

JK LAKSHMI CEMENT LIMITED

Transcript of 81st Annual General Meeting held through Video Conferencing/Other Audio Visual Means on 26th August 2021 at 2.30 P.M.

Mr. B.K. Daga, Company Secretary

Dear Members – Very Good Afternoon to all of you. It is time: 2.30 P.M., to commence the AGM proceedings. Shri Bharat Hari Singhania, Chairman and Managing Director, is present with us and I request him to start the proceedings. Thank you.

Welcome Address – Shri Bharat Hari Singhania, Chairman

Ladies & Gentleman - Good Afternoon to all of you. I, extend a very warm welcome to all of you at the 81st AGM of your Company. We hope you and your family members are safe and healthy. We also wish the best of health for you and your family members in the future.

In due compliance of the relevant Circulars issued by the Ministry of Corporate Affairs and SEBI, we are holding this AGM through Video Conferencing (VC) in the midst of COVID-19 pandemic. I would like to place on record that all the efforts feasible under the current circumstances have been made by the Company to enable the Members to participate in the AGM, in large numbers and vote on the Items being considered in this meeting for approval of the Members. I do hope that we will be able to have physical meeting next year; as it is always a pleasure to interact with all of you, face to face.

Now, I would like to introduce the Directors participating in the AGM through Video Conferencing. Along with me in the Company's Board Room from New Delhi are Smt. Vinita Singhania, Vice Chairman and Managing Director, Dr. Raghupati Singhania, the Chairman of the Stakeholders Relationship Committee, Dr. S. Chouksey and Shri S.K. Wali, Whole-time Directors of the Company. Shri N.G. Khaitan, Independent Director and the Chairman of Audit and Nomination & Remuneration Committee of Directors is participating in this meeting from Kolkata. Shri Ravi Jhunjhunwala, Dr. K.N. Memani and Amb. Bhaswati Mukherjee, Independent Directors, are participating in this Meeting from New Delhi. Shri B.V. Bhargava, Independent Director is participating from Mumbai.

Mr. B.K. Daga, Company Secretary, Mr. Arun K. Shukla, President and Mr. Sudhir Bidkar, Chief Financial Officer of the Company are also present with me in the Board Room.

I would now request Mr. B.K. Daga, to confirm that requisite quorum is present and may also brief the Members regarding procedure of e-voting and participation in this meeting.

Mr. B.K. Daga

Thank you Sir. I confirm that requisite quorum is present through VC and the Meeting is in order.

As mentioned by the Chairman, this AGM of your Company is being held through VC in due compliance of all the Circulars issued by the MCA and the SEBI, through the e-voting services provided by CDSL.

Since this AGM is being held through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members is not available for the AGM. Facility for joining this meeting through VC is made available for the Members for 15 minutes before and after the scheduled time of the commencement of the AGM. As requested in the AGM Notice, we hope that the Members have joined the meeting through Laptops / iPads with high speed wired/WIFI internet connectivity to have smooth experience of interaction during the meeting and also read through the detailed e-voting procedure given therein.

All the Members who have joined this Meeting are placed on mute by the Host to avoid any disturbance arising from the background noise and to ensure smooth conduct of the Meeting. During the meeting, when the Chairman invites Questions from Members who have registered themselves as Speakers, their names will be announced one by one and the mike will be unmuted by the Host.

We request the Speakers to switch on their video/audio after a gap of 2 seconds and to keep their speech brief to help us manage the time. In case there is any connectivity issue at the speaker's end, we will request the next Speaker to express views or ask question, if any. Opportunity will be provided to the earlier speaker after all other registered speakers have spoken.

Please note that only those Members who have not casted their votes through remote e-voting which was open from 23rd August 2021 to 25th August 2021 upto 5:00 P.M., and who are participating in this meeting today, will have an opportunity to cast their votes during the AGM and till 15 minutes after conclusion of the meeting.

I now request Shri Bharat Hari Singhania, Chairman, to continue the AGM Proceedings.

Shri Bharat Hari Singhania

Thank you Mr. Daga.

Mr. Sunil Wahal, Partner, M/s. S.S. Kothari Mehta & Co., Chartered Accountants, Company's Statutory Auditors and Mr. Ronak Jhuthawat, Company Secretary in practice who has been appointed as the Scrutiniser for supervising the e-voting process for this AGM, are present at the Meeting through VC. Further, Mr. Namo Narain Agarwal, Secretarial Auditor of the Company, has authorized Mr. Ronak Jhuthawat, to also act as his Representative at the AGM.

In conformity with Sections 170 and 189 of the Companies Act, 2013, the Register of Directors and Key Managerial Personnel and their Shareholding and the Register of Contracts or Arrangements in which Directors are interested, are available for inspection by the Members.

The Notice dated 29th July 2021 convening the 81st AGM and the Annual Report for Financial Year 2020-21 ended 31st March 2021, already circulated to the Members on 2nd August 2021, I, with the permission of the Members, take them, as read.

Under the Companies Act, 2013, there is no requirement of reading of the Report of Company's Statutory Auditors for the Financial Year 2020-21 ended 31st March 2021, as the same does not contain any qualification, observation or comment or other remark on the financial transactions or matters which have any adverse effect on the functioning of the Company. Also, there are no qualifications, observations or comments or other remarks in the Secretarial Audit Report for the Financial Year 2020-21 ended 31st March 2021 issued by the Secretarial Auditor. Therefore, there is no requirement to read this Report.

Before taking up the items of the Agenda, I would like to share with you my thoughts on the Cement Industry and working of the Company for the Financial Year 2020-21 ended 31st March 2021.

Chairman's Address

"Dear Esteemed Members,
Namaskaar

Like last year, this year also we are holding the Annual General Meeting virtually through video conferencing. Virtual communication has been a part of our lives for more than a year now and has changed the way we work and communicate.

As we are here together, new hopes are being rekindled as the economy recovers from the second wave. Undoubtedly, it will take a while to heal the scars inflicted by the

successive waves. The events of the last few months have caused unimaginable grief for many who have lost family members, close friends and valued colleagues. Let me begin by expressing our deep anguish and heartfelt condolences to the bereaving members. I also take this opportunity to express my gratitude to all the doctors and healthcare professionals across the country for the extraordinary fortitude displayed in serving humanity during these trying times. Unprecedented efforts were made as the country came together to provide crucial support in augmenting oxygen supplies, ramping up healthcare infrastructure and extending relief to the vulnerable.

The last quarter of FY 20 gave some hints; some indications of how the future is likely to unfold in the coming quarters but with our living history or memories offering very little perspectives into the unfolding future; many countries were caught completely unaware and India was no such exception. The financial year 2020-21 would go down as one of the most challenging years in the recent history. Besides the suffering of the people, the employment was seriously hurt due to disruption in most of the manufacturing and service sectors. The rural demand for cement remained good due to comparatively less penetration of COVID-19 in the rural markets during first wave. Our Team could leverage this opportunity, supported by all other functions from production, logistics, IT etc. to not only maintain our production and sale but actually achieve a marginal growth against the negative growth by the Industry, both at National and Regional level. It gives me a great sense of encouragement and satisfaction both that all our stakeholders including employees, suppliers, dealers, customers etc. have shown strong resolve as well as resilience in this hour of difficulty. Plant operations despite being shut for more than a month during the lockdowns, markets being fully or partially closed during first half of the year; and labor returning back to their native places during the pandemic; our overall production and sales have shown positive growth during the year.

I would now like to take a few minutes to brief you about the key highlights of the previous year and the performance of your Company.

As the first quarter of FY21 ended, the impact of the pandemic was felt across all Indian economic sectors and the GDP dipped 23.9% y/y, recording the first GDP contraction in more than 40 years. Barring a few exceptions, the contraction impacted almost every sector in the economy including construction. The cement sector against the fears of demand contracting by as much as 15 to 20 % over FY 20 could recover gradually from third quarter to end with a degrowth of only about 8% when the year ended. Towards the last quarter of the financial year the cement demand was almost close to the historical high seen in the FY 19.

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.

We also expect that some of the behavioral changes induced by the pandemic would have long term impact on the composition of demand especially in residential and institutional sectors. Permanently, Work From Home being increasingly adopted in certain sectors would create the new market for low rise and larger residential units, slightly away from the congested urban centers. This auger well for the Cement industry in the short to medium Term.

Company's Performance:

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. 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 positive growth of 8% over the previous financial year.

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 focusing 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. 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.

Your 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. The Company could improve its Debt Equity ratio to 0.54 in Financial Year 2020-21 from 0.86 in Financial Year 2019-20. Your Company's performance is a testimony to the untiring efforts of our talented pool of dedicated professionals, associates and partners who left no stone unturned to bounce

back from the crisis despite all adversity. From the workers on the shop floor to the scientists in our labs to the salespeople in the market, the sentiment prevailing was that of putting Nation First. I am sure all of you will join me in applauding them.

I am delighted to inform that your company during the year participated in the e-auctions for lime stone mining blocks in Rajasthan and Gujarat; and has won one block each in these states. With these two new mining blocks; your Company now has the resource capability to increase its capacity and market foot print. The Company is examining all its options to make the desired investments in due course.

Dividend

Based on the financial performance of the Company and considering future prospects, the Board has proposed an Equity dividend of 75% to reward the Members.

Progress of the Projects & Expansions

Progress of implementation of Waste Heat Recovery Project in Jaykaypuram, Sirohi with an annual capacity of 10 MW is in full swing and the Project is expected to be commissioned by 3rd quarter of Financial Year 2021-22.

Innovations & Customer Focus

We view 'staying relevant' as ceaselessly as reinventing ourselves as an organization. This is reflected in our offerings as well as in our approach. I am happy to share a few of these with you.

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.

Udaipur Cement Works Ltd.

Udaipur Cements Works Ltd., your Company's subsidiary (UCWL) has delivered impressive growth in recent years. Various efforts resulted into a healthy EBIDTA numbers for the Financial Year 2020-21 i.e. ₹ 151.28 Crore corresponding to a satisfactory rise of 20 %. And the Profit After Tax (PAT) for the Financial Year 2020-21 stood at ₹ 54.74 Crore, registering a rise of 268 %. Based on the stupendous performance during the Financial Year 2020-21, the Market Cap of UCWL has also jumped from ₹ 234 Crore as of 31st March 2020 to over ₹ 1,353 Crore as on date.

CSR and contribution to combating Covid-19

We have been, We are and We shall always be a socially responsible Corporate Citizen. CSR 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 with a view to bring qualitative changes in their lives. The Company responded to the unprecedented crisis caused by COVID19 Pandemic, 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. In addition, your Company also pro-actively responded to this national emergency and donated about ₹ 1 Crore to PM CARES Fund. To ensure the well-being of your Company's human resources, 94% Management Cadre employees have got first jab of vaccination and 36% of such employees have been fully vaccinated.

The Company received lots of appreciation and acknowledgement for its meaningful and life-changing CSR initiatives.

People First - Team JKLC

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'. 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. 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.

Acknowledgements: I would like to greatly appreciate my colleagues on the Board and the cooperation of all workmen at various locations and the Management Team for their tremendous efforts, passion and resilience in delivering results in what continues to be very volatile environment. I would also like to extend my sincere gratitude and thanks to all dealers, distribution channel partners, customers, Vendors, financial institutions, banks, business associates, Government authorities and our esteemed shareholders for their invaluable support and confidence. I am confident that we will continue to get support of all our stakeholders in future too.

As I look ahead, I am confident that we can continue to bank upon on this tremendous fund of goodwill as we march towards a future that is bright and full of opportunities. Last but not the least, I humbly urge on you all to come and collaborate to combat this pandemic jointly. Please continue to follow all precautions, be it proper usage of masks, safe distancing or other hygiene protocols. Also take complete dose of vaccination and guide

people, those who have not yet taken the vaccine, on the positive aspects of vaccination and the fact that it is all safe to take a vaccine.

Thank you very much.”

Resolutions, Q&A Session, E-voting and Vote of thanks

Shri Bharat Hari Singhania: Now, I will read out the items of the business to be conducted at the AGM, as mentioned in the Notice, one by one. All resolutions have already been put to vote through Remote e-Voting. Therefore, no resolution is required to be proposed or seconded by the Members at the AGM.

Item No. 1: Adoption of the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March 2021 and the Reports of the Board of Directors and Auditors thereon.

Item No. 2: Declaration of Dividend @ ₹ 3.75 per Equity Share (75%) for the Financial Year ended 31st March 2021.

Item No. 3: Re-appointment of Smt. Vinita Singhania, as a Director liable to retire by rotation.

Item No. 4: Ratification of remuneration of M/s. R.J. Goel & Co., Cost Accountants, the Cost Auditor of the Company for the Financial Year 2021-22, of ₹ 1.75 Lac/- p.a.

Item No. 5: Re-appointment of Smt. Vinita Singhania as Managing Director of the Company for a period of five years w.e.f. 1st August 2021 and the terms of remuneration given in the Statement under Section 102 of the Companies Act, 2013 at Page Nos. 11 &12 of the AGM Notice.

Item No. 6: Continuation of Dr. Raghupati Singhania, who would be attaining the age of 75 years on 8th December 2021, as ‘Non-executive Non-Independent Director’, liable to retire by rotation.

Item No. 7: Adoption of new set of Articles of Association in substitution of existing Articles of Association with a view to align it with the provisions of the Companies Act, 2013.

Item No. 8: Entering into Material Related Party Transaction with Udaipur Cement Works Ltd., a Related Party, in connection with its Expansion Project, upto an amount not exceeding ₹ 1,400 Crore in the aggregate.

Item No. 9: Re-appointment of Ambassador Bhaswati Mukherjee, as an Independent Director for a second term of five consecutive years w.e.f. 28th March 2022.

I now request, Mr. B.K. Daga to read Item No. 10.

Mr. B.K. Daga

Item No. 10 relates to continuation of Shri Bharat Hari Singhania, Chairman, aged 83 years, as a 'Non-Executive, Non-Independent Director' of the Company, w.e.f. 1st October 2021, liable to retire by rotation.

I request the Chairman to continue with the remaining item of business.

Shri Bharat Hari Singhania

Item No. 11: Payment of remuneration by way of commission or otherwise to the Non-executive Directors other than the Managing Director(s) and Whole-time Director(s), including the Independent Directors of the Company, not exceeding 3% of the annual net profits of the Company commencing from Financial Year 2021-22, subject to the limit of overall maximum managerial remuneration specified in Section 197(1) of the Companies Act, 2013.

Shri Bharat Hari Singhania

As you are aware, remote e-voting on all the AGM items and Resolutions was open from 23rd August 2021 to 25th August 2021 upto 5.00 P.M. Therefore, many of the Members may have already casted their votes during above period. However, those who have not casted their votes through remote e-voting, have the opportunity to vote now at the facility provided through CDSL portal through which you have logged in.

The Scrutiniser will submit a consolidated Scrutiniser's Report on remote e-Voting and e-Voting at the AGM, of the total votes cast in favour or against, if any, not later than two working days of conclusion of this Meeting. I authorize any one of Dr. S. Chouksey or Shri S.K. Wali, Whole- time Directors or in their absence, Mr. B.K. Daga, Company Secretary to declare the final results of e-voting by 30th August 2021. The results declared along with the Report of the Scrutiniser shall be posted on the website of the Company and also on the website of CDSL. The results will simultaneously be forwarded to BSE Ltd. and National Stock Exchange of India Ltd. for placing on their websites and shall also be displayed on the Company's Notice Board at the Registered Office and its Secretarial Office in New Delhi.

Members may note that voting on the CDSL platform will continue till 15 minutes from conclusion of the AGM.

I now request Mr. Daga, Company Secretary, to announce names of the Speakers who have requested to express their views / ask any question arising out of Annual Accounts/ Reports of the Directors and Auditors thereon. We will respond to the questions at the end, after all the speakers have spoken.

Mr. B.K. Daga announced the names of the ten Members, one by one, who registered themselves as Speakers at the AGM and facilitated the Question and Answer Session.

Members/Speakers – Eight Members namely, Mr. Santosh K. Saraf, Mr. Sarbananda Gattani, Mr. Manoj K. Gupta, Mr. Goutam Nandy and Mr. Ballabha D. Mundhra from Kolkata, Mr. Abhishek J from Chennai, Mr. Surendra Mohta from Bangalore and Mr. Kaushik N. Shahukar from Mumbai, spoke at the Meeting. The Members appreciated the Management on the performance of the Company and holding of the virtual AGM, enabling them to participate in the Meeting without any difficulty. They expressed their views and sought information/clarifications, *inter alia*, on the Company's business operations, future capex plans, outlook of cement industry and entry into new geographical areas, impact of CoVID19 Pandemic on the Company's performance and the Employees, dividend payment, appreciation in share price and jump in market capitalisation, rain water harvesting, use of renewable energy, number of casualties due to CoVID 19 Pandemic and vaccination of employees & their families and CSR activities undertaken pursuant to the Company's CSR policy including women empowerment & welfare of disabled persons. The Members also sought clarifications on resolutions at Item No. 5, 8 and 11 of the Notice of the 81st AGM. Mr. Mahesh K. Bubna and Ms. Varuna Gupta who had registered as Speakers did not respond to the calls made requesting them to speak.

Shri Bharat Hari Singhania thanked the Speakers for their appreciation, comments and suggestions. On the request of the Chairman, CFO and Whole-time Directors of the Company replied to the queries of the Members, to their satisfaction.

Shri Bharat Hari Singhania

I believe that all the questions of the Members have been duly replied to their satisfaction. May, I therefore, with your permission, declare the Meeting as closed. However, please note that the e-voting window will remain open for another 15 minutes for voting by the Members who have so far not casted their votes.

I thank you once again for your participation in the AGM.

The Meeting concluded at 3.48 P.M., with a vote of thanks given to the Chair by Dr. S.K. Saxena, a Member.

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