

# DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

The Directors are pleased to present the 81<sup>st</sup> Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2021.

## FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

	₹ in Crore	
	2020-21	2019-20
Sales & Other Income	4,459.18	4,093.58
Profit before Interest, Depreciation & Tax (EBIDTA)	864.22	722.46
Profit before Depreciation (Before Exceptional Item)	721.70	558.04
Profit / (Loss) after Tax	366.24	236.11
Surplus Brought Forward	528.40	330.18
Transfer from Debenture Redemption Reserve	22.90	8.21
Amount available for Appropriation	917.54	574.50
Appropriations		
Dividend (Including Interim) & Dividend Distribution Tax	-	46.10
Surplus carried to Balance Sheet	917.54	528.40
	917.54	574.50

## DIVIDEND

Yours Directors are pleased to recommend a Dividend of ₹ 3.75 per Equity Share (75%) for the Financial Year ended 31<sup>st</sup> March 2021 for approval of the Members at the ensuing Annual General Meeting (AGM). Total Dividend outgo will be ₹ 44.13 Crore. The Dividend pay-out is in accordance with the Dividend Distribution Policy of the Company.

## PERFORMANCE

Tremors of an ensuing catastrophic disturbance to normal life and to the economies of the world over were beginning to be felt one quarter prior to commencement of the Financial Year 2020-21. On March 11, 2020; WHO declared Covid – 19 as global pandemic and on March 24, 2020, the Prime Minister of India declared a Complete National Lockdown of 21 days till April 14, 2020. The lockdown was further extended in phases till May 18, 2020.

Starting from a completely washed-out April, paralysed May and baby walking June; the country overall has shown remarkable 'Resilience' in responding to the global pandemic and crisis. Starting from the first quarter when the Industry demand fell by nearly 40%; the Industry demand staged a smart recovery by the last Quarter of the year ending on a positive note with the demand edging up by 5% in the first month of the Quarter and by 32% in last month of

the fiscal year. The year for the Industry ended with a just about 8% contraction in the annual demand.

Your Company responded with a strong determination to minimise the impact of pandemic on its working by galvanizing all its resources to this single point focus. Safety protocols were put in place everywhere in the shortest possible time, systems were laid for adopting the best practices of Work From Home & people were encouraged to connect with our customers, dealers, suppliers, transporters & colleagues virtually.

War rooms were established at State levels to monitor every ton of our finished & raw materials about 90,000 MT in transit lying in abandoned trucks at various borders or check posts. Responsive and reliable supply chain practices were put in place to ensure that customers do not suffer for the want of our products even when the markets were fully/partially closed and strict cost control measures were put in place to minimise all overheads.

Once the lockdown restrictions were eased, maximum efforts were placed on running all the plants to their maximum capability and efficiency. It is a matter of great satisfaction therefore that despite the lockdown of over 50 days (including partial lockdown) our Volumes registered an YoY growth of 8% over the previous financial year.

At Udaipur Cement Works Limited; a subsidiary of the Company, Clinker production rose by about 3% despite kilns being shut for more than 30 days during the lockdown period. The grinding units at Surat, Kalol, Jharli and Cuttack have also shown remarkable resilience in bouncing back to normal in the shortest possible span of time. As a consequence of all the steps taken during the year, the Company's combined sales of Cement and Clinker grew by 8 % over the previous year and Cement capacity utilisation increased by 2%.

During the year, average pet coke prices increased by more than 100% and the prices of other comparable fuels followed the similar trends. Increasing fuel costs also impacted cost of captive power; though your Company is consistently focussing on increasing the use of renewable power since last few years. As a conscious effort to continuously increase use of renewable sources of energy; the contribution of renewables including WHR has increased to about 35% in the current financial year and shall rise further in the coming years.

Over the past years, your Company has been assiduously working 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 distribution network and optimizing its distribution cost. These steps enabled the Company to maintain its net sales realization despite many markets witnessing price corrections on account of drop in the demand due to lockdowns and labour migration.

Going against the tide, during the pandemic your Company successfully introduced its premium offering 'Super Sixer Weather Guard Cement' leveraging the goodwill generated by its another Cement brand 'Sixer'; brand endorsement by cricket legend Rohit Sharma and also benefitting from the sponsorship of IPL franchisee Sun Risers Hyderabad (SRH). This also enabled the Company to achieve one of the highest % of premium products sales with respect to its trade sales.

Further, despite lower Clinker production, the Company maintained its efficiency parameters 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 Durg Plant. The upswing in diesel price impacted our cost of transportation during the year; however, our team responded strongly to contain the diesel impact to the maximum possible extent. We reduced the number of dumps and improved the direct dispatches significantly.

During the year, Company's Value Added Product business also witnessed healthy traction in the non-lockdown period. Newly launched product i.e. JK Lakshmi Smart Wall-Putty has got acceptance in the market and gaining momentum to increase its footprint to become a significant player in the category. Besides that once again going against the tide, Company found opportunity into adversity and significantly tightened its credit policy in the Value Added Products resulting into unlocking Working Capital of around ₹ 30 Crore.

The Company registered an EBIDTA of ₹ 864.22 Crore as against ₹ 722.46 Crore in the previous financial year, while the Net Profit topped ₹ 366.24 Crore as against ₹ 236.11 Crore in the corresponding previous period. Creditably, the Company improved its Debt Equity ratio to 0.54 in Financial Year 2020-21 from 0.86 in Financial Year 2019-20.

#### **PROGRESS OF THE PROJECTS & EXPANSIONS**

Progress of implementation of Waste Heat Recovery (WHR) Project in Jaykaypuram, Sirohi with an annual capacity of 10 MW was affected during the year due to COVID-19 including non-availability of manpower. Now the progress is in full swing and the Project is expected to be commissioned by 3<sup>rd</sup> quarter of Financial Year 2021-22.

#### **OUTLOOK FOR INDIAN ECONOMY, INDUSTRY STRUCTURE & DEVELOPMENTS**

If there is one thing that is overwhelmingly emerging from the happenings across the globe in last one year and continuing even into the current year is that we are living in

the most uncertain period in our history. The Cement demand in April 2020 and the demand in March 2021 are in sharp contrast to each other. If it was just above 4 Million MT in April 2020 (lowest of Cement demand in any month in more than a decade); it was slightly below 33 Million MT in March 2021 (second highest of Cement demand in any month in anytime in the history); then there is only one thing that can be said with certainty is that; in the right environment the country has the latent potential to consume nearly 400 Million MT per annum even in the current times to support India's aspirations.

However, when would this right environment emerge and sustain for a prolonged duration is something that is very difficult to predict at this juncture. With the start of mass vaccination across the globe and also in India; that began sometime in December 2020 in some countries and in mid January 2021 in India; it was hoped that the worst of COVID 19 crisis is behind us and the economy is solidly on the path of growth and recovery. The union budget for Financial Year 2021- 22 has reignited this hope with sharp focus on infrastructure and health care. A little could be foreseen then that a second wave; nearly 10 times bigger and stronger than the first wave is in offing. If it took nearly 11 months to cross the figure of 1 Crore of total infections in the first wave; it has taken just about 11 weeks to add these many in the second wave. Hopefully the second wave would subside soon but the experts are already warning of an impending third wave.

"Resilience", "Responsiveness", and "Reliability" are three key words that shall shape future course of economic development across the globe. If there are repeated disruptions of varying magnitude; the Industry needs to resiliently and swiftly move or reallocate its focus and resources to minimize the impact of disruption. With the frequency of disruption increasing and they becoming more localized; the need would be to precise, swift and sharp in responding to such disruption.

The economies are now better prepared to deal with the crisis and hence are the hopes that despite second wave being much larger and impending third wave; the impact of disruption shall be minimal and losses, if any, could be recovered in much shorter span of time than before.

The Economic Survey 2021 expects India to grow at 10-12% in the Financial Year 2021-22, followed by a reversion to the trendline growth of 6.5% in the Financial Year 2022-23. The long term outlook for the Cement Industry shall be quite robust with the Government's thrust towards infrastructure creation and development remaining as a key propeller of growth in the economy going forward.

India is the world's second largest producer of Cement with a cumulative production capacity of ~550 MTPA and accounts for over 8% of the overall global installed capacity. That said, India's per capita Cement consumption at 200-

250 kg remains significantly lower than the world average of 500-580 kg and China's 1,650-1,750 kg. Like other commodity businesses, Cement is a cyclical industry which is subject to peaks and troughs of growth every few years. However due to on going pandemic which may take a while to completely wane off; the Cement demand may face high frequency swings in both directions but given the learnings of such swings seen in last year; the country; the economy; and the Industry is better prepared now to absorb these swings.

Barring the already on going expansions and some investments which may be necessitated to ensure compliance with the mandated conditions in case of new mining lease allotted in auctions; it is unlikely that the Industry would see any major influx of capital in creation of new green field capacities. However, at the same time one may see incremental capital investments in improving operational efficiencies; use of information technology; alternative fuels; renewable energy; and responsive supply chains. Sooner or later once the storm caused by the pandemic settles down, the industry shall witness a prolonged phase of stable demand growth of about 5 – 6% PA; though some momentum lost during the pandemic phase may still take some time to fully recover.

Your Company is well poised to reap the benefits of sustained long term demand growth once the normalcy returns. We shall selectively invest in augmenting our existing capacities in Northern and Western parts of the markets in next few years. You would be happy to note that your Company has recently been awarded two Limestone Mining Blocks – one in Central Rajasthan and another in Coastal Gujarat. These Blocks have been awarded in a competitive bidding process and each of these can support at least 5 Million MTPA Cement capacity for 40 – 50 years. In coming years, your Company will invest to make progress in operationalization of these new Mining Blocks which shall not only add to competitiveness in existing market but shall help us in opening new markets also.

#### **OPPORTUNITIES AND THREATS**

The pandemic has induced some kind of behavioural changes in the life and work styles; some of which may become permanent. Such changes are both opportunities and threats for the Industry. Work from Home is increasingly being adopted across various sectors in the industry so much so that a few of them have already announced this as a permanent option for their work force. This move on one hand would reduce the demand for large office spaces but at the same time would create the need for a larger homes for many families. Less visits to market place on one hand would reduce the need for retail space but at the same time would create the need for larger warehouses and redistribution centres. Developers & Builders will look forward to undertake a fewer projects but would strive to complete them fast and in defined time frame. These

changes would call for a big change in the construction technologies, construction practices, and products used in construction. 'Time Saved' shall now have a realistic tangible value assigned to it as the pressure to reduce Stock in Process and Working Capital locked in it, builds up.

These changes are likely to exponentially grow the market for ready to use value added construction products. Your Company has over the years has grown its product portfolio in this direction and has drawn up ambitious growth plans. These shall include expansion of manufacturing base, adding of new products and entering into new markets.

Decongestion of cities may lead to faster development of sub urban areas attached to major towns as well as more rapid development in Tier II or Tier III cities. Efforts are being made to strengthen the distribution network and adopt best technologies and practices in supply chain to improve visibility and transparency. Logistics resources and manufacturing capabilities are dynamically allocated to serve the markets in shortest lead time and at the lowest cost. Your Company is investing in the state of the art IT hardware and applications to further optimize the resource allocation for better serving of the markets and for better profitability.

#### **RISKS AND CONCERNS**

Amidst prevailing uncertainties due to COVID 19 pandemic, the economic behaviour of the people has witnessed a drastic change. The Consumers have either postponed the large value expenditures or deferred same while dealing with the aftermath of pandemic. Construction and real estate sectors have also been adversely impacted in tandem. In addition, the Industry is suffering from the rising fuel and input costs. Supply chains cutting across all industries are also likely to remain adversely impacted for a long time and may even further result in loss of GDP to a quick rebound to a gradual and slow recovery over the next few years. The emerging scenarios would need a different kind of response from all quarters.

Major concern again continues to be that Cement has been under highest tax slab of 28% despite several representations made to the GST Council. The Industry therefore is under tremendous pressure and it is hoped that the Govt. takes a considerate view while reviewing the tax rates and brings it to a reasonable level of tax of 18% at least. Like always, the Industry prefers to be positive and keep its hope alive for a favourable outcome.

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. With resilience and agility, your Company is confident to sail through this difficult time.

## 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 31.3.2021	As at 31.3.2020
1	Operating Profit Margin	%	18	17
2	Net Profit Margin	%	8.35	5.84
3	Return on Net-Worth	%	19.32	14.60
4	Interest Coverage Ratio	Times	6.06	4.39
5	Debt Service Coverage Ratio	Times	1.83	1.79
6	Current Ratio	Times	1.00	0.85
7	Debt Equity Ratio	Times	0.54	0.86
8	Net Debt Equity Ratio	Times	0.19	0.59
9	Net Debt to EBITDA	Times	0.46	1.41
10	Inventory Turnover	Times	12	11
11	Debtors Turnover	Times	79	53

## INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company believes that a strong Internal Control framework is an important pillar of Corporate Governance. The Company has a well-defined Internal Control System commensurate with the size, scale and complexities of the operations to support the Business Operations & also to ensure Statutory Compliances. These Internal Control Systems are periodically tested for their effectiveness by the Management and by the Statutory & Internal Auditors of the Company. These Internal Control Systems were found to be operating effectively during the year.

The Company has an Independent In-house Internal Audit Department which is manned by Experienced Professionals. This Internal Audit Department carries out the Internal Audit based on a Systematic Audit Plan covering all key functions and aspects of the Business. This Audit Plan is approved by the Audit Committee at the start of the Financial Year. The Company has also engaged services of certain External Audit Firms for conducting Audit of its major plants and key marketing offices. The Internal Audit Reports, of the external as well as In-house Audit Teams, are reviewed by the Top Management and are placed before the Audit Committee of Directors. The Audit Committee undertakes a total review of the audit observations and the actions taken by the Management on all the findings of the Internal Auditors. The implementation of the recommendations of the Internal Auditors is regularly reviewed and monitored by the Senior Management and the Action Taken Report is placed periodically before the Audit Committee. The Company also has an Internal Risk Management Committee comprising of Functional Heads. This Committee meets on a quarterly basis to evaluate the risk as also the mitigation plan put in place to minimise the impact of various internal and external

risks to the Company's business. In addition, there is a Risk Management Committee at the Board Level to review the various risks which impact the Company's operations and the management plan to meet those risks.

The Company also has a robust MIS system and Budgetary Control System under which the operating and financial performances are reviewed on a monthly basis. The variations with the budget are analysed and corrective actions are taken to minimise the variations with the Budget wherever shortfalls are noticed. Further, the Company has also put in place Legal Compliance Monitoring Tool to ensure timely compliance of all the applicable Statutes at its different locations.

## INTERNAL FINANCIAL CONTROLS

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

The Company has in place specific Standard Operating Practices (SOPs) for its various functions. These SOPs are periodically reviewed by the External & Internal Auditors of the Company and exceptions are reported for corrective actions.

The Internal Financial Control Systems are regularly reviewed to ensure their effectiveness, taking into account the essential components of Internal Financial Controls as stated in the Guidance Note on the Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on such assessments carried out by the Management, no reportable material weaknesses in the adequacy in the System of Operations of Internal Financial Controls were observed during the year.

## HUMAN RESOURCE - "OUR PEOPLE, OUR BIGGEST STRENGTH"

Our people are our biggest strength – The words we live by at JK Lakshmi Cement Ltd., we have always believed and will continue to believe in 'Our people are our greatest assets'.

Year under report has witnessed one of the most unprecedented times faced by humanity with the outbreak of novel Coronavirus causing pandemic COVID 19. Company has been able to connect & communicate with its employees, customers and stakeholders leveraging the technology in keeping them engaged and aligned with business requirements with health & safety on top priority. To mention few initiatives are VCMD Communication Meeting across all locations with all levels particularly frontline

employees, Virtual Connectivity of the Top Leaders with the team members and other work groups, Technical & Behavioral trainings (Internal & external), Safety & health and family-oriented subjects with employees as well as Dealers/ channel partners including their family members, E Learning/Book Reading & Competition on quiz, games, Painting & Poem Competition including family on topics related to COVID 19, Corona Warriors, Nature & mother earth, Well-being, e-Family Milan, Precis writing on topics "Working habit changed during lockdown & New work-style to be adopted post lockdown resumption of work", Collaboration with Government & Local authorities etc. Work From Home practice was followed flawlessly giving a new direction in the New Normal to one and all. Various precautionary awareness and measures were taken in offices, plants & networks.

With a Vision & Mission focused on Human Capital, Customers, Innovation, World-class facilities, the Company actively benchmarks itself for a competitive landscape. 'Grow Your Own Timber' is a unique approach followed for employee's growth and development to leadership roles from within the Company by rewarding the deserving and providing a well-defined growth path. Company believes in life-long employment, respecting the employee's individuality, offering them best experience, expecting in return, a tacit commitment for a pro-longed mutually beneficial association, which is evident from its high level of retention of talents and harmonious industrial relations for last 25 years.

Your Company has relentlessly pursued Assessment and Development Centers in association with world leaders across the levels with post assessment support through Certified Experts for talent management. Some of the key initiatives taken are SANGAM - Interzone Quiz competition to create feeling of One Team One Family, Skip – Level meetings, BANDHAN – an employee connect initiative, We-Care (Cementing Aspirations through Receptive Exchange), UDAAN Competition, Sham Ki Mulakat, Online courses, Leadership & Personality Development etc. extensively using digital platform. The Company has completed e-Joining Portal at all locations for its Management Cadre employees, IDP, e-Learning etc. under its digitization journey.

The results of sustained people practices have been instrumental in JK Lakshmi Cement being chosen amongst the top 25 Coolest Workplaces in India by leading magazine Business Today published in its Special Issue of April 2021. The nationwide survey covered – people growth initiatives, going beyond business, wellbeing initiative, engagement and connect. JK Lakshmi Cement Ltd. also bagged the Times Ascent 'Dream Companies to Work for' – Cement Sector 2021 for demonstrating Company wise best value and culture, business & people practices that make a huge difference in creating a dream environment for its employees.

#### **ANNUAL RETURN**

The Annual Return as required under Section 92 and Section

134 of the Companies Act, 2013 (Act) read with Rules made thereunder is available on the website of the Company at [www.jklakshmicement.com](http://www.jklakshmicement.com).

#### **RELATED PARTY TRANSACTIONS**

During the Financial Year ended 31<sup>st</sup> March 2021, 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 arms' length basis and were in compliance with the applicable provisions of the Act and the Securities and Exchange Board of India (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 2020-21 as per the Related Party Transactions Policy is attached as Annexure 'A' 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 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, Smt. Vinita Singhania (DIN: 00042983) retires by rotation at the ensuing AGM and being eligible has offered herself for re-appointment. Further, the Board of Directors of the Company (Board) based on the recommendation of the Nomination and Remuneration Committee, has re-appointed Smt. Vinita Singhania as Managing Director, for a further period of 5 years w.e.f. 1<sup>st</sup> August 2021, subject to requisite approval of the Members at the ensuing AGM. The Board recommends her re-appointment.

The Members at the AGM held on 7<sup>th</sup> September 2016, had approved re-appointment of Shri Bharat Hari Singhania (DIN: 00041156), Chairman, as Managing Director of the Company for a period of five years w.e.f. 1<sup>st</sup> October 2016 till 30<sup>th</sup> September 2021. Shri Singhania has expressed his desire not to seek re-appointment as Managing Director of the Company for a fresh Term, after expiry of the current term on 30<sup>th</sup> September 2021. However, on the request of the Board, Shri Singhania has agreed to continue as a Non-executive Chairman of the Company with effect from 1<sup>st</sup> October 2021. The Board has sought requisite approval of the Members by means of Special Resolution pursuant to Regulation 17(1A) of the Listing Regulations, to continuation of Shri Bharat Hari Singhania, Chairman, as Non-Executive Director on the Board, liable to retire by rotation. The Board has also recommended continuation of Dr. Raghupati Singhania (DIN: 00036129), who would be attaining the age of 75 years on 8<sup>th</sup> December 2021, as Non-executive Director, liable to retire by rotation, pursuant to above Regulation.

Amb. Bhaswati Mukherjee (DIN: 07173244) was appointed as an Independent Director for a Term of three consecutive years with effect from 28<sup>th</sup> March 2019, with due approval of the Members at the AGM held on 31<sup>st</sup> August 2019. Accordingly, her first Term as an Independent Director will determine on 27<sup>th</sup> March 2022. She is eligible for re-appointment as an Independent Director for a second Term of upto five consecutive years. Based on the recommendation of Nomination and Remuneration Committee, the Board has recommended re-appointment of Amb. Bhaswati Mukherjee as an Independent Director of the Company for a second Term of five consecutive years w.e.f. 28<sup>th</sup> March 2022. In the opinion of the Board, she possesses requisite expertise, integrity, proficiency and experience.

The Board took on record the declarations and confirmations received from Shri N.G. Khaitan, Shri B.V. Bhargava, Dr. K.N. Memani, Shri Ravi Jhunjhunwala and Amb. Bhaswati Mukherjee, all 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 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 'B' and forms part of it.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of your Company for the Financial Year 2020-21 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 4<sup>th</sup> September 2014, the Company has continued to accept deposits from the

public, in accordance with the provisions of the Act and the Rules made thereunder.

The Particulars in respect of the deposits covered under Chapter V of the said Act, for the Financial Year ended 31<sup>st</sup> March 2021 are: (a) Accepted during the year - ₹ 47.31 Crore; (b) Remained unclaimed as at the end of the year - ₹ 0.71 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) Statutory Auditors**

In accordance with the provisions of the Act and Rules made thereunder, M/s S.S. Kothari Mehta & Company, Chartered Accountants, were re-appointed as Statutory Auditors of the Company for their second term of five consecutive years from the conclusion of the 80<sup>th</sup> AGM held on 28<sup>th</sup> August 2020 until the conclusion of the 85<sup>th</sup> AGM to be held in the year 2025.

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 Namoo Narain Agarwal, Company Secretary in Practice, as Secretarial Auditor to carry out Secretarial Audit of the Company for the Financial Year 2020-21.

The Report given by him for the said Financial Year in the prescribed format is annexed to this Report as Annexure 'C'. 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 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2021 is being conducted by the said firm and the Report will be duly filed.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Since its inception and well before the CSR Law came into existence, serving the society towards improving the quality of life of the communities at large has been a priority and commitment for your Company. The concept of socially responsible business is deeply ingrained into our corporate DNA right from the initial years and till date we have pioneered and delivered several CSR projects for needy and vulnerable communities & families. The Company's CSR

vision clearly states to strengthen community relationship and to bring sustainable change in the quality of life of neighbourhood community through innovative solutions in Education, Health, Water & Sanitation, Skills Development, Livelihood Promotion and Rural Development.

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. As the beginning of Financial Year saw outbreak of COVID19 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 as well as in the marketing zones. 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 COVID19. Number of temperature guns, sanitizers, masks and hand gloves were provided to frontline "Corona Warriors"- Govt. ANMs & ASHA Workers. Regular sanitization of village common places Panchayat Bhavans, Banks, Post Offices, E-Mitra Centers and Ration Shops helped in containing spread of virus in the communities around the plants. In addition, the Company also pro-actively responded to this national emergency and donated about ₹ 1 Crore to the "Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund" (PM CARES Fund) to support GOI initiatives to fight pandemic. The Ministry of Corporate Affairs, GOI, has clarified vide Office Memorandum "F. No. CSR-05/1/2020-CSR-MCA" dated 28<sup>th</sup> March 2020 that contribution made to 'PM CARES Fund' shall qualify as CSR expenditure under item no (viii) of Schedule VII of the Act.

While on the one hand, Company put resources to fight the pandemic, on the other, it took several CSR initiatives to reduce maternal and infants mortality; organized number of medical camps for the poor and marginalized communities; provided bridge and remedial classes to out-of-school and school drop-out children for their mainstreaming into government schools; supported government schools for improvement of physical and classroom infrastructure and facilities; provided various kinds of support to students; and continued its support to school working for Special Children and their families. Number of students were provided scholarships to support their education at a time when Pandemic had hit their family's income. On the livelihoods front, the Company undertook multiple on-farm and off-farm initiatives and skills trainings to improve family's income. Trainings for agriculture and cattle improvement helped beneficiaries improve their income through adoption of scientific processes. Other initiatives included setting up water facilities for domestic use; provision for food kits for Multi-Drug Resistant TB patients; plantation; recharging of water bodies, among others. These initiatives in the CSR benefited number of disadvantaged, vulnerable and economically

marginalized communities like Scheduled castes and Scheduled tribes, Below Poverty Line families, small and marginal farmers, landless groups, women-headed families, special children, person suffering with chronic diseases like MDR-TB, and youths with no skills for either employability or resources for small business. The Company also strategically endeavoured towards facilitating "last-mile-connectivity" for the poor to access various State and National Govt. Schemes aimed at poverty alleviation.

The various CSR projects have been able to bring qualitative changes in the lives of the community around the plant location. One of the key impacts has been empowerment of women due to improvement in their income resulting into their higher familial and societal status.

The Company received number of appreciation letters for its meaningful and life-changing CSR initiatives during the year.

The Company has requisite Corporate Social Responsibility Policy in accordance with the provisions of the Act and Rules made there under, as amended. The CSR Policy is disclosed on the website of the Company at [www.jklakshmicement.com](http://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 'D'.

#### **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, is annexed to this Report as Annexure 'E'.

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 upto 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 2020-21 in the prescribed format, giving an overview of the initiatives taken by the Company from

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 four 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

### 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 have 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;
- (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.

On behalf of the Board of Directors

**Bharat Hari Singhania**  
Chairman & Managing Director

Place: New Delhi  
Date: 29<sup>th</sup> July 2021