

MANGALAM CEMENT LIMITED

ANNUAL REPORT 2019/2020





Forward- looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Respected Syt. Basant Kumar Birla
– Founder of the Company

Corporate Information

BOARD OF DIRECTORS

Smt. Aruna Makhan	
Shri N. G. Khaitan	
Shri Gaurav Goel	
Shri K. C. Jain	
Smt. Vidula Jalan	Co-Chairperson
Shri A. V. Jalan	Co-Chairperson

KEY MANAGEMENT PERSONNEL

Shri Yaswant Mishra	<i>President (Corporate) & CFO</i>
Shri Manoj Kumar	<i>Company Secretary</i>

SENIOR MANAGEMENT EXECUTIVE

Shri Kaushlesh Maheshwari	<i>President (Sales & Marketing)</i>
Shri Sunil Sachan	<i>President (Operations)</i>

PLANT LOCATIONS

- Rajasthan**
 P.O. - Aditya Nagar
 Morak, Dist - Kota
 Pin - 326520
- Uttar Pradesh**
 K/1, CDF Complex
 UPSIDC Industrial Area
 Anoopsahar Road, Cherat
 Dist - Aligarh

BANKERS

State Bank of India
 HDFC Bank Limited
 IDFC First Bank Limited
 DBS Bank India Limited
 IndusInd Bank Limited
 RBL Bank Limited
 ICICI Bank Limited

REGISTERED OFFICE

P.O. Aditya Nagar-326520
 Morak
 Dist. Kota (Rajasthan)
 Phone No: 07459 232231
 Fax: 07459 232036
 CIN: L26943RJ1976PLC001705
 Website: www.mangalamcement.com
 E-mail: communication@mangalamcement.com

CORPORATE OFFICE

Birla Building, 10th Floor
 9/1, R.N. Mukherjee Road
 Kolkata - 700 001
 Phone No: 0332243 8707/8857
 E-mail : kolkata@mangalamcement.com

AUDITORS

Singhi & Co.
 Chartered Accountants
 Kolkata

REGISTRAR & SHARE TRANSFER AGENT

M/s. MAS Services Ltd.
 T-34, 2nd Floor, Okhla Industrial Area, Phase-II,
 New Delhi-110020
 Tel. No. 011-26387281/82/83
 Fax No. 011-26387384
 E-mail- info@masserv.com
 Website- www.masserv.com

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Board of Directors



Smt. Aruna Makhan
(DIN : 00025727)

Smt. Aruna Makhan joined the Indian Audit & Accounts Service in 1967 and held the prestigious position of Controller General of Accounts before retirement. During her 38 years of service, Smt. Makhan attained a rich and versatile experience in the field of public financial management. She held various senior level positions in different departments.



Shri N.G. Khaitan
(DIN : 00020588)

Shri N G Khaitan is a Senior Partner of Khaitan & Co. based in Kolkata. He passed his Attorneyship Examination from the Calcutta High Court in the year 1974 and stood first in the Preliminary, Intermediate and Final Examinations, and was awarded Bell Chamber's Gold Medal by the Incorporated Law Society, High Court, Calcutta. He is a Notary Public appointed by the Government of India. He has rich experience in all aspects of law and more particularly, Real Estate, Corporate laws and has handled important litigations covering different branches of law including Mergers and Acquisition, Restructuring and De-mergers. He has advised several large industrial houses and multinational corporations on multifarious legal matters.



Shri Gaurav Goel
(DIN : 00076111)

Shri Gaurav Goel is the Managing Director and Promoter Director of Dhampur Sugar Mills Ltd., one of the premier integrated sugarcane processing companies in India. His academic credentials include a business management graduation degree from the United Kingdom. He has been associated with Dhampur Sugar Mills since 1994 and looks after its overall activities. He was the President of Entrepreneurs Organisation(EO), Delhi chapter, for 2006-2007.



Shri K.C. Jain
(DIN : 00029985)

Shri K C Jain, a qualified Chartered Accountant, was the Whole-time Director of Kesoram Industries Ltd. He has a rich 50 years experience in the cement industry. He was a member of the Managing Committee of Cement Manufacturers' Association (CMA) for 35 years.



Smt. Vidula Jalan
(DIN : 01474162)

Smt. Vidula Jalan is Co-Chairperson of the Company. She is MBA in Strategic Marketing and Leadership and Change Management from the Indian School of Business, Hyderabad. Moreover, she also has an Accounting and Finance degree from The University of Manchester, U.K. She is also managing the affairs of reputed schools and charitable trusts of the Group.



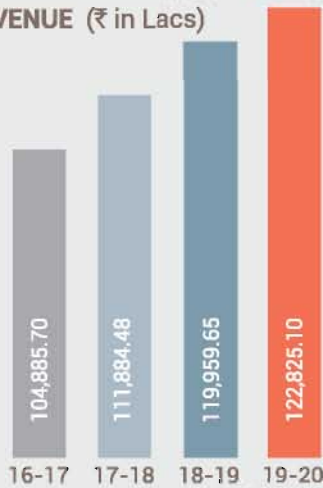
Shri Anshuman Vikram Jalan
(DIN : 01455782)

Shri A V Jalan is Co-Chairperson of the Company. He is a B. Com (Hons.) from St. Xavier's College, Kolkata. Besides, he has completed a management course in marketing and corporate finance from the London School of Economics, UK. Being involved in the management of manufacturing companies since 1998, he has gained a rich experience in business administration.



Performance Highlights

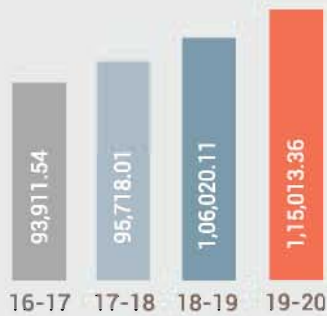
TOTAL REVENUE (₹ in Lacs)



EBIDTA (₹ in Lacs)



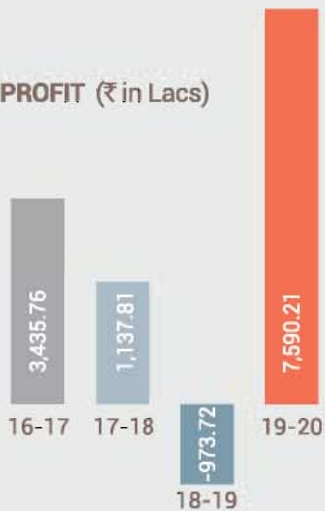
GROSS BLOCK (₹ in Lacs)



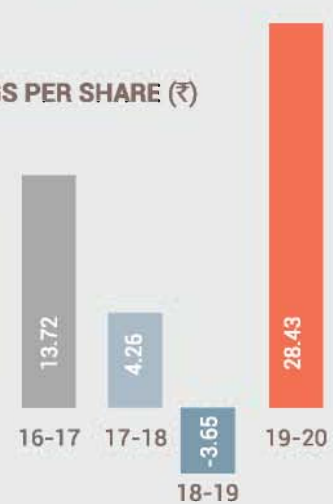
BOOK VALUE PER SHARE (₹)



POST TAX PROFIT (₹ in Lacs)



EARNINGS PER SHARE (₹)




WASTE HEAT RECOVERY PLANT AT MORAK, RAJASTHAN

The 11 MW Waste Heat Recovery (WHR) plant was commissioned with 5.15 MW capacity in January, 2020 and the balance capacity is expected to be fully operational by July'2020. This will have significant benefit on power cost as well as help to mitigate the impact of any future fuel and power cost increases for the company.




164.83 lac Kwh
Captive green energy production
through wind power



1470.63 lac Kwh
Captive thermal energy production

Marketing Endeavours

Committed support to our Partners



UTTAM SHIKSHA PEHEL

Uttam Shiksha Pehel has become the cement industry's most innovative and appreciated scheme for masons in India. With its focus on support to the masons and contractors through Child Education, it has surpassed all expectations with registrations of 18,949 children under the scheme in a short span of time. This unique marketing initiative with a thrust towards lasting social development is helping thousands of children reach closer to their dreams and make a permanent positive difference for their families.

HAPPY FACES

Over and above the USP initiative, around 150 exceptionally meritorious students of the 10th and 12th grades were felicitated and received special awards at events organized at Agra, Ujjain and Jaipur.

Happy faces of top students receiving the awards by Smt. Vidula Jalan, Shri Anshuman V. Jalan, (Co-Chairpersons) and Shri Kaushlesh Maheshwari (President S&M)





UDAAN

The much appreciated Uttam Dealers Award & Appreciation Night has truly become the most awaited event of the year for not just our dealers but for their families as well, and continues to 'cement' their bond with the company. The colorful festival of UDDAN 2019 was celebrated at Indore, the land of Ahilyabai Holkar, followed by the revered darshan of Mahakaal at Ujain. The Grand Finale, for the top 50 dealers, culminated at a spectacular event organized at Dubai, U.A.E.



"The Top 50 dealers at Dubai for the Grand Finale of UDDAN 2019".

OATH

A highlight of the event was the Oath taking ceremony to push forward the organizational objectives synergized with social & marketing endeavors of the company.



"Co-Chaipersons, Smt. Vidula Jalan & Shri Anshuman Vikram Jalan with the winners of the Uttam Architect Awards 2019 at Agra".



GROWINGS BONDS WITH ARCHITECT & ENGINEERS

Our continuous interactions with architects and engineers coupled with a series of formal workshops with their local bodies in select markets have led to their support through important associations like of Indian Institute of Architect (IIA) and Uttar Pradesh Architect Association (UPAA) for UAA and have helped us build very strong bonds with this important influencer fraternity.

Awards & Recognitions

Pursuing excellence



NSCI SAFETY AWARD

Mangalam Cement Ltd. has received the prestigious National Safety Council's NSCI Safety Award 2019 - "Sarvashreshtha Suraksha Puraskar" (Golden Trophy Certificate). This award is conferred for commendable work done in implementing effective OSH management systems and procedures and demonstrating outstanding performance during the assessment period of three calendar years. (i.e. 2016, 2017 & 2018).



MEMCW Mines award

Won First prize in field of Reclamation and Rehabilitation under fully Mechanized Group A-1 Mines at the 30th Mines Environment and Mineral Conservation Week 2019-20 celebrated under the aegis of Indian Bureau of Mines, Govt. of India, Ajmer.



MEMCW Mines Award

Won Third prize in field of Publicity Propaganda under fully Mechanized Group A-1 Mines at the 30th Mines Environment and Mineral Conservation Week 2019-20 celebrated under the aegis of Indian Bureau of Mines, Govt. of India, Ajmer

Human Resources

Positive energy for a better future

NATIONAL SAFETY DAY CELEBRATION 2020

National Safety Day was celebrated on 4th March 2020 at the factory. Safety banners and posters were displayed at various locations and tokens and articles promoting awareness and alertness in matters relating to safety were distributed among all the employees.

- Safety pledge was taken by all the employees at the National Safety Day function.
- Safety Competitions Week was organized including many activities such as Safety Slogans writing, Essay writing, Poster making, Model making, etc. to promote active participation and imbibing a culture of safe working for all employees, their spouses and children. All competitions attracted large and enthusiastic participation and prizes were given for recognition, encouragement and further motivation.
- Safety exhibition were arranged on the occasion in which Safety Model, Poster, Slogans and various personal protective equipments and Fire Fighting equipments were displayed to create Safety Awareness. Safety Exhibition inaugurated by President - (Operations) Shri Sunil Sachan.



SWATCH BHARAT YOJANA

Mangalam Mahila Mandal Society led by its President Smt. Vibha Sachan and Jt. President Smt. Shashi Mandot, participated in activities in the local areas.



INTERNATIONAL YOGA DAY CELEBRATION

We celebrated International Yoga day on 21st June with all employees and their family members at Staff and Worker colonies.



HEALTH AWARENESS CAMPS

A special week long Health awareness camp was held for all staff members at our Staff Club.



Corporate Social Responsibility

Empowering one another

PARTNERING FOR SOCIAL DEVELOPMENT

Mangalam Cement under its various CSR activities provides direct financial support to nine different local Gram Panchayats near its plant premises for development of the local rural infrastructure. Some of the significant activities carried out through panchayats are road works, street lights and maintenance, housekeeping, concrete road development, celebration of national festivals, upkeep of places of worship, construction of boundary wall for burial ground, among others.



President (Operations) Shri Sunil Sachan with Sarpanches of Villages.



MCL WELFARE CLUB

The MCL Welfare Club organizes several sporting activities with enthusiastic participation from staff and workers alike.

AUTO DESK INVENTOR TRAINING

A training program was organized for the Drawings department staff undertaken by an external trainer, for their skills upgradation that was much appreciated.



Report of the Directors for the year ended 31st March, 2020

Dear Members,

The Directors have pleasure in presenting the 44th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2020. The summarized Financial Results are given below :

1. FINANCIAL RESULTS

(₹ in Lacs)

	Current Year ended 31st March, 2020	Previous Year ended 31st March, 2019
Net Sales/ Income from operations	122825.10	119959.65
Operating Profit / (Loss) before interest, Depreciation and Tax and other amortisations ("EBIDTA")	22909.04	8098.28
Less:		
Depreciation and Amortisation Expenses	4867.50	4612.47
Finance Costs	6327.50	5078.24
Tax Expenses (net)	4123.83	(618.71)
	15318.83	9072.00
Net Profit / (Loss) for the year	7590.21	(973.72)
Other Comprehensive Income (net of tax)	(185.88)	(14.98)
Total Comprehensive Income (after tax)	7404.33	(988.70)

2. IMPACT OF COVID-19

The world as we have known it has drastically changed over the last few months due to the outbreak of the novel coronavirus pandemic. There was no production during the lockdown period (25th March 2020 to 31st May 2020). Our kiln operations and clinker production could only resume from 1st June 2020 and although the production volume of cement has been adversely impacted, we expect it to gradually increase over the coming quarters.

In these trying times, your Company took all steps to ensure a safe environment for its personnel as well as to ensure that they do not face any financial distress, has paid full wages and salaries to all its staff and workers.

All interest and financial charges continue to be serviced in full to the lenders and repayments shall continue as per schedule.

The overall impact due to the closure of the plant, delays in capital projects, and the additional expenses of maintaining social distancing, safe working environment and changes to usual working is estimated to be around 35 to 40 crores for the financial year 2020-2021.

3. DIVIDEND

We recommend a dividend of Rs. 1.00/- (Rupees One Only) per equity share of ₹ 10/- each for the year ended 31st March, 2020.

4. OVERALL PERFORMANCE

The Performance of the Company has been comprehensively covered in the Management Discussion and Analysis, which forms a part Directors' Report.

5. MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the Regulation 34 (2) (e) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, Management Discussion and Analysis Report forms part of this Report.

6. RENEWABLE ENERGY

The Company owns 13 Wind Turbines with a total capacity of 13.65 MW. Total generation from all the turbines together during the year was 164.83 lacs Kwh.

7. CAPTIVE THERMAL POWER PLANT

Your Company has a 35MW (17.5x2) of captive Thermal Power Capacity and the total generation during the year was 1470.63 lacs Kwh from the Captive Power Plant (CPP). It has also secured sufficient long-term sourcing for its requirement of Thermal Coal for the CPP. Together with other Power assets your company is self sufficient for its Power requirements.

8. WASTE HEAT RECOVERY PLANT

During the year under review, the Company has commissioned 5.15 MW of the 11 MW, Waste Heat Recovery (WHR) Power Plant on 15th January, 2020, with the balance capacity to be commissioned by July'2020. This will lower power costs for the Company as well as to help to mitigate the impact of any fuel and power cost increases in future.

9. UPGRADATION OF KILN-1

The Board of Directors have approved a proposal for the increase in clinker capacity by 3.00 lacs MTPA in their Board Meeting held 14th February 2020 by modifications and upgradations with a capital outlay not exceeding Rs.125 crores in the existing KILN -I at Morak plant, Rajasthan.

10. AMALGAMTION OF MANGALAM TIMBER PRODUCTS LIMITED WITH COMPANY

During the year under review, Board of Directors at their meeting held on 21st June, 2019, on the recommendation of the Audit Committee, has approved the Scheme of Amalgamation of Mangalam Timber Products Limited with Mangalam Cement Limited, subject to necessary approvals.

Further on the receiving of observation letter from Bombay Stock Exchange and National Stock Exchange, Company has filed application along with draft scheme of Amalgamation to Hon'ble NCLT Jaipur bench and Hon'ble bench of NCLT in its order dated 12th March, 2020 has fixed the 18th April, 2020 as the meeting date for Equity Shareholders, Secured Creditors and Unsecured Creditors.

However due to pandemic of COVID-19 and on the direction of Hon'ble NCLT appointed Chairperson for above said meetings, the said meetings were postponed and Company shall take necessary directions from appropriate authority(ies) in this regards.

11. FINANCE

During the period under review, the Company has made repayment/prepayment of term loan of ₹ 152.59 Crores to the various banks.

During the period under review, the Company has availed various long term and short terms credit facilities from various banker from time to time as required.

12. RISK MANAGEMENT

In terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company has developed a risk management policy and identified risks and taken appropriate steps for their mitigation for more details, please refer to the Management Discussion and Analysis set out in this Annual Report.

13. CREDIT RATINGS

During the year under review CARE Ratings Limited ("CARE") has reaffirmed the existing rating for long term facilities/instruments of the Company as CARE A+ (Single A plus), which shows the stable outlook.

CARE has also reaffirmed its rating for Company's short term facilities to CARE A1 (A One), which shows the stable outlook.

Further CARE has reaffirmed its rating for Company's Commercial paper issuance to CARE A1 (A One), which also shows the stable outlook.

14. INSURANCE

Adequate insurance cover has been taken for the properties of the Company including buildings, plant and machinery and inventories.

15. EXTRACT OF THE ANNUAL RETURN

The Extract of Annual Return in Form MGT-9 as required under Section 134(3)(a) of the Companies Act, 2013 is set out at Annexure-1 which forms part of this report.

16. DETAILS OF BOARD MEETINGS

The Board of Directors met 5 times in the year 2019-20. The details of the Board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

17. DIRECTORS

In accordance with the provision of Section 152 (6) and pursuant to the Articles of Association of the Company, Shri Anshuman Vikram Jalan, Co-Chairperson of the Company, (DIN: 01455782) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment. Details of the proposal for his appointment are given in the Notice of the Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR), 2015.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates and other related matters are put on the website of the Company at the link:

http://www.mangalamcement.com/pdf/familiarisation_programme.pdf.

18. APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS :

During the year under review, Smt. Aruna Makhani, Shri N. G. Khaitan and Shri Gaurav Goel were re-appointed as Independent Directors of the Company for further five years in their second term.

Further Shri K. C. Jain was appointed as an Independent Director of the Company for five years in his first term.

Further during the year Smt. Vidula Jalan and Shri Anshuman Vikram Jalan were appointed as Co-Chairperson of the Company w.e.f. 05th August, 2019.

Further the Board of Directors in its meeting held on 14th February 2020 has given its approval for re-appointment of Smt. Vidula Jalan and Shri Anshuman Vikram Jalan, Co-Chairpersons of the Company, as Whole Time Directors of the Company for further period of three years w.e.f. 01st April 2020, subject to approval of shareholders.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended on 31st March, 2020 and state that :

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. KEY MANAGERIAL PERSONNEL

The following employees were the Key Managerial Personnel of the Company during the year under review :

- (i) Smt. Vidula Jalan, Co-Chairperson
- (ii) Shri Anshuman Vikram Jalan, Co-Chairperson
- (iii) Shri Yaswant Mishra, President (Corporate) & CFO
- (iv) Shri Manoj Kumar, GM (Legal) & Company Secretary

21. REMUNERATION TO DIRECTORS & KEY MANAGERIAL PERSONNEL

- (i) The Ratio of the remuneration of each Director to the median remuneration of employees of the Company for the year ended 31st March, 2020 are :-

Sr No.	Name of Director/CEO/CFO/ Company Secretary	Designation	Ratio of remuneration to median remuneration of the Employee of the Company	Percentage increase in the remuneration for the Financial Year 2019-20
1	Smt. Aruna Makhan	Independent and Non-Executive Director	3.08	146%
2	Shri N. G. Khaitan	Independent and Non-Executive Director	2.85	215%
3	Shri Gaurav Goel	Independent and Non-Executive Director	2.58	253%
4	Shri K. C. Jain	Independent and Non-Executive Director	2.68	248%
5	Smt. Vidula Jalan	Co-Chairperson, Executive Director	71.05	195%
6	Shri Anshuman Vikram Jalan	Co-Chairperson, Executive Director	71.27	126%
7	Shri Yaswant Mishra	President (Corporate) & CFO	NA	9%
8	Shri Manoj Kumar	GM (Legal) & Company Secretary	NA	36%

Median remuneration of the Employees of the Company during the financial year : ₹ 5.19 lacs.

- (ii) Percentage increase in the median remuneration of employees in the financial year 2019- 20 is 6.24% was ₹ 40040.67 lacs. (₹ 71539.33 lacs as on 31st March, 2019).
- (iii) There are 1057 Permanent Employees on the rolls as on 31st March, 2020 of the Company. b. Price Earnings ratio of the Company as at 31st March, 2020: 5.28 (as at 31st March, 2019: -73.42)
- (iv) Explanation w.r.t average increase in remuneration and Company's performance: c. Percent increase over / decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year: The company has not made any public issue or rights issue of securities in the recent past, so comparison have not been made of current share price with public offer price. The Company's shares are listed on BSE Ltd. and National Stock Exchanges of India Ltd.
- Net Profit/ (Loss) for the financial year ended March 31, 2020 was ₹ 7590.21 lacs as compared to ₹ (973.72) lacs in the previous year. The increase in median remuneration was 6.24%
- (v) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: The total remuneration of Key Managerial Personnel (KMP) increased by 100.50%. Net Profit/(Loss) was ₹ 7590.21 lacs as compared to ₹ (973.72) lacs in the previous year. (vii) Average Percentile increase in the Salaries of the Employees other than Managerial Personnel in financial year 2019-20 is 10% as compared to 156% increase in the Managerial Remuneration for the same period due to increment to the employees and commission to Managerial Personnels.
- (vi) Variations in the market Capitalization of the Company and PE Ratio
- a. The market capitalization as on 31st March, 2020

- (viii) Key Parameters for any variable component of remuneration availed by the Directors are considered by the Board of Directors based on the performance of the Company, recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- (ix) The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is Not Applicable
- (x) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has formulated a CSR Policy pursuant to the Section 135 of the Companies Act, 2013 and rules framed thereunder. The policy is framed for undertaking activities as may be found beneficial for upliftment of social, environment and economic development for the weaker section preferring local, near to the factory site.

Pursuant to Section 135 (4) and Rule 8 of the Companies (Corporate Social Responsibility Policy), Rules, 2014, a report on CSR containing particulars in the specified format is attached at **Annexure-2**.

The Composition of the Corporate Social Responsibility Committee (CSR) is as under:

Name of the Member	Category
Smt. Vidula Jalan, Chairperson	Executive Director
Shri A. V. Jalan	Executive Director
Shri Gaurav Goel	Independent & Non Executive Director

The Corporate Social Responsibility (CSR) Policy as approved by the Board is uploaded on the Company's website at the web link:http://www.mangalamcement.com/pdf/policy/corporate_social_responsibility_policy.pdf

23. AUDITORS' REPORT

The Auditors' Report to the shareholders does not contain any qualification, reservation or adverse remark.

24. STATUTORY AUDITORS

M/s. Singhi & Co., Chartered Accountant, (Firm Registration Number: 302049E), who are Statutory Auditors of the Company were appointed as the Statutory Auditors for a term of 5 years at the 41st Annual General Meeting of the Company and their term shall expire at the 46th Annual General Meeting of the Company.

25. COST AUDITOR AND COST AUDIT REPORT

In terms of the provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s. J. K. Kabra & Co., Cost Accountants, New Delhi as the Cost Auditors, to conduct the cost audit of your Company for the Financial Year 2020-21. The Company has recommended their remuneration to shareholders for their ratification at the ensuing Annual General Meeting.

Your Company has maintained cost audit records pursuant to section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, in respect of the manufacturing activities are required. The cost audit report for the financial year 2018-19 was filed with the Ministry of Corporate Affairs on 03rd September, 2019. The Report does not contain any qualification, reservation or adverse remark.

26. SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Company had appointed M/s. P. Pincha & Associates, Company Secretaries, Jaipur as Secretarial Auditor of the Company for the Year 2019-20.

The Secretarial Audit Report for the financial year 2019-20 forms part of this report as **Annexure - 3**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has re-appointed Mr. Pradeep Pincha of M/s P Pincha & Associates, Practicing Company Secretary as Secretarial Auditor of the Company for the financial year 2020-21.

27. LOANS, GUARANTEES OR INVESTMENT

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes forming part of the financial statements.

28. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES

All the related party transactions are entered into at arm's length in the ordinary course of business and are in compliance with the applicable provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no material significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have a potential conflict with the interests of the Company.

The Related Party Transaction Policy as approved by the Board is uploaded on the Company's website at the web link:http://www.mangalamcement.com/pdf/policy/related_party_transaction_policy.pdf

29. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the name and other particulars of employees are to be set out in the Directors' Report as an addendum or annexure thereto.

However, in line with the provisions of Section 136(1) of the Companies Act, 2013 the Report and Accounts as set out therein, are being sent to all Members of your Company and others entitled thereto, excluding the aforesaid information about the employees. Any Member who is interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the 44th Annual General Meeting and up to the date of the said Annual General Meeting during the business hours on working days.

30. ANNUAL RETURN

The Annual Return of the Company has been placed on the website of the Company and can be accessed at <http://www.mangalamcement.com/other.php>

31. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board and its Committees and General Meeting which have mandatory application.

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A Statement containing the information required by Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, is set out in the statement at **Annexure-4** hereto and forms part of this Report.

33. CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good Corporate Governance practices. During the year under review, your Company was in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to Corporate Governance.

A report on Corporate Governance is enclosed at **Annexure-5** hereto and forms part of this Annual Report. The Auditors certificate on compliance with the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance is annexed to the Report on Corporate Governance.

34. COMPOSITION OF AUDIT COMMITTEE

In line with the provisions of Section 177 (8) of the Companies Act, 2013, the composition of the Committee is as below:

Name of Member	Category
Shri N. G. Khaitan – Chairman	Independent & Non-Executive Director
Smt. Aruna Makhan	Independent & Non-Executive Director
Shri Gaurav Goel	Independent & Non-Executive Director
Shri K. C. Jain	Independent & Non-Executive Director

The recommendation of Audit Committee as and when made to Board, have been approved by it.

35. VIGIL MECHANISM

The Company has formulated a Whistle Blower Policy to establish a vigil mechanism for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism under the policy has been appropriately communicated within the organization. The Whistle Blower Policy is available on the website of the Company.

36. PERFORMANCE EVALUATION

The Board has carried out an evaluation of its own performance and that of the individual Directors as well as of its Committees. The evaluation criteria, inter-alia, covered various aspects of the Board's functioning including its composition, execution and performance of specific duties, obligations and governance. A structured questionnaire, each in line with the circular issued by SEBI, for evaluation of the Board, its various Committees and individual Directors, was prepared and recommended to the Board by the Nomination & Remuneration Committee, for doing the required evaluation, after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations and governance, etc.

The performance of individual directors was evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders, time devoted, etc. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. Independent Directors fulfil the criteria of independence and they are independent of management. The Directors expressed their satisfaction with the evaluation process.

The Independent Directors met on 14th February, 2020 to review the performance evaluation of the Non - Independent Directors and the entire Board of Directors. The Independent Directors are well satisfied with the functioning of the Board, its various committees and of the performance of the Executive Directors.

37. KEY PARAMETERS FOR APPOINTMENT OF DIRECTORS & KEY MANAGERIAL PERSONNEL

The Nomination and Remuneration Committee has formulated a detailed policy for appointment of directors, key managerial personnel and senior management personnel, which is designed to attract, motivate and retain best talent.

This policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company. The compensation strategy revolves around getting the "best talent in the market". The remuneration of the Executive Directors and KMPs including the senior management personnel of the Company is recommended by the Nomination and Remuneration Committee based on the Company's remuneration structure taking into account factors such as level of experience, qualification and suitability. The Company generally pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/or commission (variable components).

Remuneration by way of commission to the Non-Executive Directors is decided by the Board as permitted by the Companies Act, 2013 in line with the approval granted by shareholders.

38. NOMINATION AND REMUNERATION POLICY

The Company has in place a formal Nomination and Remuneration Policy formulated as per the provisions of Section 178(3) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The extract of the policy is attached at **Annexure-6** to this Report. Further the above said policy is available at website of the Company at http://www.mangalamcement.com/pdf/policy/nomination_remuneration_policy.pdf

39. INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial control systems, commensurate with the size and complexity of its operations, to ensure proper recording of financial and monitoring of operational effectiveness and compliance of various regulatory and statutory requirements.

40. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORK PLACE

During the year under review, the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company under the said Act has constituted Internal

Complaint Committee for complaints.

41. BUSINESS RESPONSIBILITY REPORTING

A separate section of Business Responsibility forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

42. ENVIRONMENT, HEALTH AND SAFETY

Environment, Health and Safety (EHS) is one of the primary focus areas for your Company. Your Company's EHS policy is to consider compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate.

Your Company have planted over 9,737 saplings to ensure a dense green belt around the plant and mine areas. Company encourage its employees and their families to actively participate in our plantation drives. In addition to these, 212 numbers of saplings have been planted during 2019-2020 in surrounding areas (outside of plant).

Your Company also provided financial assistance to several hospitals and also adopted CHC Morak under a scheme of the Government of Rajasthan and assisted its maintenance and refurbishment.

Activities	No. of Patient(s)
OPD	13723
Periodic Health Check Up	1090
Pulse Polio Drive	577
Audiometry	114

In your Company safety is of utmost importance and a culture of safety is brought in, not just for the Company's staff but also for contract workers, raw material suppliers and transporters etc. through training programs /communications.

43. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of Rs. 13,35,018/- during the financial year 2019-20 to the Investor Education and Protection Fund established by the Central Government in compliance with section 125 of the Companies Act, 2013. The said amount represents unclaimed dividends which were lying with the Company for a period of 7 years from their respective due dates of payment.

Further, in terms of Section 125(6) of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, the Company has transferred 7,727 equity shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government.

44. PUBLIC DEPOSITS

Your Company has neither invited nor accepted any deposits from the public within the meaning of section 2(31) and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year and as such, no amount of principal or interest on deposit was outstanding as of the balance sheet date.

45. CASH FLOW ANALYSIS

In conformity with the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a cash flow statement for the financial year ended 31st March 2020 forms part of the audited accounts.

46. AWARDS

Your Directors are pleased to inform that the Company has received the following awards during the year 2019-20;

- During the year under review, your Company had been selected for the prestigious NSC Safety Awards Sarvashreshtha Suraksha Puraskar (Golden trophy and certificate). This Award is conferred for commendable work done in implementing effective OSH Management Systems & procedures and Demonstrating outstanding performance, during the Assessment period of three

calendar years i.e. 2016, 2017 & 2018. However, the Award function ceremony was scheduled on 20th march 2020 and it was postponed due to COVID-19 pandemic.

- First prize in field of Reclamation and Rehabilitation under fully Mechanized Group A-1 Mines for participating in 30th Mines Environment and Mineral Conservation Week 2019-20 celebrated under the aegis of Indian Bureau of Mines, Govt. of India, Ajmer.
- Third prize in field of Publicity Propaganda under fully Mechanized Group A-1 Mines for participating in 30th Mines Environment and Mineral Conservation Week 2019-20 celebrated under the aegis of Indian Bureau of Mines, Govt. of India, Ajmer

47. ACKNOWLEDGEMENTS

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

Aruna Makhan, Director, (DIN: 00025727), Place: New Delhi
N G Khaitan, Director, (DIN: 00020588), Place: Kolkata
Gaurav Goel, Director, (DIN: 00076111), Place: New Delhi
K C Jain, Director, (DIN: 00029985), Place: Hyderabad
Vidula Jalan, Co-Chairperson, (DIN: 01474162), Place: Kolkata
A V Jalan, Co-Chairperson, (DIN: 01455782), Place: Kolkata

Date : 17th June, 2020

