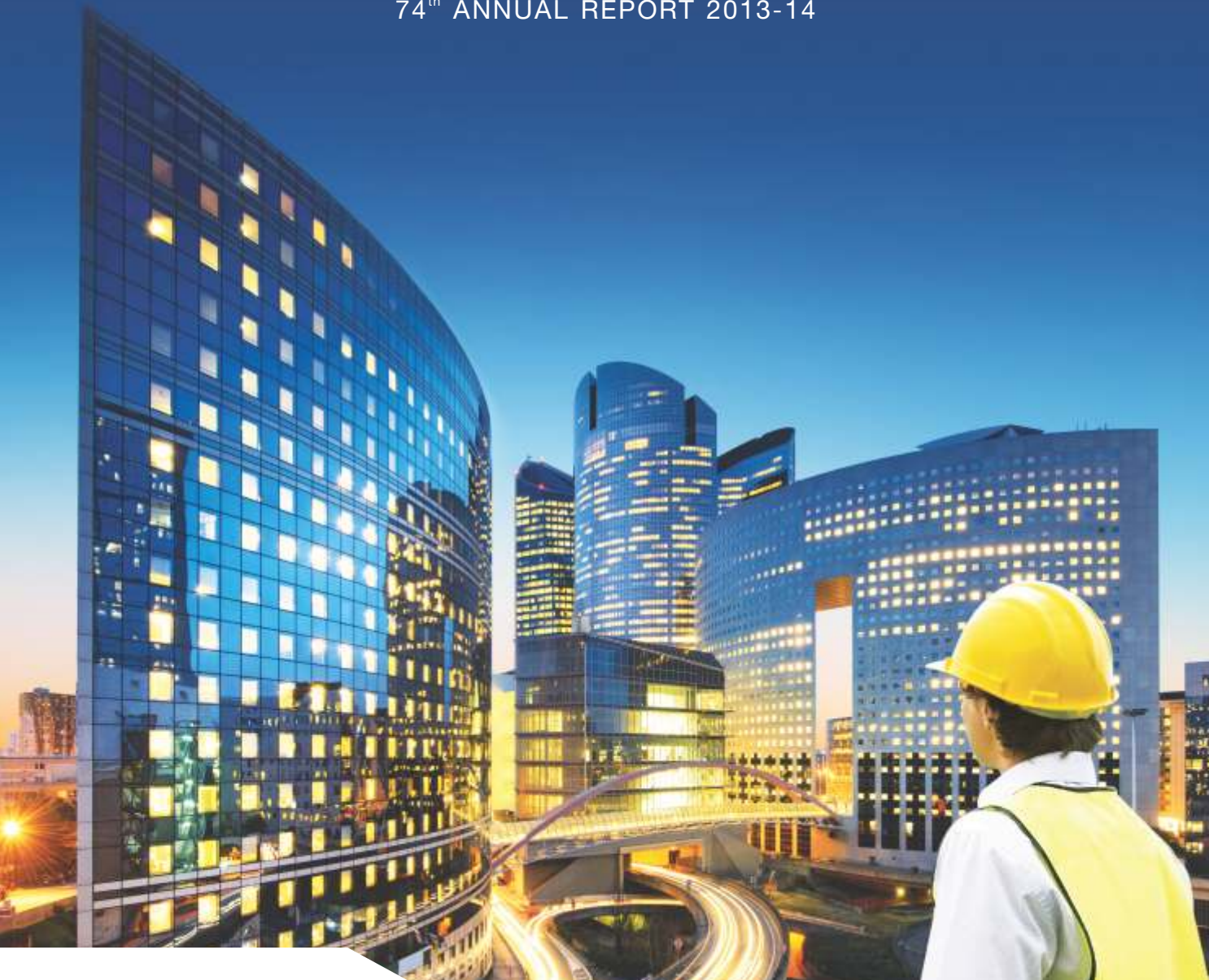


SCALING HEIGHTS TOUCHING HEARTS

74th ANNUAL REPORT 2013-14





Building A Better Future

With a new majority government in place, people at large and the Cement Industry in particular, have renewed hope for revival of the economy as well as the Industry. The slowdown of the economy during the last three years had adversely impacted the infrastructure development and thereby dented the healthy growth of the Cement Industry.

We at JK Lakshmi Cement share this vision and our optimism in the future of the country has been strengthened further, which has led to the reinforcing of our pledge to play a humble part in creating a better tomorrow. We are more confident than ever that we would not deviate from our chosen path of growth, notwithstanding the temporary period of economic uncertainty.

In keeping with this mission, we expect to commission our new cement plant at Durg, Chattisgarh in the current financial year besides having recently expanded our cement grinding capacities at Jhajjar in Haryana and Jaykaypuram in Rajasthan.

The futuristic construction material, AAC Blocks in which we ventured in the last fiscal year will now have a bigger market space to operate in.

At JK Lakshmi Cement, we are not only focused on increasing our growth capacity, but also the wellbeing of communities across the country. It is this vision of 'inclusive growth' that has motivated us to work relentlessly through various Corporate Social Responsibility initiatives. We hope to take these initiatives to the next level in the coming year, so that in our quest for progress, we not only scale newer heights but also touch millions of hearts.

Chairman & Managing Director's Message



The country's unflinching faith in democracy and the growing maturity of Indian Voters got reinforced with a record turnout of the electorate in the recently concluded General Elections. History was created when a single party majority was elected after a long gap of 30 years on the agenda of Change, Economic Growth and Infrastructure Development. It is hoped that the new Government would take up its agenda and deliver on its promises to the electorate especially the younger population who constitute, what is largely believed to be India's demographic advantage.

The country's GDP, which has continuously gone down since 2010-11 is likely to start rising again with about 5.6% in 2014-15 and to higher single-digit growth in the coming couple of years. The expected growth in the Indian economy augurs well for the country as a whole and the core sector including Cement Industry in particular.

The government's commitment to providing housing, water and electricity to every citizen is indeed very laudable and has the potential to create nearly a double-digit growth in the cement consumption. The per capita cement consumption of the country which presently is about 185 kg per capita would therefore rise to about 400 kg by 2022 which would be in line with the per capita consumption in emerging nations like Brazil, China, etc.

Your Company has been pursuing an aggressive growth plan during the last 3 years despite not so conducive environment on account of subdued growth of the economy specially the core sector. The Company is therefore confident that when its expanded capacity fructifies, the economy will offer enough opportunities for its absorption.

The Company is gradually stitching up various projects to expand its capacity, and is on the threshold of

commissioning its Greenfield project at Durg in Chattisgarh. Its capacity has already gone up to 6.65 million MT from 5.29 million MT and is expected to increase to about 9.3 million MT by end of next fiscal. This capacity will further get enhanced to nearly 12 million MT by end of FY16 on completion of other ongoing projects.

It is indeed a matter of great satisfaction that the Company's innovative steps to be a market leader in its segment have yielded positive results. JK Lakshmi Cement has emerged to be one of the least cost producers of cement in the country. The efficiency parameter of the Company with respect to power consumption and fuel consumption continues to be one of the best in the Industry.

To uphold its commitment to clean energy, the Company during the year, has set up a 6 MW Solar Power Plant in Rajasthan. It will also enable the Company to meet its renewable energy obligation.

Customer satisfaction has been on our priority agenda. The Company has continuously strived and offered the highest quality products and has been gradually enlarging the scope of its offerings. The commissioning of Autoclaved Aerated Concrete (AAC) Block plant at Jhajjar in Haryana is a step forward in this direction.

The increased demand in cement construction in the coming years would correct the present imbalance between supply and demand. This should ease the pressure on pricing which has been a major dampener in the performance of the Company, particularly in the last year. I am confident that the Company would scale new heights and its investment in growth initiatives would yield rich dividends to all its stakeholders in the years to come.

I am extremely thankful to all our customers, shareholders, channel partners, business associates, financial institutions and all our employees who are an integral part of our stakeholder community, for their invaluable support and confidence. Their continued faith and support has enabled this Company to scale heights, year after year.

A handwritten signature in blue ink, which appears to read 'Bharat Hari Singhania'.

BHARAT HARI SINGHANIA

Chairman & Managing Director

BHARAT HARI SINGHANIA

Chairman & Managing Director

B. V. BHARGAVA

N. G. KHAITAN

K. N. MEMANI

DR. S. CHOUKSEY
Whole-time Director

DR. RAGHUPATI SINGHANIA

RAJ KUMAR BANSAL

PRADEEP DINODIA

RAVI JHUNJHUNWALA

S. K. WALI
Whole-time Director

VINITA SINGHANIA

Vice Chairman & Managing Director

COMPANY SECRETARY	: Brijesh K. Daga
REGISTERED OFFICE	: Jaykaypuram-307019, Basantgarh, District Sirohi (Rajasthan)
ADMINISTRATIVE OFFICE	: Nehru House, 4, Bahadur Shah Zafar Marg, New Delhi-110002
CEMENT PLANTS	: I. Jaykaypuram-307019, 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-110020 Ph: (011) 41406149-52 Fax No: (011) 41709881 E-mail: admin@mcsdel.com
COMPANY WEBSITE	: www.jklakshmicement.com , www.jkorg.in



The Indian Cement Industry has faced at close quarters, uncertainties and challenges arising out of a slow growth of the country's economy, caused by a combination of global recession with domestic uncertainty in decision making, delays in government clearances, especially environment-related. This has led to a fall in the growth of Indian economy, particularly the core sector and infrastructure development.

The cement sector had to bear the brunt as manifested in the falling cement consumption from 12.0% during FY10 to just 3% during FY14 that resulted in the idling of its capacities.

The capacities built by cement companies during the last 3-4 years, with the hope of continued double-digit growth, ended up only widening the demand and supply gap leading to fierce competition and unremunerative pricing in the market place. Consequently, the margins of cement companies fell and we were no exception.

However, it is heartening to note that despite adverse circumstances and a flat growth in our marketing zone, we were able to grow our business by achieving an increase of 7% in our cement volumes. This has enabled us to achieve capacity-utilisation of 99% which is distinctly higher than our peers in the Industry. The Company has achieved new milestones in its efficiency improvement. Its fuel consumption touched a new low during the year. The power generation from the Company also touched a new high thereby reducing our cost of operations besides enabling us to meet our renewable energy obligation.

With the completion of expansion of its cement grinding facility at Jhajjar in Haryana, the Company's cement producing capacity has increased by nearly 26%. Coupled with the brown-fielding of its cement mills in the mother

plant at Jaykaypuram, the Company's clinkerisation capacity has also been enhanced by 3.3 lac MT.

The Company's plan to revive Udaipur Cement Works Limited (UCWL), which is now its subsidiary, has taken a step forward with UCWL commissioning its own grinding unit of 6.5 lakh MT per annum.

The Greenfield project at Durg is in its final stage where the work is on at a feverish pitch and is expected to be commissioned in the Quarter October-December this year. The new government's stated determination of giving time-bound clearances, including environmental, are steps in the right direction. We look forward with optimism that the government would give clearances for the Company's Orissa grinding unit and Surat grinding unit soon. Meanwhile, all the preparations for undertaking these projects have been put on a fast track mode.

The Company's financial performance has been affected during the year, due to the steep fall in cement prices in most of our marketing zones and the escalations in freight and logistic costs. However, we drive considerable satisfaction from the fact that we have been able to control our costs considerably because of our relentless focus on this vital aspect.

I strongly believe that an organisation grows on the firm shoulders of its people. Empowering people at all levels, continuously enhancing their capabilities and exposing them to new challenges also remain our priority as we prepare to face dynamic scenarios and growth in the market. We are also trying to ensure a seamless transition, from one generation of leaders to another, who can take the Company to the next level of growth.

Moving forward, your Company is considerably enthused by the optimism of millions of Indians that the new government will usher in a new era of change. An era of positivity, growth, development, and welfare. Cement touches the life of the common man. Huge opportunities therefore beckon the Cement Industry and we are confident of playing an important role in this exciting journey.

I would also like to thank our customers, business partners, suppliers and our esteemed shareholders, for their supreme loyalty and confidence. I hope we have been successful in keeping their faith intact in the organisation. We truly understand that a business has to grow in people's hearts to become bigger and better in the world.

VINITA SINGHANIA

Vice Chairman & Managing Director

CHAIRMAN & MANAGING DIRECTORS' MESSAGE	1
BOARD OF DIRECTORS	2
VICE CHAIRMAN & MANAGING DIRECTORS' MESSAGE	3
PROUD MOMENTS	5
INNOVATION – THE TOOL TO TECHNOLOGICAL EFFICIENCY	6
CONSOLIDATING THE FUTURE THROUGH MARKETING INITIATIVES	8
ACHIEVING LONG TERM GROWTH THROUGH FINANCIAL POLICY	10
JK LAKSHMI CEMENT - A GREAT PLACE TO WORK WITH A BRIGHT FUTURE	12
CREATING A SELF SUSTAINING ECONOMY THROUGH CSR	14
DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS	16
CORPORATE GOVERNANCE REPORT	22
AUDITORS' REPORT	29
BALANCE SHEET AND STATEMENT OF PROFIT & LOSS	32
CASH FLOW STATEMENT	55
CONSOLIDATED FINANCIAL STATEMENTS	56
NOTICE	73



Smt. Vinita Singhania, Vice Chairman & Managing Director, JK Lakshmi Cement, being awarded the Rajiv Gandhi Excellence Award for the "Most Enterprising CEO of the Year" by Smt. Deepa Dasgupta, Hon'ble Former Minister for Urban Development



Shri S. K. Wali, Whole-time Director, JK Lakshmi Cement receiving the National Safety Award from Shri Sis Ram Ola, Hon'ble Former Minister for Labour & Employment, Govt. of India



Shri D. K. Mehta, Sr. Vice President, Projects - Durg and Dr. Satish Mishra, DGM (Env & Safety), JK Lakshmi Cement receiving the CSR Platinum Award



Dr. S. Chouksey, Whole-time Director and Dr. Tapomoy Deb, General Manager (HR) receiving the prestigious Chairman's People Management Award for Best HR Practices from Dr. Najma Heptulla, Cabinet Minister in the present government, in presence of Shri Bharat Hari Singhania, Chairman & Managing Director, JK Lakshmi Cement and Dr. R. P. Singhania, Chairman & Managing Director, JK Tyre & Industries



Dr. S. Chouksey, Whole-time Director, Shri C. S. Sadasivan, Chief Executive - Marketing, Shri Sunil Agrawal, Senior Vice President - Marketing, along with other team members and our esteemed dealer Mr. Pawan Khandelwal, at the Dealer Appreciation Meet in Delhi



Shri P. L. Mehta, Plant Head - Sirohi with Shri A. K. Bartaria, VP (Production & Quality) receiving the 13th NCCBM Award for Outstanding Contribution to Energy Conservation

TECHNOLOGICAL INNOVATION – THE KEY TO EXPANSION

The year was full of technological and innovative advancements. The construction of the Durg plant, which is nearing completion in the third quarter of FY15, was undertaken with the latest technology. The Sirohi plant witnessed capacity expansion through innovative in-house modifications. The grinding unit at Jhajjar also doubled its capacity to 13 lac MTPA with the installation of its second unit in the last quarter of FY14 that resulted in overall capacity increment from 52.93 lac MT to 66.43 lac MT for the Company.

COST EFFECTIVE IN-HOUSE TECHNOLOGICAL FEATS

The Sirohi plant increased its capacity of Kiln-1 from 3000 TPD to 4000 TPD through innovative means with minimum stoppage time. The main drive was upgraded by installing the twin-drive, which was a unique concept in the Cement Industry as it was the first time in the country, when installation was done in a running kiln. Apart from that, a new IKN cooler was also installed. Major Duct modifications were also carried out by replacing existing fans with new high efficiency fans. The uniqueness of this modification was that most of the activities were carried out using scientific approaches of lean production process.

OPTIMISATION OF CHINESE VRM AT 210 TPH AGAINST RATED CAPACITY 180 TPH

To reduce the risk of the Mill getting unstable at higher RPM, the Company decided to increase resistance in the main drive circuit. This helped in stabilising the mill at 190 TPH capacity and 94% of full mill speed after a number of in-house modifications. After a subsequent number of more innovative experiments, the nozzle ring and dam ring could be optimised, resulting in stabilisation of the mill at 200 TPH. The Company's engineers realised that there was still some margin left in the mill, however the mill fan was the major bottleneck, so a new high efficiency fan was retrofitted in the same foundation to increase production up to the desired level, i.e. 210 TPH.

INNOVATIVE COST COMPRESSION MEASURES

By utilising waste flue gases, which come out during the manufacturing process, and modifications in the boiler, we increased the steam generation to 9.5T, resulting in the generation of 1700 KWH per hour (~6 Cr/annum) of electricity.



JK Lakshmi Cement's Greenfield plant at Durg



Hot Air Recirculation in line-1 IKN cooler installed as part of the Company's Power Saving Initiative



JK Lakshmi Cement initiative to optimise Chinese VRM at 210 TPH against rated capacity of 180 TPH

Various in-house modifications in Calcliner and Pyro-process resulted in saving of fuel consumption from 738 K-Cal/Kg of Clinker to 726 K-Cal/Kg of Clinker, i.e. ` 4.01 Cr/annum. The optimisation of the Coal Mill by optimising specific surface area of grinding media resulted in power saving of 3 Units/Ton-Coal i.e. around ` 54.5 Lacs.

The installation of variable frequency drives in Cement Mill & Kiln section helped us in achieving savings of about 100 KWH per hour. The replacement of old generation Slip power recovery system with a new generation one saw an improvement in Power factor from 0.80 to 0.99.

COMMISSIONING OF AAC BLOCKS PLANT

In continuing with the Company's philosophy of offering diversified products with the latest technology, it has set up a revolutionary and highly automated plant at Jhajjar, which incorporates the superior German technology of "Green Separation" and "Horizontal Autoclaving" to manufacture AAC Blocks. These Autoclaved Aerated Concrete (AAC) Blocks are futuristic and eco-friendly and are already enjoying a premium space in the minds of leading builders, developers and contractors of NCR.

PLANNING FOR THE FUTURE - INVESTING IN SOLAR ENERGY

Keeping in line with the Company's commitments towards environment friendly production processes, a 6 MW solar power plant has been commissioned in Jodhpur, Rajasthan last year. It has already started generating 10 million units per year and promises to reduce CO2 footprint by 9000 MT per year.

CONSERVING WATER THROUGH IN-HOUSE INNOVATION

Sustainable Development through Innovations continued to be the priority area at JK Lakshmi Cement - Kalol. Innovative ideas Like Water Conservation through Rainwater Harvesting and treating even the smallest quantity of water discharged from office/plant with the help of package type sewage treatment plants were carried out. The campus of Kalol grinding unit has also been equipped with a 3-tier Rainwater Harvesting arrangement.

All these efforts were in line with the Company's commitment to introduce eco-friendly practices through sustainable water development.



JK Lakshmi Cement SMARTBLOX (Autoclaved Aerated Concrete Blocks) manufacturing unit at Jhajjar



6 MW Solar Power Plant installed at Jodhpur as part of the Company's commitment towards a sustainable environment



Sewage Treatment Plant installed at the Kalol grinding unit is a step towards water conservation

ATTAINING MAXIMUM GROWTH THROUGH INNOVATIVE MARKETING

As one of India's most trusted cement brands, the Company continually devises measures that interest, excite and delight its customers.

WINNING RURAL

To strengthen the brand in the minds of consumers, JK Lakshmi Cement has undertaken several marketing activities in different parts of the country. One such activity was the Personalised Shop Facia Campaign titled, 'Meri Guarantee, Mazbooti Guaranteed'. This initiative projected our dealers as JK Lakshmi Cement's brand ambassadors in rural markets. It made them feel like a part of the Company. It also motivated them and increased their level of confidence, which in turn resulted in enhanced dealer engagement, high brand visibility and improved rural marketing thrust.

This innovative campaign won accolades at the national stage when JK Lakshmi Cement was presented with the Gold Award at RMAI (Rural Marketing Association of India) Flame Awards, 2013.

The Company has always sought ingenious approaches to make its presence felt in rural India. In this respect, it introduced another initiative, 'Mazboot Pradesh, Mazbooti Guaranteed' across 600 villages in the regions of Madhya Pradesh and Uttar Pradesh during the year. This integrated marketing approach was highly appreciated by all rural customer segments and has helped in making JK Lakshmi Cement a household name. It popularised the Company among its influencers, customers and retail distribution network and also made it a name to reckon with, in the Cement Industry by virtue of sheer marketing innovation.

BUILDING RELATIONSHIPS

The Company also encouraged its dealers by way of 'Appreciation Meets' across markets, which applauded their efforts and motivated them. These meets made them aware of important marketing strategies and plans adopted by the Company. The Company organised 'Mazboot Performers' meet to award high performing dealers and create a strong bond with them. Besides, many of these dealers are also taken on regular domestic and overseas visits. These trips are a symbol of the Company's commitment to maintain a strong bonding with its indispensable dealers.



Shri Sunil Agrawal, Senior Vice President - Marketing, Shri S. K. Raina, Senior General Manager - Marketing, Shri Mayank Mathur, Senior Manager - Marketing, Shri Debadatta Sahu, Manager - Marketing, JK Lakshmi Cement receiving the RMAI Flame Awards from Shri Pradeep Kashyap, President - Rural Marketing Association of India



Glimpse of JK Lakshmi Cement's award winning campaign "Meri Guarantee, Mazbooti Guaranteed", personalised Shop Facia Campaign



Shri Rakesh Sharma, Manager - Marketing with the Company's dealers during the scintillating Singapore tour