



ANNUAL REPORT 2015-16

CONSTRUCTING THE FUTURE

Future is not something that is bestowed on us, but it is a dream that we fructify. Future is not a place where we are going to be... Future is what we construct it to be!



TODAY'S HARD WORK WILL REFLECT TOMORROW

At JK Lakshmi Cement, we believe in putting immense efforts in present moments so to make every next moment gratifying. This year we redefined some of our fundamentals with a fresh perspective. We take pride in being the imperative part of every erected column, set cornerstone and laid foundation.

It thus becomes our responsibility to be strong enough to deliver the finest quality offerings to the customers by fine tuning the systems & processes that are self-sufficient to construct their own future.



ACCELERATING BUSINESS COMPETENCIES

Constructing the future is complex. Hence, this year we prepared ourselves with operative strategies leading towards positive business outcomes. Tougher got the external environment, the more passionate our response became. Our passion towards continuous improvement became our driving force as we had proactively enhanced capacities and invested in creating cutting edge plant and grinding units. We focused on spreading our geographical reach by successful expansion in eastern markets and simultaneously tightening the grip in our existing markets.

JK Lakshmi Cement has always looked ahead at innovative trends and indicators. We reached out to our customers with traditional face to face approach and also leveraged digitisation for reaching out to new customers. This year, we re-visited our plans and processes and re-defined success parameters based on them. Increased engagement of sales team through various marketing initiatives effectively supported by operational efficiency and innovative manufacturing practices has made us future ready.

With all this and its pursuit of constant value creation, JK Lakshmi Cement is all set to construct the future.

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CHAIRMAN & MANAGING DIRECTOR'S MESSAGE



Bharat Hari Singhania
Chairman & Managing Director

By the time you will be reading this message to the stakeholders of JK Lakshmi Cement, the monsoon would have sufficiently progressed all over the country. Much of the economy as well of the industry's hopes are pinned on a good, above normal monsoon, after two successive years of drought, which has seen large parts of the country battling severe water scarcity, adversely impacting construction and agriculture both. A good monsoon will provide the necessary trigger for the nation and economy to take off on the path of sustained growth.

At more than 7% rate of annual GDP growth, India is already amongst the fastest growing large (more than a trillion \$) economy in the world. Inflation rates are under control and so are the consumer as well as wholesale prices. Government priority projects such as Housing for All, Smart Cities, Inter-linking of Rivers, AMRUT, Swacch Bharat, development of inland water ways for transportation, highway & port development, etc. are steps in right direction.

As of now your company is well on its way to complete all major growth related capital investments, as planned, by end of FY 2017. Integrated cement plant at Durg started commercial production in FY 2016 and has reached almost full capacity utilisation in less than a year. The 1.35 Million Tonnes PA grinding unit at Surat, Gujarat has just been commissioned towards the end of FY 2016 and is in the process of stabilisation. Another major capital expenditure at our subsidiary, Udaipur Cement Works Ltd. at Udaipur is well progressing and shall be operational in this year. With the completion of these major projects and with some small investments to enhance productivity in other locations, our present growth journey involving a total capital investment of almost Rs. 3000 Crores shall be completed. It shall take the combined cement capacity at all locations to almost above 13 Million Tons PA. It is going to be a new milestone for all of us and I congratulate and thank all my colleagues for bringing your company in this elite league.

In last few years the growth in demand has been subdued and the pace of new capacity additions has also slowed down. Yet at the aggregate level the industry capacities are still 25% – 30% more than the demand as of now. In the short run, such excess capacities have created pressure on prices and have eroded the margins across the industry including that of your company. At the same time it has also challenged the industry to consolidate, cut costs, improve efficiencies, be more productive, innovate, and learn to get going against all odds. Your company has already been doing well on all of these fronts; even though the financial results of FY-16 do not reflect its true potential due to subdued market conditions, which have prevailed in most parts of the markets in which we operate. Additionally the company has to bear the increased financial costs associated with a new Greenfield capacity and the pangs of stabilisation for a new plant.

Due to conditions as mentioned above, the year has seen a number of consolidations and mergers taking place in the industry. I feel, consolidation is good for such highly fragmented industry and we will see more of this in coming years. Your company has strategically chosen path of organic growth and I am sure this will stand us in good stead in times to come.

It is now time for us to consolidate and plug the gaps, if there are any, in our strategies; which are largely centered around further improving operational efficiencies and creating more value for our customers through innovation, and embracing latest technologies. Time has come, now to reap the benefits of the seeds of growth that your company has painstakingly sown in last few years and extract full benefits to optimize maximum returns for our stakeholders and prepare ourselves for the next phase of quantum growth.

Returning back from where I began my message, a good monsoon is expected to revive rural demand for housing as well as demand in urban centers and create more jobs. The Indian economy which is already growing at 7-8% PA could reach even higher growth rate and sustain the momentum for next few years. As India rises and is being recognised globally; your company too is on the path of marching ahead to be amongst the best in the industry. With this leap of faith in our future, I thank all my stakeholders for their continued support.

BOARD OF DIRECTORS

BHARAT HARI SINGHANIA

Chairman & Managing Director

VINITA SINGHANIA

Vice Chairman & Managing Director

B. V. BHARGAVA	DR. RAGHUPATI SINGHANIA
N. G. KHAITAN	RAVI JHUNJHUNWALA
K. N. MEMANI	PRADEEP DINODIA
DR. S. CHOUKSEY Whole-Time Director	S. K. WALI Whole-Time Director

COMPANY SECRETARY

BRIJESH K. DAGA

REGISTERED OFFICE

Basantgarh, Jaykaypuram, District Sirohi, - 307019 (Rajasthan)

ADMINISTRATIVE OFFICE

Nehru House, 4, Bahadur Shah Zafar Marg, New Delhi-110002

CEMENT PLANTS

- Basantgarh, Jaykaypuram, District Sirohi 307019 (Rajasthan)
- Malpuri Khurd, Ahiwara, District Durg 491001 (Chhattisgarh)
- III. Motibhoyan, Kalol, District Gandhinagar 382010 (Gujarat)
- IV. Village Bajitpur, P.O. Jhamri, District Jhajjar 124507 (Haryana)
- Village Dastan, Taluka Palsana, District Surat 394310 (Gujarat)

AUDITORS BANKERS TRANSFER AGENTS State Bank of India MCS Share Transfer Agent Ltd., F-65, First Floor, Okhla Indl. Area, Punjab National Bank, Phase 1, New Delhi-110020 Lodha & Co., IDBI Bank Ltd., Central Bank of India, Ph: (011) 41406149-52 **Chartered Accountants** Axis Bank Ltd., Fax No: (011) 41709881 E-mail: admin@mcsdel.com **Indian Bank**

VICE CHAIRMAN & MANAGING **DIRECTOR'S MESSAGE**



Vinita Singhania Vice Chairman & Managing Director

The year gone-by could very well be counted as one amongst the most challenging years the industry has faced in nearly one decade, especially so in the company's operating space.

For the major part of the year, the industry witnessed either stagnant or at best sluggish demand growth. It was only in the fourth auarter when the demand began to look up. The adverse supply demand situation had its impact on the cement prices and consequently on the profitability.

Your company which has shown its resilience and ability to rise to the occasion in the past, took these adverse situation as an opportunity to further enhance its overall capabilities and after three difficult consecutive quarters, it bounced back by the fourth.

Team JKLC worked relentlessly in the areas of cost reduction, rapid optimization of the new capacities and bringing in new products to shore up its brand positioning further. As a result of these measures, company could achieve an impressive growth of 23% in its volumes and could achieve almost 100% capacity utilisation of the Phase I of its Greenfield project at Durg in fourth quarter of the very first complete year of the operation. It is a matter of satisfaction that company has been able to reach a decent market share in its home markets in a short span of time based on the quality of its products, service levels and innovative marketing techniques.

Company's efforts were not just confined only to the newer markets which it entered last year consequent to commissioning of its Greenfield capacity in Chhattisgarh, it made further progress even in its existing markets through bringing in newer products and newer initiatives of consumer connect. In these markets too, company could curtail its logistic costs and better its market share in the profitable segments.

Be it the success in the operational spheres or in its branding efforts or in adoption of latest IT tools, I ascribe these to the commitment and dedicated involvement of people. I am a strong believer in people, their capabilities, and their motivation to accomplish even seemingly very difficult goals. The company therefore continues to lay strong emphasis on the development of its human resource, irrespective of the situation on the ground. Your company also continues to equally lay considerable focus on the development and upliftment of the eco system where we operate. Its social responsibility initiatives have yielded significant benefits to the society nearby and company continues to tread the path.

I continue to be greatly optimistic that the growth oriented programs & policies of the government in general and more specifically in the areas of infrastructure, housing, agriculture, water supply & sanitation, urban development etc. would all lead to auantum growth in cement demand. The industry has sufficient capacity to meet the surge in the demand arising out of the increasing momentum in these activities. Company's expansions too have been timed to meet the possible burgeoning of demand. We, in fact, would not be shying away from creating further capacities in a short span of time if the needs of the nation so demands.

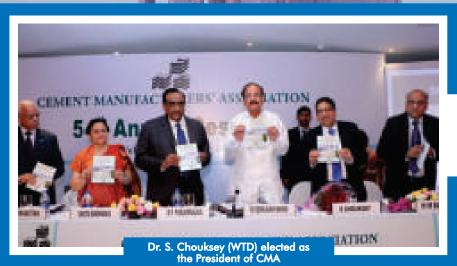
I thank all our stakeholders and especially our team members, our customers, our vendors, our distribution channel partners, etc. – all our people for their continued faith in us.

HIGHLIGHTS OF THE YEAR FOSTERING A CULTURE OF EXCELLENCE

A solid foundation for strong future



Inauguration of Durg plant by CMD

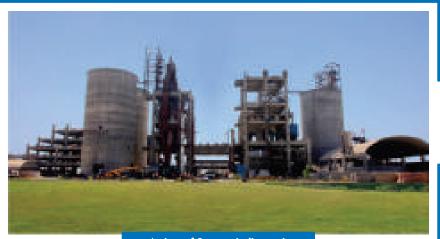


Recognition of leadership



Symbol of strong bonding with customers





Futuristic and technologically advanced manufacturing facilities

A view of Surat grinding unit





BUTTO OF BUILDING

First ever National Conference on Cementitious Materials organised by JK Lakshmi Cement



Health check up camps "Sanjeevani" for masons and their families

Serving to the society for a healthy future

FUTURE READINESS BY EXCEEDING EXPECTATIONS

The approach this year was focused towards the completion and consolidation of all our new and existing projects. The frantic pace and enhanced operational efficiency is helping us to maintain our competitive positioning and to meet the emerging demand of cement for building the nation.

JK Lakshmi Cement takes pride in announcing the completion of its yet another project - a 1.35 Million MT grinding unit at Surat. The project was developed keeping in mind the Lowest Carbon Footprints during the planning stage. The new plant has been installed with multi-compartment silos to cater customised cement requirements of the customers.

To minimise the carbon footprint, various bold initiatives have been taken; use of materials like Cement Precast or Profiled Sheets to cover plant buildings, Cement Concrete Roads were replaced by Paver Blocks, and only Waste Derived Construction material like Bricks, AAC Blocks, etc. were used.

Other project works at Udaipur and Odisha are also running as per schedule. Engineers at JK Lakshmi Cement, achieved yet another milestone by taking the newly commissioned Durg plant to its targeted capacity within a month's time. Within no time the mill capacity was also increased by around 20% on sustainable basis.

