

Foundations of trust and care



Remembering A Visionary

The Company is celebrating the birth centenary of its Founder, Lala Lakshmipat Singhanian, one of the key architects of JK Organisation. As a true visionary, he laid the foundation for taking the Organisation to new heights in the journey of building a self reliant India. He was a dynamic leader who championed the cause of domestic industry with Indian ownership and management.

The JK Organisation became one of the top four private sector Groups in the country during his lifetime. He pioneered the manufacturing of many products, for the first time in India. Through a plant set up in West Bengal in 1944, he started the production of aluminium metal in India from Indian Bauxite for the first time. This metal was further converted into complete range of aluminium products including aluminium foils. The Company, Aluminium Corporation of India Ltd., was one of the few integrated aluminium plants in the world.

Lala Lakshmipat Singhanian set up many successful companies in different parts of the country, which provided thousands of job opportunities, particularly in the backward areas of rural India. These include, Straw Products Ltd. in Bhopal in 1938 which commenced production of straw boards and later on paper boards. Production of high quality writing and printing paper was started in 1962 in Orissa and the Company is now operating under the name of JK Paper Ltd., known for its high value added products. He was also instrumental in setting up various other plants for the manufacture of Automobile Tyres (JK Tyre & Industries Ltd.) and Cement (JK Lakshmi Cement Ltd.), amongst many other initiatives of the group.

He was the Chairman of National Insurance Company for several years. The Company covered both life and general insurance activities. He made it grow as the 3rd largest insurance Company of the country with largest overseas network. Unfortunately Insurance – Life and General, as well as aluminium were nationalised in India as a matter of the then policy of the Government.

He was the guiding spirit for the JK Group to set up several medical and educational institutions across the country including scores of primary schools in the rural areas.

Lala Lakshmipat Singhanian embodied the rare qualities that transcend time through their single-minded purpose, simplicity, vision and the constant working of an enquiring mind that rejects the status quo. Apart from being a philanthropist entrepreneur he believed in upliftment of the society at large. He has left behind a value system based on Trust, Nationalism and Care which serves as a beacon for the Group Companies to charter their course into future. The core values are:

- Caring for people
- Integrity including intellectual honesty, openness, fairness and trust
- Commitment to Excellence

Centenary Year



LALA LAKSHMIPAT SINGHANIA
1910 - 1976

KEY ARCHITECT OF JK ORGANISATION

**“We seek a society which is proud of its past,
conscious of the present and full of hope for the future.”**

A Rich Heritage and The Legacy Continues...

The magnetic personality of the iconic leader, Lala Lakshmipat Singhanian, had impacted many people, whether in direct contact with him or not. His values, beliefs and principles not only led him to achieve pinnacles of success but are still continuing to motivate JK Lakshmi Cement to reach new heights. Walking on the path set by Lala Lakshmipat Singhanian and guided by the values that he cherished, the Company has taken forward his dream of a self-reliant, successful India.

Championing Economic Independence

While Lala Lakshmipat Singhanian was an active participant in the struggle for freedom from British rule, he realised that the true benefits of it would flow to the masses only if India was economically strong too.

And to build a strong India – he emphasised the need for a strong industry and infrastructure. In keeping with his vision, Straw Products Ltd. chose to enter manufacture of cement, an important ingredient for infrastructure development. Lakshmi Cement aptly named after Lala Lakshmipat Singhanian, the founder of the company, commissioned its plant in the remote district of Sirohi in Rajasthan way back in 1982 with a capacity of 5 lac MT per annum.



Lala Lakshmipat Singhanian with the Board Members at the Silver Jubilee celebrations of Straw Products Ltd.



Lala Lakshmipat Singhanian with Pt. Jawaharlal Nehru

During his tenure as President of FICCI at its 30th Annual Session Lala Lakshmipat Singhanian observed;

“It is not only machinery that becomes obsolete; one has to guard against the obsolescence of the mind.”

The then Prime Minister of India, Pt. Jawaharlal Nehru, who was present on the occasion applauded and endorsed thus – **“To my mind no truer words could have been said. Therefore these words of yours, Mr. President, should be inscribed in prominent places...”**

Carrying forward the legacy

It is heartening that this small beginning made 28 years back by the Company, re-christened as JK Lakshmi Cement Ltd., has developed into a production facility of 48 lac MT cement per annum. It is one of the largest single-location plants in the country. The journey continues with newer initiatives at various new locations.

Caring for people, one of the core values expounded by our founder, is now a part of Company's DNA. It is not surprising, therefore, that as many as nearly 40% of Company's employees are having association of over two decades.

The Company has been taking various initiatives for the welfare of the people such as eradication of illiteracy, family welfare, adult literacy and helping development of the society at large, besides rising to the occasion as and when any natural calamity arose in any part of the country.

The Company is confident of a still bright future moving ahead on the bedrock of philosophy and core values of its founder.



Presitigious Dam Project being constructed using JK Lakshmi Cement



Shri Hari Shankar Singhanian, Chairman - JK Lakshmi Cement at one of the women adult literacy camp



Aerial view of today's JK Lakshmi Cement Plant

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Chairman's Message



The resilience of the Indian Economy has been amply demonstrated by the impressive growth of 7.4% year over year during FY 2009-10, against the growth of 6.7% in 2008-09. Also, our economic fundamentals remain robust. Additionally, with forecast of normal monsoon this year, there is every reason to be optimistic about the accelerated growth of our economy. It is a matter of great satisfaction that our Prime Minister has projected economic growth of 8.5% for 2010-11.

Cement, as a basic input, plays a crucial role in India's economic and industrial growth as also in its infrastructure development. The country's overall cement consumption during the last year recorded a double digit growth after a gap of nearly 3 years, a result of rising consumer and investment demand, resulting from growth momentum and timely fiscal stimulus package implemented by the Government.

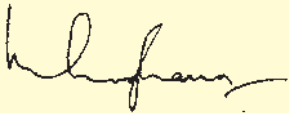
Investment in infrastructure as a percentage of GDP has been increasing in recent years, from 4.35% in 2004-05 to 5.94% in 2008-09. This is likely to rise further in the coming years as a result of greater public spending and encouragement given to Public Private Partnership (PPP) in infrastructure projects by both the Central and State Governments.

It is heartening that the Company has been growing faster than the Industry. It continues with its commitment to uphold the very high quality parameters in sync with the stature that JK Lakshmi Cement brand has acquired over the years. Performance of JK Lakshmi Cement with an output of 4.6 million tonnes and a growth of 14% in its volume in 2009-10 shows its commitment to contribute in its humble way to building of our great nation.

Having achieved its earlier goal of nearly 5 million tonnes per annum capacity, the Company is now progressing satisfactorily to reach the next milestone of 8 million tonnes in the course of next 30 months. This augurs well for the Company and the investors.

I am happy that the Directors have recommended a dividend of 50% which is the highest ever dividend paid by the Company. **This is a befitting tribute to Late Lala Lakshmipat Singhania, a key architect of JK Organisation whose Birth Centenary is being celebrated this year.**

I thank the dedicated Management team and employees at all levels. I would also like to thank and solicit continuous support from the stakeholders, distributors, vendors and financial institutions, to meet the future challenges.


Hari Shankar Singhania

Board of Directors

Hari Shankar Singhania
Chairman

Bharat Hari Singhania
Vice Chairman & Managing Director

Dr. Raghupati Singhania

Dr. Ajay Dua

K. N. Memani

Shailendra Chouksey
Whole-time Director

Vinita Singhania
Managing Director

B. V. Bhargava

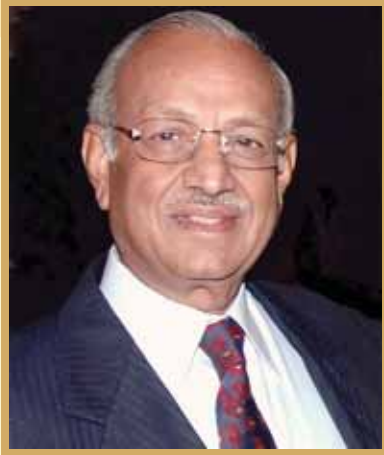
N. G. Khaitan

Pradip Roy

Pradeep Dinodia

S. K. Wali
Whole-time Director

Vice Chairman's Message



Indian Economy has shown resilience and regained its growth momentum. The growth is expected to reach double digit in near future, after relative slowdown in the previous years. Your Company, to take advantage of this opportunity, has made further progress in capacity expansion, better operational efficiency and superior all round performance. We, all at JK Lakshmi Cement, are justifiably proud to register best ever performance this year.

The all round improvements and achievements recorded by the Company during the year have assumed greater significance in the year, when the Company is celebrating the 'Centenary Year' of its 'Founder Director', Lala Lakshmipat Singhania. He believed in the philosophy of inclusive growth in encompassing all sections of the society.

Today, JK Lakshmi Cement has one of the strongest operating matrix in the industry. With its cost competitiveness, quality products, a robust marketing distribution system and extensive network, it has reinforced its formidable brand position amongst wide ranging and far flung customer base.

The Company has taken well timed and adequate steps in the area of its financials, not only to ensure healthy leveraging but also availability of financial resources to meet its ever growing aspirations.

I am optimistic that the Company is well poised to meet the future challenges and opportunities and have a strong belief that we will continue to get full support and cooperation of all the stakeholders in this endeavor.

Bharat Hari Singhania
Vice Chairman & Managing Director

COMPANY SECRETARY: Brijesh K. Daga
OFFICES: **Registered Office** - Jaykaypuram - 307 019, Basantgarh, District Sirohi (Rajasthan).
Administrative Office - Nehru House, 4, Bahadur Shah Zafar Marg, New Delhi - 110 002.
PLANTS: I. JK Lakshmi Cement, Jaykaypuram - 307 019, Basantgarh, District Sirohi (Rajasthan).
II. JK Lakshmi Cement, Motibhoyan, Kalol, District Gandhinagar (Gujarat).
AUDITORS: Lodha & Co., Chartered Accountants
BANKERS: State Bank of India
Punjab National Bank
IDBI Bank Ltd.
Axis Bank Ltd.
REGISTRAR & SHARE TRANSFER AGENTS: MCS Limited, Shri Venkatesh Bhawan, F-65, First Floor, Okhla Indl. Area, Phase-I, New Delhi - 110 020.
Ph. (011) 41406149, 41406151-52, 41609386, 41709885. Fax No. (011) 41709881
COMPANY WEBSITE: www.jklakshmicement.com

The year that was...



Management Team of JK Lakshmi Cement with Shri Anand Sharma, Hon'ble Union Minister for Industry and Group Chairman on winning the "Chairman's People Management" award.



Smt. Vinita Singhania, Managing Director - JK Lakshmi Cement receiving the Outstanding Businesswoman Award from Shri Pranab Mukherjee, Hon'ble Finance Minister of India



Team JK Lakshmi during a team building exercise



Shri S Chouksey and Shri S K Wali in a memorable performance at the Founder's Day function



Smt. Vinita Singhania conferred with Golden Peacock Women Business Leadership Award



MD receiving the Productivity Excellence Award from Rajasthan's Industry Minister

Managing Director's Message



I take pride in being a member of Team JK Lakshmi which has constantly challenged itself to produce superior performance year after year with emphasis on doing things differently and better. It is in a sense validation of our HR led strategies and emphasis on innovation. It is truly "Mazbooti" reinforced.

We live in a world where innovation is emerging as one of the principal drivers of growth and leadership and a key determinant of competitive advantage. As one of India's oldest and most respected business house, we take pride in our heritage. For us tradition is not about a resistance to change, it is about the ability to adapt, evolve and absorb change, while maintaining our core values and beliefs.

Corporate Social Responsibility at JK Lakshmi has long gone beyond sporadic charitable activities and token donations. We continue to undertake sustained long term initiatives aimed at the ever greater welfare of not just our workforce and their immediate families but also the larger community of which we are an integral part. Over the years, we have brought tangible and lasting positive change to the lives under-privileged sections of society in these areas, with a special focus on the education of tribal women and children in the villages surrounding our plants.

The Company's best ever performance in a year of challenging circumstances reinforces my confidence that we would emerge still stronger.

Vinita Singhania

Vinita Singhania
Managing Director

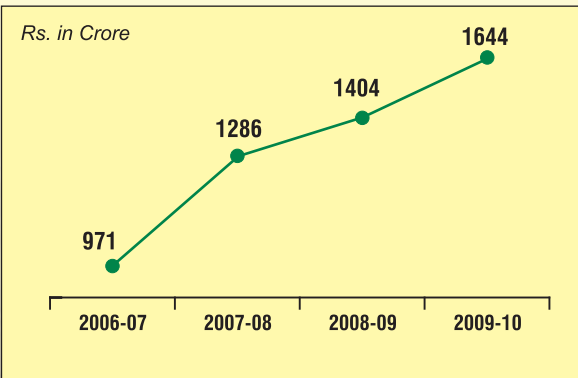
Best Ever Overall Performance

The Company has been continuously growing its footprints in the cement industry. This has been made possible by the commitment of each and every member of Team JK Lakshmi and their collective efforts with the objective of taking the Company to greater heights.

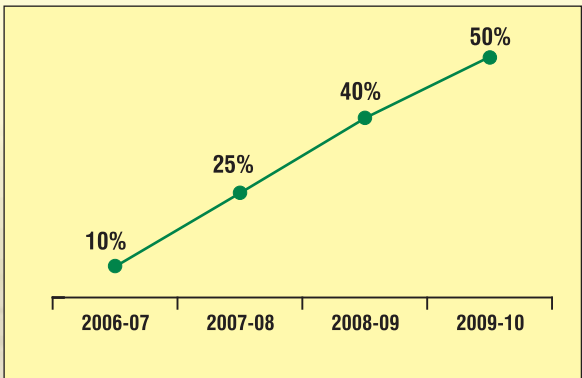
This year, JK Lakshmi Cement has achieved a significant growth of 14%, over the previous year, in its Production and Sales. The Sales Turnover at Rs. 1644 crores and Operating Profit (PBIDT) of Rs. 434 crores are highest ever achieved by the Company. Its capacity utilisation at 96% compares well with the industry's 85%. The Kalol Grinding Unit has achieved 101% capacity utilisation in its first full year working. This has enabled the Company to serve its customers better in its natural markets with faster deliveries. Production from its RMC units has also grown by 34% during the year.

Continuous focus on innovation and excellence has enabled the Company to perform better and better, be it in the areas of productivity, efficiency improvement, market penetration or cost compression.

Gross Sales



Dividend



Building Stronger Ties

'Customer First' is the philosophy which JK Lakshmi Cement has followed over the years. This is applicable both to its external and internal customers. Company has now initiated steps to provide 'delight' to its customers.

The TRI'M' Index – a tool to measure employee satisfaction – has validated continuous improvement efforts and initiatives are constantly innovated to maintain a high degree of employee engagement.

The Company has started a unique education programme for the cement users in the construction sector whereby well-known experts in the field of architecture, structural engineering, earthquake resistant structures, etc. are invited to share the latest development in these fields.

Working further on our focus on rural penetration, the Company has engaged services of a reputed rural marketing company with an aim to increase awareness of our products and services. These initiatives have enabled the Company to add to its rural marketing network effectively. The Company has also implemented its first-of-its-kind 'Sahyogi Sanrakshan Programme' to rural markets as well.



Team Members engaged in Strategic Planning exercise



Lamp being lit to start of Knowledge Sharing Session



Technical Service Van of JK Lakshmi Cement

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the 70th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2010.

The Company is observing this year as the **Birth Centenary Year** to pay humble respects to late Lala Lakshmi Pat Singhania (1910-1976), who had been a great Visionary and Key Architect of JK Organisation. He believed in the philosophy of inclusive growth encompassing all sections of the Society. The Company's best ever all round performance this year is a befitting tribute to the great Founder.

FINANCIAL RESULTS

	Rs. in Crore	
	2009-10	2008-09
Sales & Other Income	1653.36	1410.19
Profit before Interest & Depreciation	433.92	316.70
Profit before Depreciation	410.90	295.79
Profit after Tax	241.13	178.59
Surplus brought forward	102.07	77.11
Amount available for appropriation	343.20	255.70
Appropriations		
- Debenture Redemption Reserve	28.07	-
- Dividend (incl. tax on Dividend)	35.78	28.63
Interim @20% - 14.31		
Proposed final @30% - 21.47		
Total @50% - 35.78		
- General Reserve	175.00	125.00
- Surplus carried to Balance Sheet	104.35	102.07
	343.20	255.70

SUB-DIVISION OF SHARES

As approved by the Shareholders at their meeting held on 5th December 2009, the face value of the Equity Shares of the Company has been reduced from Rs. 10/- to Rs. 5/- each w.e.f. 18th December 2009. The present share capital of the Company, therefore comprises of 12,23,58,924 fully paid Equity Shares of Rs. 5 each amounting to Rs. 61.18 Crore.

DIVIDEND

During the year 2009-10, the Company paid an interim dividend of Rs. 2 per Equity Share of Rs. 10 each (20%) in November 2009. Your Directors are pleased to recommend a final dividend of Rs. 1.50 per Equity Share of Rs. 5 each (30%) on the Equity Share Capital of Rs. 61.18 crore, thus making a total dividend of 50% for the year 2009-10. The Dividend outgo for the current fiscal would amount to Rs. 35.78 crore (inclusive of dividend distribution tax of Rs. 5.20 crore) as against Rs. 28.63 crore of the previous year.

OPERATIONS

During the year 2009-10, the Company has achieved a sales turnover of Rs. 1644 crore, against Rs. 1404 crore in the previous year, an increase of 17%.

The Company's Production and Sales have recorded a significant growth of 14% over the previous year. This compares well with the 10% growth recorded by the cement industry in the country as also Company's own growth of 11% in the previous year. Capacity utilization was also higher at 96% compared to industry's 85%. Your Company has consciously been following a policy of steady growth in production for last several years. It is heartening to see that the Company has been able to grow at a CAGR rate of 11.7% over last four years as compared to industry's 8.9%.

The Company continued its on-going effort to increase all-round efficiency and reduce cost. The Company was able to reduce its fuel consumption to 85 Kg/MT from 89 Kg/MT and power from 80 Kwh/MT to 79 Kwh/MT during the year.

The Company's Split Grinding Unit of 5.5 lac MT set up and commissioned at Kalol in Gujarat, had its first full year working this year. It is a matter of great satisfaction that this Grinding Unit achieved 101% capacity utilization. This helped the Company in not only rationalizing its logistic cost but also increased its reach and proximity to the markets.

It is heartening that the Company could achieve highest ever Operating Profit (PBIDT) at Rs. 434 crore as compared to Rs. 317 crore in the previous year, a growth of 37%.

EXPANSIONS

Your Directors are happy to report that during the year, steady progress has been made in all the on-going expansion and other projects to enhance the cement production capabilities. The current year of FY 2010-11 would witness completion of several projects in hand with aggregate capital expenditure of Rs. 271 crore. Clinker capacity will go up by 0.3 Million MT, power capacity by 30 MW – 12 MW Waste Heat Recovery and 18 MW of Thermal, thus raising the total power capacity to 66 MW. The Company has also been able to tie up additional power of 21 MW at rates substantially below the JVVNL rates. This alongwith enhanced captive power capacity will help the Company generate additional revenues.

The Company has undertaken execution of yet another Split Grinding unit of 0.55 Million MT in the State of Haryana which is expected to get operational by December 2011. This will raise the Company's existing cement production capacity from 4.70 Million MT to 5.30 Million MT per annum.

As reported last year, the Company is actively pursuing new Greenfield Cement Plant at Durg in the State of Chattisgarh, with an annual capacity 2.7 Million MT. All important statutory clearances have been obtained and land acquisition is nearing completion. The total capital expenditure for this project is expected to be about Rs. 1200 crore. With the completion of Durg Plant, your Company would attain a total cement capacity of 8 Million MT and will make the Company multi-locational operating in different regions.

Possibility of further expansion is being explored in other locations to enable the Company to make stronger footprint in the cement industry.

OUTLOOK

The growth in the cement consumption during FY 2009-10 is an ample testimony to revival of the Indian economy despite the global economic slow down. The cement consumption grew at 10.2% thereby reaching a double digit mark after a gap of three years. The portends for continuous growth in demand are good as not only the Central Government but different State Governments are laying greater thrust on infrastructure projects, road networking and housing facilities, especially the affordable housing for the masses. Cement Industry has taken proactive measures for expanding the capacities to meet the emerging situation. During the three year period, FY 2007-08 to 2009-10 the industry has already added nearly 80 Million MT capacity of which about 35 Million MT was added in the previous financial year of 2009-10 alone. Most of the companies have drawn plans for further capacity expansion.

The medium to long term outlook of cement industry is promising as it is bound to grow with a healthy correlation to the economic growth of the country. With Indian economy poised to grow at 8-8.5% or above, the cement consumption is likely to remain on a double digit track growth for some years to come. However, with the capacity

creation materializing in bunches, the risk of over capacity looms large on the sector having possible adverse impact on the capacity utilization and prices in the immediate next 2-3 years. The industry additionally will have to grapple with the issue arising out of increase in the cost of inputs, especially the cost of fuel and energy which have been rising unabated for last few months. The other major challenges which the industry would face relate to the logistics for movement of these increasing quantities, especially by rail which has unfortunately not kept pace of growth in its network in line with the growing industrial requirements.

DIRECTORS

Shri Pradip Roy has been nominated by IDBI on the Board w.e.f. 6th June 2009 in place of its earlier Nominee Director, Ms. Amita Narain. The Board of Directors place on record its sincere appreciation of the valuable services rendered by Ms. Amita Narain during her tenure of office.

Shri N.G. Khaitan, Dr. Raghupati Singhanian and Shri S.K. Wali, retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

SUBSIDIARY COMPANY

Requisite particulars of Hansdeep Industries and Trading Company Limited, a wholly-owned subsidiary of the Company, pursuant to Section 212 of the Companies Act 1956 are appended.

AUDITORS

M/s. Lodha & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The Auditors have confirmed that they have undergone the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of ICAI. The observations of

the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

COST AUDIT

Audit of the Cost Accounts of the Company relating to 'Cement' for the year ended 31st March 2010 will be conducted by the Cost Auditors and Cost Audit Report will be submitted to the Ministry of Company Affairs, Government of India.

CORPORATE GOVERNANCE

Your Company endeavors to have the highest standards of Corporate Governance in its operations. In line with the Company's strong commitment to Corporate Governance and with a view to achieve still higher levels in governance, a Corporate Governance Committee of Directors has been constituted during the year. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of the conditions of Corporate Governance are made a part of this Annual Report.

CONSERVATION OF ENERGY ETC.

Pursuant to Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, particulars of energy conservation, technology absorption, foreign exchange earnings and outgo are annexed and forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 regarding employees is given in Annexure B to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of