



Growth at Work

ANNUAL REPORT 2012-2013



*Our respectful homage to an extraordinary
human being, an inspiring leader, remarkable industrialist
and phenomenal business pioneer.*



SHRI HARI SHANKAR SINGHANIA
20th June 1933 - 22nd February 2013
PRESIDENT, J.K. ORGANISATION



A GREAT LEADER & AN ICONIC INDUSTRIALIST

Leading industrialist, philanthropist and President of J.K. Organisation, Shri Hari Shankar Singhania, passed away on 22nd February 2013. Among his many stellar qualities was the ability to look into the future far better than most mortals could. Yet, in spite of his extraordinary business success, he always held close to his heart the well-being of human beings not as fortunate as him.

He was a doyen of Indian Industry, an institution builder, an entrepreneur, educationist, welfare protagonist and a visionary par excellence.

Hari Shankar ji, who learnt the ropes of business under his illustrious father Late Lala Lakshmipatji Singhania, was actively involved in J.K. Organisation, one of the oldest and largest business Groups in the country, from 1951 at the age of 18 years. He soon became well-known for his entrepreneurial capabilities and setting up various pioneering ventures in India.

Hari Shankar ji was involved in establishing and overseeing the Group's diverse businesses such as aluminium, paper, steel, insurance, jute, paints, office equipment etc. Taking the growth of the Group forward, he set up various industries in several product categories such as Tyre, Cement, Automotive products & Power Transmission systems, Agri Genetics, Dairy products, Sugar, Drugs & Pharmaceuticals, Textiles and more. Today, thanks to his leadership, many of these have emerged as leaders in their respective fields, manufacturing and marketing world-class products. He took keen interest in ensuring that areas around industrial plants in particular, most of them being in backward areas, are developed for overall growth of the society at large.

His unrelenting focus on quality and customer satisfaction, and his belief "*When it is good enough, improve it*", built the culture of excellence in all the Companies within the JK Group.

He also established education and medical foundations which are running a number of schools, academies, university and hospitals across the country. These include the Pushpawati Singhania Research Institute (PSRI), a Super Speciality Hospital in Delhi, as well as the newly set up JK Lakshmipat University in Rajasthan which combines the serene settings of the Gurukuls of yesteryears with the technological advancements of the new age. He served as Chairman of Board of Governors of Indian Institute of Management, Lucknow for 15 years.

For his contribution in the field of commerce and industry, in the economic development of India, the President of India had conferred him with the prestigious 'Padma Bhushan' award in 2003. In 2005, Hari Shankar ji was awarded one of the highest Swedish awards - Royal Order of the Polar Star - by the King of Sweden for his contribution to the development of Indo-Swedish business relations.

Hari Shankar ji was the second Indian to serve as the President of the International Chamber of Commerce (ICC), Paris, during 1993 & 94. He was involved with Confederation of Asia-Pacific Chambers of Commerce and Industry, Taipei. He was the only Indian to be nominated on the Board of Atlas Copco, Sweden. He also held with distinction, and was the first Indian, to serve on the Board of the Commonwealth Development Corporation. He led various industry chambers and councils in India and abroad – Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM etc.

In his passing we have lost not just a leader but an extraordinary human being.

His vision will continue to inspire us to strive towards ever-increasing heights in the years to come.



Shri Hari Shankar Singhania with Shri Shripati Singhania during the inauguration of JK Lakshmi Cement Plant in the year 1982 at Jaykaypuram, Distt. Sirohi, Rajasthan



Shri Hari Shankar Singhania with Senior Directors and JK Lakshmi Cement Team during the dispatch of the first Cement consignment from the plant at Jaykaypuram in the year 1982



Shri Hari Shankar Singhania with Senior Directors and Management Team in the year 1982 at Jaykaypuram

THE FAR-SIGHTED VISIONARY

In the 80's, India was a closed economy with socialism still the prevailing creed. But Shri Hari Shankar Singhania knew that this would not last long. In his view, India's integration with the rest of the world was inevitable and when that happened, he knew that the demand for a whole host of goods and services in the country would explode, including housing and infrastructure. It was with this background in mind that Shri Hari Shankar Singhania played a leading role in the entry of the Group into the field of Cement and Tyre.

Shri Hari Shankar Singhania identified Cement as a thrust area for the Group and then plunged headlong into the nitty-gritties of implementation. He identified a suitable site with ample supply of quality limestone nearby and negotiated with the State Government for all the necessary approvals. He played a key role in identifying the best technology and vendors, as well as in closing the financing required for the project. It was a moment of great personal triumph for him when the first batch of cement was produced at the plant. It was branded as "Lakshmi Cement" in honour of his late father Shri Lakshmi Pat Singhania.

It did not take long for Shri Hari Shankar Singhania's prophecy to come true. Production at Sirohi commenced in 1982 and liberalisation swept India in the early 90's, changing the industrial landscape of the country completely.

THE TEAM-BUILDER AND GUIDE

Having played a key role in the setting up of Lakshmi Cement (as it was first called), Shri Hari Shankar Singhania then shifted gears to building up a great team to run the show and guiding them. His philosophy was that quality should never be compromised and that is why continuous technological upgradation has been a never-ending process at JK Lakshmi Cement.

While he kept a close eye on the inner workings of the Company, Shri Hari Shankar Singhania also realised

that, ultimately, particularly in the new liberalised economy, it was the consumer who would be King. He was the inspiration behind many “firsts” by the Company in the area of Marketing – such as the launch of green cement bags at a time when everyone was marketing only white bags. The thrust on Rural Marketing as well as the rebranding to JK Lakshmi Cement also bore the stamp of Shri Hari Shankar Singhania.

Under the stewardship of Shri Hari Shankar Singhania, the capacity of JK Lakshmi Cement has grown 10 fold from the time it was set up in 1982. Independent surveys confirm that the Brand Equity of JK Lakshmi Cement is among the best in the country. The Company is now poised to enter the Eastern markets with a new Greenfield plant to be commissioned in the State of Chhatisgarh, as well as increase its range of Cementitious products.

THE PHILANTHROPIST

“People are not pulled from the front or pushed from behind...they are driven from within”.

Shri Hari Shankar ji always believed in the philosophy of improving the quality of life of people and societies at large, while setting up industry, particularly in backward areas. With this objective, the Group has established a number of Education, Health and Social Welfare Centers and Institutes across the country, including Education at Ekal Vidyalayas, running and supporting various schools in the rural areas. Six ITIs under PPP Model were adopted, and SC/ST Girls Hostels supported. He was the inspiration behind undertaking exemplary projects like 'Parivartan' & 'Natal care' for Women and 'Adult Literacy programmes' for illiterates. Several mobile clinics, medical and eye camps are being organised regularly, for needy people of the areas around our manufacturing facilities. He was keen on development of green areas, water harvesting etc., around industrial establishments, as a measure towards protecting the environment. The Company has adopted several environment friendly practices and has been bestowed with numerous green tech safety and environment management awards.



Shri Hari Shankar Singhania and Smt. Vinita Singhania with Business Associates of JK Lakshmi Cement at the foundation stone laying ceremony of Unit II at the plant in Jaykaypuram, Distt. Sirohi, Rajasthan in the year 1993



Shri Hari Shankar Singhania with Senior Directors and Business Partners of the Company in the year 2000



Shri Hari Shankar Singhania, Shri Bharat Hari Singhania and Smt. Vinita Singhania with Senior Management Team of JK Lakshmi Cement at the 72nd Annual General Meeting held in the year 2012 at Jaykaypuram

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CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

At the outset I'd like to pay my humble tribute to late Shri Hari Shankar ji, who led the Company to significant growth as its Chairman since 1975. He was a man of rare business acumen, robust confidence and courage of conviction with a clear corporate philosophy.

He had business perception par excellence on economic issues, both national and global, which was well recognised. A stickler for corporate governance, he led by personal example. He paid great attention to HR initiatives towards development of leaders at all levels across group companies. He constantly emphasised on producing the best quality products with maximum productivity and efficiency. I consider myself very fortunate to have worked with him closely and had the opportunity to observe his detailed preparation for every Board or AGM meeting which he rarely missed. JK Lakshmi Cement has immensely benefitted from his vision and his penchant for growth. We stand committed to carry forward Hari Shankar ji's legacy, his ideals, his philosophy and values to take the Company to greater heights. This, to my mind would be the best possible tribute to his noble soul.

Growth in the economy has slowed down to about 5% in 2012-13, against 6.2% in 2011-12 and 9.3% in 2010-11. This is a significant slow down indeed. We hope the bottom has been reached and now the recovery is on the anvil. It would therefore be prudent to expect a moderate recovery, and not a spurt. The inflationary pressure which prevailed the whole of last year, has somewhat been moderated and can be expected to remain subdued in the coming year. The pace of growth will, however, depend on the economic policies being implemented in the right earnest.

It is my firm conviction that, despite the recent setbacks, the Indian economy has a bright future ahead, because of many of its advantages such as favourable demography, its wide and vibrant industrial base, the talent pool and above all, a large consumption base that remains intact. These should help us to achieve, in the medium to long term, the potential 7-8% annual growth.

The country is also seeing a significant shift from traditional material to cement in housing construction, especially in rural areas, and this will gain momentum as per capita income rises and people aspire for better quality of life. The Government, both at the Union and State level,



continues to place emphasis on infrastructure development and this should benefit the cement industry as also our Company.

With this backdrop, the performance of the Company has been satisfactory. I am happy that the Company is aggressively pursuing its expansion plans to be amongst the select club of 10 million tonne per annum cement producers in the country.

Your Company continues to lay great emphasis on initiatives towards enhancing our commitment to Corporate Social Responsibility. Newer initiatives in this area are being planned to achieve inclusive growth in all the areas of our operations.

As I look ahead, I am confident that the Company shall continue to grow profitably, to the satisfaction of all its stakeholders.

At this point, I would like to thank the dedicated management team and the employees at all levels who have made this progress possible. I would also like to thank our shareholders and other stakeholders who have helped and supported us in this journey.

A handwritten signature in black ink, which appears to read 'B. Singhania'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Bharat Hari Singhania
Chairman & Managing Director

BOARD OF DIRECTORS

BHARAT HARI SINGHANIA
Chairman & Managing Director

B. V. BHARGAVA

N. G. KHAITAN

K. N. MEMANI

RAVI JHUNJHUNWALA

DR. S. CHOUKSEY
Whole-time Director

DR. RAGHUPATI SINGHANIA

RAJ KUMAR BANSAL

PRADEEP DINODIA

S. K. WALI
Whole-time Director

VINITA 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.
CEMENT PLANTS	:	I. Jaykaypuram-307 019, Basantgarh, District Sirohi (Rajasthan). II. Motibhoyan, Kalol, District Gandhinagar (Gujarat). III. Village Bajitpur, P.O. Jhamri, District Jhajjar (Haryana).
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, F-65, First Floor, Okhla Indl. Area, Phase-I, New Delhi-110 020. Ph. (011) 41406149-52. Fax No. (011) 41709881. E-mail: admin@mcsdel.com
COMPANY WEBSITE	:	www.jklakshmicement.com www.jkorg.in

VICE CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

I am happy to share with you, the Company's performance during the year 2012-13. We have had our share of achievements, opportunities and challenges.

It was a year marked by general economic slowdown, lower consumer demand, a steep rise in diesel prices, stubbornly high inflation and a weakening rupee, interest rates, and a not so clear Government Policy, among others. These factors normally pose serious challenges in meeting sales volume & planning operations and of course, the profits.

It is heartening to note, therefore, that despite the odds, there has been an all round improvement in the Company's performance, be it efficiency improvements, cost compression, optimisation of realisation and, importantly, its profitability. We have consolidated our market position through commissioning of the Split Location Grinding Unit at Jharli, brownfield expansion of kilns and erection of Autoclaved Aerated Concrete (AAC) block plant. AAC blocks would expose the customers to a more modern substitute of conventional bricks. The additional clinker production through recent expansion of its kilns would enable the Company to set up yet another Split Location Grinding Unit to ensure just-in-time deliveries to its valued customers. While there has been a sort of setback in the progress at the Greenfield site at Durg, the team at JK Lakshmi has demonstrated its resilience and enthusiasm to ensure fast resumption of work. Commissioning of the plant shall generate more employment and other opportunities for large sections of the rural population.

With growing global concern over rising energy prices, the need for renewable energy is paramount. The Company has drawn up plans to set up a Solar Power Project of 6 MW in Rajasthan to enhance our presence in the green energy segment.

Human resource development remain on our priority agenda. The Company has taken series of innovative steps towards building competencies and leadership skills. New initiatives were also taken in the areas of community development in the nearby areas of our plant.

We value our shareholders. It is gratifying that our esteemed shareholders have benefited during the year, by increase in EPS and market capitalisation. Also, a higher dividend has been proposed for the year.

The Cement Industry has been witnessing a steady and continuous growth in its capacity. Therefore, the industry is



sufficiently equipped to meet the cement requirement for both normal and the emerging needs of our growing economy, in line with the Government's stated focus on boosting infrastructure and housing sectors. The Company's planned expansion demonstrates its commitment to reinforce its footprint in the country's promising cement sector.

The year ahead is expected to be no less challenging, given the ongoing economic slowdown, capacity additions in the face of subdued demand. We will continue to focus on increasing efficiencies and productivity, new product development, creating value through innovation, building a stronger brand and enhancing people capabilities. We remain committed to deliver both increasingly superior customer service and strong business results.

I am confident that we would live upto the dreams of our late Chairman, Shri Hari Shankar ji Singhania, who had led the Company on the path of rapid, profitable and focused growth throughout.

I would like to thank all our valued customers, vendors and other business associates whose unwavering support and faith in us has contributed to our success. Last, but not the least, I would like to acknowledge all the members of Team JK Lakshmi for their consistently high performance. I take pride in their sincere efforts.

Vinita Singhania
Vice Chairman & Managing Director

NOTHING SUCCEEDS WITHOUT GREAT EXECUTION

JK Lakshmi Cement continued its innovative efforts to improve the productivity of the Sirohi Plant in the current year. These efforts have yielded benefits in terms of achieving low cost capacity additions as well as improved operating results in terms of lower fuel and power consumption. A few of the projects undertaken were as under:

CAPACITY INCREASE OF KILN 2 & 3 FROM 4500 TPD TO 5000 TPD

This job involved a tremendous amount of team work and also a challenge to complete major modifications to the Kiln and Cooler. Initial estimates were that the task would require more than 50 days stoppage but our team completed the project within 39 days by using innovative tools like "Theory of Constraints", thereby achieving a bench mark of the lowest shut-down time of a running Plant to increase the capacity.

OPTIMISATION OF WASTE HEAT RECOVERY SYSTEM

Power Plant engineers along with the Process engineers undertook the challenge of optimising and increasing the

efficiencies of the Waste Heat Recovery system by innovative steps such as using hot air from cooler from mid tap as well as complete use of cooler hot air which helped in generating more power. This in turn has also helped in reducing the Carbon Footprint.

OTHER COST – REDUCTION MEASURES

Continuing on the path of cost reduction, our engineers sourced power through power exchanges for both the Jaykaypuram and Kalol Plants and saved roughly Rs.5 crores. They also made the system self-reliant to take advantage of cheaper power available in exchanges in the future also.

In addition, a number of modifications in maintenance and process were carried out during this year resulting in reduction of down time of the Kiln and reduced heat consumption.

Plant engineers have migrated to total Plant maintenance system on SAP as well as integrated unmanned weighbridges resulting in increased Truck movements, reduction of turn- around time and human errors, as well as a fully transparent system.

