

JKLC :SECTL:SE :24  
19<sup>th</sup> March 2024

- |  |  |
|--|--|
| <b>1 BSE Ltd.</b><br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai – 400 001<br><b>Through: BSE Listing Centre</b><br><b>Security Code No.500380</b> | <b>2 National Stock Exchange of India Ltd.</b><br>Exchange Plaza”<br>Bandra-Kurla Complex<br>Bandra (East), Mumbai – 400 051<br><b>Through: NEAPS</b><br><b>Symbol: JKLAKSHMI, Series : EQ</b> |
|--|--|

Dear Sirs / Madam,

**Subject: Company’s Clarifications / Representations to the Proxy Advisory Reports issued by Stakeholders Empowerment Services (SES) & Institutional Investor Advisory Services (IiAS)**

Kindly refer to our letter of even no. dated 23<sup>rd</sup> February 2024 vide which we have filed the Postal Ballot Notice dated 19<sup>th</sup> February 2024 with the Stock Exchanges seeking approval of the Shareholders on the following Resolutions:

- 1 . Inter Corporates Loans / Guarantees / Investments of upto ₹ 2,500 Crores over and above the threshold limit prescribed under Section 186 (2) of the Companies Act, 2013.
2. Payment of Remuneration / Fee and extending facilities and benefits to Shri Bharat Hari Singhania as Chairman Emeritus for life-time and Strategic Advisor to the Board for a term of 5 years with effect from 1<sup>st</sup> April 2024.

In this reference, the Company has received the Proxy Advisory Reports from SES / IiAS containing the voting recommendations along with concerns raised of inadequate disclosures, etc. The Company has submitted its clarifications / representations to the concerns raised by SES/IiAS vide its attached emails dated 18<sup>th</sup> March 2024.

Based on the representations made by the Company to the Proxy Advisors, the necessary Addendums will be released by SES/IiAS to their Report.

You are requested to take note of the representations made by the Company to the Proxy Advisors.

Thanking you,

Yours faithfully,  
For JK Lakshmi Cement LimitedAmit Chaurasia  
Company Secretary

Encl.: As above.



**From:** Amit Chaurasia

**Sent:** Monday, March 18, 2024 6:10 PM

**To:** info@sesgovernance.com; sesresearch@sesgovernance.com

**Cc:** Sudhir Bidkar <bidkar@jkmil.com>; Puran Singh Rawat <prawat@jkmil.com>

**Subject:** SES - Proxy Advisory Report - JK Lakshmi Cement Limited.

Dear Karishma,

Kindly refer to your trailing mail vide which you had given your Proxy Advisory Report for the following Resolutions proposed to be passed through Postal Ballot: -

- 1. Intercorporate Loans/Guarantees/Investments**
- 2. Office of Profit**

In this connection & as explained in the Explanatory Notes, we wish to submit as under for the above Resolutions: -

**Resolution No. 1: Intercorporate Loans/Guarantees/Investments.**

**A. Existing Limit & Actual Utilization**

As per the Audited Balance Sheet of the Company as at 31 March 2023, maximum limit of Inter Corporate Investment etc aggregates to Rs. 2,648.35 Crore (100% of the Free Reserves & Securities Premium Account as of 31<sup>st</sup> March 2023). As at 31 December 2023, the aggregate value of the loans & guarantees given and investments made in other body corporates is Rs. 2,575.26 Crore. Thus, the maximum limit available to the Company under Section 186(2) for giving loans & guarantees, providing securities and making investments is Rs. 73.09 Crore only.

**B. Additional Requirements for Company's Growth Plans.**

The Company has recently acquired 85% stake in Agrani Cement Private Ltd for a cash consideration of Rs.325.11 Crores. Agrani Cement Private Ltd has three wholly owned subsidiaries (WoS) i.e Trivikram Cement Private Limited, Mahabal Cement Private Limited and Avichal Cement Private Limited (all four companies jointly called as 'Trivikram Consortium'). Units of Trivikram Consortium have been jointly granted Mining Rights in Assam having Limestone Reserves of approximately 335 Million Tonnes Per Annum. The said Consortium would be utilized for a Clinkerization Unit of 1.0 Million Tonnes Per Annum and Cement Grinding Unit of 1.5 Million Tonnes Per Annum costing approximately Rs.1500 Crores – Rs.2000 Crores. The Company would be required to make a Promoters' Contribution for the said Project of approximately Rs. 30% - 35% by way of Equity Contribution. In addition, the said companies would be required to take loans to the extent of 65% - 70% of the Project



Cost which shall have to be supported by the Corporate Guarantee of JKLC which would also be covered u/s 186 of the Companies Act, 2013.

### **C. Udaipur Cement Works Ltd**

Udaipur Cement Works Ltd (UCWL), the Company's Subsidiary is in the process of completing its Expansion Project of more than doubling its Cement capacity from 2.2 Million Tonnes Per Annum to 4.7 Million Tonnes Per Annum. This Project which is expected to be commissioned by the end of the Current Quarter. UCWL's Working Capital requirements after the Expansion are expected to go up by about Rs.200 Crores – Rs.250 Crores. This Additional Working Capital Requirement of Rs.200 Crores – Rs.250 Crores would have to be supported by Corporate Guarantee of JK Lakshmi Cement Ltd.

As such, the proposed increase in the Limits of Rs.2500 Crores u/s 186 of the Companies Act, 2013 is fully justified as can be seen from the following Table: -

<b>S.No.</b>	<b>Particulars</b>	<b>Amount (Rs.Crores)</b>
1	Acquisition Cost of 85% stake in Agrani Cement Ltd	325
2	Promoters' Contribution for First Phase in Trivikram Consortium	650-700
3	Corporate Guarantee in Term Loan in Trivikram Consortium	1300-1350
4	Corporate Guarantee for increase in Working Capital Requirements of UCWL	200-250
<b>Total</b>		<b>2400-2550</b>

Since the Company had almost exhausted its existing limits u/s 186 of the Companies Act, 2013 as mentioned in para 1 above, the Enhancement in Limits of Rs.2500 Crores sought by the Company is fully justified & is required for meeting the Company's Growth Plans & its Strategic objective.

### **D. Non-Disclosure of fact that Resolution u/s 186 of the Companies Act 2013 was rejected by the Shareholders in the AGM held in 2023.**

Please note that the above fact was already disclosed to the public at large through Results of voting filed with the Stock Exchange on 25<sup>th</sup> August 2023 and placed on the Website of the Company at [www.jklakshmicement.com/wp-content/uploads/2023/08/VotingResult.pdf](http://www.jklakshmicement.com/wp-content/uploads/2023/08/VotingResult.pdf) . Also, the Company had filed its clarification with Stock Exchanges on 31<sup>st</sup> August 2023 on the News Item published in the Newspapers on the matter under reference.



Further, the Company had conducted an exclusive Investors' Conference Call on 4<sup>th</sup> September 2023 to discuss the outcome of the voting of the Resolutions proposed in the AGM held on 24<sup>th</sup> August 2023 and transcript of the same was filed with the Stock Exchange on 5<sup>th</sup> September 2023 which is available on the Website of the Company at <https://www.jklakshmicement.com/wp-content/uploads/2023/09/Confrance-Call-Link-Transcript-04-09-2023.pdf> . Thus, there was no necessity to make the disclosure as mentioned by SES in its Report.

We understand that the International Proxy Advisory Firm - **Institutional Shareholder Services Group of Companies (ISS)** has given a **Positive Recommendation** for this Resolution of the Company for Enhancement of Limit u/s 186 of the Companies Act, 2013 by Rs.2500 Crores over & above the Limits under the said section.

### **Resolution No. 2: Office of Profit.**

Shri Bharat Hari Singhania, 85, is part of the promoter group and the President of JK Organisation. He has been the Non-Executive Chairperson of the company since 1 October 2021. He will step down from the board effective 1 April 2024 and the Company proposes to appoint him as Chairperson Emeritus for life. He will mentor and guide the board and management on the matters relating to Business Strategy, Corporate Governance, Other Policy matters, and such Other matters for which the Board/Management may seek his advice. His remuneration for five years is capped at Rs. 1 Crore per annum subject to an annual increment of upto 10%, which is reasonable. The Proposed Resolution is not perpetual in nature, given that his remuneration is capped and is for five years. Thus, shareholders have the opportunity to reappoint him on a periodic basis.

The Remuneration payable to Shri Bharat Hari Singhania is in his capacity as Strategic Advisor to the Board. The other reimbursements of Official expenses relating to travelling, maintenance of Office with support staff and facilities, car with driver etc. are for to enable Shri Singhania to effectively discharge his duties as Chairman Emeritus.

We understand that Proxy Advisory Firm - **Institutional Investor Advisory Services (IIAS)** has given **Positive Recommendation** for this Resolution of the Company.

We have to request you to re-consider your recommendations & based on the detailed explanations given hereinabove, we request you to revise your recommendations from **AGAINST to FOR both the above Resolutions.**



We hope that the needful shall be done at the earliest since the last date for Voting of Postal Ballot is 24<sup>th</sup> March 2024.

Regards,

Amit Chaurasia  
Company Secretary  
JK Lakshmi Cement Limited  
Gulab Bhawan, 3rd Floor (Rear Block), 6A,  
Bahadur Shah Zafar Marg, New Delhi 110 002  
Tel. (D) - 011-68201860  
Mobile: 09599503194 | 09310222311  
Website: [www.jklakshmi.com](http://www.jklakshmi.com)

**From:** SES Governance <[sesresearch@sesgovernance.com](mailto:sesresearch@sesgovernance.com)>  
**Sent:** Sunday, March 17, 2024 11:45 PM  
**To:** [lakshmi\\_cement@lc.jkmail.com](mailto:lakshmi_cement@lc.jkmail.com); JKLC INVESTORS <[jklc.investors@jkmail.com](mailto:jklc.investors@jkmail.com)>  
**Cc:** [info@sesgovernance.com](mailto:info@sesgovernance.com)  
**Subject:** SES - Proxy Advisory Report - JK Lakshmi Cement Limited

Dear Sir/Madam,

SES has released its Proxy Advisory (PA) Report for the upcoming shareholders Postal Ballot Meeting of your Company / Entity to its Clients who may be investors in your company. As a Policy, a copy of the said Report is being emailed simultaneously to you as well. Accordingly, please find attached PA Report for the upcoming shareholders Postal Ballot Meeting of your company.

As per SES policy, our PA Reports are based on information available in public domain through authentic sources only. At SES, we rely only on information in official documents released by the concerned company in its communication to shareholders, regulators, stock exchanges and website of the Company. SES as a policy, believes that all the requisite information that is material and would enable a discerning investor to take an informed decision must be made available in official communication from Company to its shareholders. As a result, we do not seek any additional information from the company apart from what is otherwise available in public domain, as we do not wish to benefit from such additional information and information asymmetry, and want to place ourselves in the position of discerning investor(s) and experience challenges, if any, while taking a decision based on information available in the public domain alone. As a sense of duty, in our reports, we also indicate, wherever required, the gaps in information and why shareholders would not be able to make an informed decision.

Further, we wish to emphasize that while legal framework is important, at SES, good governance is what matters the most. Needless to mention, good governance is much beyond compliance.

SES, since its inception, as a practice, releases its Report to its Clients as well as the concerned Company at the same time. This practice is in line with the SEBI Circular on '[Procedural Guidelines for Proxy Advisors](#)' dated 3<sup>rd</sup> August 2020.



However, should you have a point of view that is different despite our explanation, or wish to highlight any factual error(s) in the Report, you may email us within 48 hours of the receipt of the Report. Any comments or clarification ('response of the Company') provided by you shall be analysed by SES with due consideration and if required, we will issue an addendum providing your comment / clarification and explanation(s) by SES, if so required.

Further, SES may still respond at its option, to any comment or clarification provided by the Company to its Report post elapse of 48 hours deadline after the release, on a case to case basis taking into account the exigency of work and at the sole discretion of SES.

Additionally, if you notice any factual error (other than non-material typographical error), please inform SES immediately. As a policy SES will circulate your response so received, without any addition/deletion and without any comments to all its clients for their attention. An addendum may also be issued for correcting errors if SES feels that same may be warranted.

You may provide your response either in form of text in the e-mail body or in a separate word or PDF document along with page numbers of SES Report. However, please avoid marking comments on the PDF of PA Report itself.

We further affirm that SES policies regarding disseminating its reports to clients and companies/ Entities adhere to the SEBI Circular.

Please feel free to write back to us at [info@sesgovernance.com](mailto:info@sesgovernance.com) for further queries or suggestions. In case you wish to add/ change your E Mail address, please let us know.

## About SES

Stakeholders Empowerment Services (SES) is a not-for-profit Research and Proxy Advisory Firm, primarily focused on providing independent and objective research on the corporate governance practices of the listed Indian companies / Entities. Our vision is to achieve a state of Corporate Governance where all stakeholders are treated in just and fair manner. We feel that this vision can be achieved only if the stakeholders participate actively in the affairs of the company and exercise their valuable rights. We at SES, aim to play our role through our services, which enable stakeholders to effectively participate in corporate meetings and exercise their rights.

Analyst  
**Karishma Yadav**  
Mob: 9158272693

Stakeholders Empowerment Services - India's 1st non-profit Corporate Governance Advisory Firm  
Ph.: +91 022 4022 0322 | E-mail: [info@sesgovernance.com](mailto:info@sesgovernance.com)  
Website: [www.sesgovernance.com](http://www.sesgovernance.com)



**From:** Sudhir Bidkar <bidkar@jkm.com>

**Sent:** Monday, March 18, 2024 5:16 PM

**To:** smart@iiasadvisory.com

**Cc:** Amit Chaurasia <amit.chaurasia@jkm.com>; Puran Singh Rawat <prawat@jkm.com>

**Subject:** RE: Approval of Inter Corporate Transaction Limit of upto Rs.2500 Crores over the limits specified under Section 186 of the Companies Act, 2013

Sir/Madam,

Kindly refer to your trailing mail vide which you had given your Proxy Advisory Report for the Postal Ballot being sought by the Company on the above subject.

In this connection & as explained in the Explanatory Notes, we wish to submit as under: -

### **1. Existing Limit & Actual Utilization**

As per the Audited Balance Sheet of the Company as at 31 March 2023, maximum limit of Inter Corporate Investment etc aggregates to Rs. 2,648.35 Crore (100% of the Free Reserves & Securities Premium Account as of 31<sup>st</sup> March 2023). As at 31 December 2023, the aggregate value of the loans & guarantees given and investments made in other body corporates is Rs. 2,575.26 Crore. Thus, the maximum limit available to the Company under Section 186(2) for giving loans & guarantees, providing securities and making investments is Rs. 73.09 Crore only.

### **2. Additional Requirements for Company's Growth Plans.**

The Company has recently acquired 85% stake in Agrani Cement Private Ltd for a cash consideration of Rs.325.11 Crores. Agrani Cement Private Ltd has three wholly owned subsidiaries (WoS) i.e Trivikram Cement Private Limited, Mahabal Cement Private Limited and Avichal Cement Private Limited (all four companies jointly called as 'Trivikram Consortium'). Units of Trivikram Consortium have been jointly granted Mining Rights in Assam having Limestone Reserves of approximately 335 Million Tonnes Per Annum. The said Consortium would be utilized for a Clinkerization Unit of 1.0 Million Tonnes Per Annum and Cement Grinding Unit of 1.5 Million Tonnes Per Annum costing approximately Rs.1500 Crores – Rs.2000 Crores. The Company would be required to make a Promoters' Contribution for the said Project of approximately Rs. 30% - 35% by way of Equity Contribution. In addition, the said companies would be required to take loans to the extent of 65% - 70% of the Project Cost which shall have to be supported by the Corporate Guarantee of JKLC which would also be covered u/s 186 of the Companies Act, 2013.



### 3. Udaipur Cement Works Ltd

Udaipur Cement Works Ltd (UCWL), the Company's Subsidiary is in the process of completing its Expansion Project of more than doubling its Cement capacity from 2.2 Million Tonnes Per Annum to 4.7 Million Tonnes Per Annum. This Project which is expected to be commissioned by the end of the Current Quarter. UCWL's Working Capital requirements after the Expansion are expected to go up by about Rs.200 Crores – Rs.250 Crores. This Additional Working Capital Requirement of Rs.200 Crores – Rs.250 Crores would have to be supported by Corporate Guarantee of JK Lakshmi Cement Ltd.

As such, the proposed increase in the Limits of Rs.2500 Crores u/s 186 of the Companies Act, 2013 is fully justified as can be seen from the following Table: -

S.No.	Particulars	Amount (Rs.Crores)
1	Acquisition Cost of 85% stake in Agrani Cement Ltd	325
2	Promoters' Contribution for First Phase in Trivikram Consortium	650-700
3	Corporate Guarantee in Term Loan in Trivikram Consortium	1300-1350
4	Corporate Guarantee for increase in Working Capital Requirements of UCWL	200-250
<b>Total</b>		<b>2400-2550</b>

Since the Company had almost exhausted its existing limits u/s 186 of the Companies Act, 2013 as mentioned in para 1 above, the Enhancement in Limits of Rs.2500 Crores sought by the Company is fully justified & is required for meeting the Company's Growth Plans & its Strategic objective.

We understand that the International Proxy Advisory Firm - **Institutional Shareholder Services Group of Companies (ISS)** has given a **Positive Recommendation** for this Resolution of the Company for Enhancement of Limit u/s 186 of the Companies Act, 2013 by Rs.2500 Crores over & above the Limits under the said section.

We have to request you to re-consider your recommendation & based on the detailed explanation given hereinabove, we request you to revise your recommendation from **Against to For**.





We hope that the needful shall be done at the earliest since the last date for Voting of Postal Ballot is 24<sup>th</sup> March 2024.

Regards,

**Sudhir Bidkar**

**Chief Financial Officer**

JK Lakshmi Cement Ltd

Nehru House,

4, Bahadur Shah Zafar Marg,

New Delhi-110002

Ph. No.: 011-2331 6383

Website: <https://www.jklakshmicement.com>

Say "Hi" to Our [WhatsApp](#) ChatBot Vaani at +91 84484 54964

or Scan This:



**JK LAKSHMI**  
C E M E N T

[Twitter](#) | [Facebook](#) | [Youtube](#) | [Linkedin](#) | [Instagram](#)

**From:** [smart@iiasadvisory.com](mailto:smart@iiasadvisory.com) <[smart@iiasadvisory.com](mailto:smart@iiasadvisory.com)>

**Sent:** Monday, March 18, 2024 1:50 PM

**To:** Puran Singh Rawat <[prawat@jksmail.com](mailto:prawat@jksmail.com)>

**Subject:** liAS VMS Voting Recommendation Alert: JK Lakshmi Cement Ltd. POSTAL BALLOT 24-Mar-2024

liAS **ADRIAN**

Dear Sir/Madam,

Please find enclosed liAS' voting recommendations on the shareholder resolutions presented by your company. Some of your company's investors subscribe to our services, and they would have received our recommendations.

Should you choose to respond/provide your comments on our voting recommendations of your company's shareholder proposals within 48 hours of receiving this message, under SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/147 dated 3 August 2020, we are required to publish your comments as an addendum to our voting advisory report – and we will do so. We will make changes to our report only if information provided in your response has a



material impact on our voting recommendation. Your comments may not influence or change our voting recommendation. To write back to us on the enclosed report, please address your email to [reports@iias.in](mailto:reports@iias.in) and [anup.pawar@iias.in](mailto:anup.pawar@iias.in).

liAS uses only publicly available information in preparing its voting recommendations. Therefore, in sending a response to this report, we caution you to not send us any information that would qualify as unpublished price sensitive information. liAS will consider all information presented by you to us as publicly available.

If your response contains material information that may impact investors' decision making, we advise you to file this response with the stock exchanges to ensure there is uniform dissemination to all your shareholders.

In order to allow investors sufficient time to finalize their vote and to communicate this to their custodian, we reiterate that only comments received with 48 hours from the time of this email will be considered.

liAS' processes are transparent and clearly articulated. We recommend you refer to our website (<https://www.iiasadvisory.com/about#policies>) to know more about our voting recommendation methodology and processes. We also encourage you to read our voting guidelines that are also available on our website (<https://www.iiasadvisory.com/voting-guidelines>).

Regards,  
Team liAS

### **Institutional Investor Advisory Services (liAS)**

Research Analyst (Proxy advisor)|SEBI-Registration number: INH000000024

© 2022 VMS by liAS. All rights reserved.

is a SEBI-registered Research Analyst (Proxy advisor) | SEBI Registration No. : INH000000024 | CIN: U74990MH2010PLC2047

Institutional Investor Advisory Services India Limited  
DGP House, Ground Floor, 88-C,  
Old Prabhadevi Road, Prabhadevi,  
Mumbai - 400 025

[+91 22 6123 5555](tel:+912261235555) | [solutions@iias.in](mailto:solutions@iias.in)

[www.iiasadvisory.com](http://www.iiasadvisory.com) | [www.smart.iias.in](http://www.smart.iias.in)

