescribed format is annexed to this Report as Annexure 'D'. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

(c) Cost Auditors and Cost Audit Report

M/s R.J. Goel & Co., Cost Accountants, conducted the Audit of cost records of the Company for the Financial Year ended 31st March 2019 and as required, Cost Audit Report was duly filed with the Ministry of Corporate Affairs, Government of India. The Company has duly maintained requisite Cost Accounts and Records pursuant to Section 148(1) of the Act.

The Audit of the cost records of the Company for the Financial Year ended 31st March 2020 is being conducted by the said firm and the Report will be duly filed.

CORPORATE SOCIAL RESPONSIBILITY

Your Company strongly believes in the process of giving back to the society. Since inception the Company has taken this as a moral responsibility to build a better society by focusing on areas such as Health, Sanitation, Education, Skill Development, Livelihood Interventions, to name a few.

The Company won the well-deserved 'Golden Peacock Award for Corporate Social Responsibility' for the year 2019. Corporate Social Responsibility (CSR) is the continuing commitment by the Company to behave ethically and contribute to economic development, while improving the quality of life of the work force, their families as well as of the local community and society at large. The award is given by Institute of Directors (IOD) for significant initiatives in CSR practices and for creating new benchmarks. It recognizes organisations ability to go beyond the statutory, ethical and sustainability compliances to achieve higher standards of corporate excellence.

As the end of Financial Year saw outbreak of CORONA COVID-19 Pandemic, the Company responded to this unprecedented crisis, taking several initiatives for the local communities and migrants' workers in collaboration with local panchayats and district administration across its plant locations. Large number of food kits, sanitizers, cotton masks and hand wash were distributed to the needy families as well as sessions and meetings were organized to create awareness on COVID-19.

The Company has undertaken several activities for empowering women especially tribal women in the areas of

adult literacy, formation of self-help groups for income generation through providing them trainings on various trades.

The Company has requisite Corporate Social Responsibility Policy in accordance with the provisions of the Act and Rules made there under. The contents of the CSR Policy are disclosed on the website of the Company at www.jklakshmicement.com.

The Annual Report on the CSR activities undertaken by the Company during the Financial Year under review, in the prescribed format, is annexed to this Report as Annexure 'E'.

PARTICULARS OF REMUNERATION

Disclosure of the ratio of the remuneration of each director to the median employee's remuneration and other requisite details pursuant to Section 197(12) of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is annexed to this Report as Annexure 'F'. Further, particulars of employees pursuant to Rule 5(2) & (3) of the above Rules, form part of this Report. However, in terms of provisions of Section 136 of the Act, the Report and Accounts are being sent to all the Members of the Company and others entitled there to, excluding the said Particulars of Employees. The said information is available for inspection at the Registered Office of the Company during business hours on working days of the Company up to the ensuing AGM. Any member interested in obtaining such particulars may write to the Company Secretary.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the Financial Year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which could impact the going concern status of the Company and its future operations.

CHANGE IN THE NATURE OF BUSINESS

During the Financial Year under review, there was no change in the nature of business of the Company.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report of the Company for the Financial Year 2019-20 in the prescribed format, giving an overview of the initiatives taken by the Company from an environmental, social and governance perspective is given in a separate section of the Annual Report and forms a part of it.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to Regulation 34 of the Listing Regulations, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Report. The Corporate Governance Report also covers the following:

- (a) Particulars of the five Board Meetings held during the Financial Year under review.
- (b) Salient features of the Nomination and Remuneration Policy, including changes therein.
- (c) The manner in which formal annual evaluation of the performance of the Board of Directors, of its Committees and of individual Directors has been made.
- (d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- (e) Details regarding Risk Management.
- (f) Dividend Distribution Policy.
- (g) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (d) The annual accounts have been prepared on a going concern basis;
- (e) The internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) The proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board gratefully acknowledge the continuing faith reposed in the Company by the Financial Institutions, Banks, Government Authorities, Dealers, Suppliers, Business Associates and esteemed Shareholders, who have extended their splendid co-operation and support to the Company. The Directors also take this opportunity to thank Company's valued Customers who have patronized its products.

Last but not the least, the Board places on record its appreciation towards "Team JK Lakshmi" for their dedication and excellence displayed in conducting all operations of the Company and without whose whole-hearted efforts and solidarity, the Company's consistent growth would not have been possible in these challenging times.

CAUTIONARY STATEMENT

The Directors' Report & Management Discussion and Analysis contains forward-looking statements, which may be identified by the use of words in that direction, or connoting the same. All statements that address expectations or projections about the future including but not limited to statements about your Company's strategy for growth, product development, market positions, expenditures and financial results are forward looking statements.

Your Company's actual results, performance & achievements could thus differ materially from those projected in such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

COMPLIANCE OF SECRETARIAL STANDARDS

Based on the Secretarial Audit Report of the Secretarial Auditor, the Company has duly complied with the applicable Secretarial Standards on Meetings of Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Act, your Directors state that:-

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) Such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

On behalf of the Board of Directors

Bharat Hari Singhania
Chairman & Managing Director



Place: New Delhi
Date: 20nd May 2020