

ZUARI CEMENT LIMITED

Registered Office: Kirshna Nagar, Yerraguntla 516 311, Kadapa District
Andhra Pradesh

BOARD'S REPORT

To the Members,

1. Your Directors place before you the Twentieth Annual Report of the Company together with Audited Financial Statements for the year ended 31 December 2019.

2. **FINANCIAL RESULTS AND APPROPRIATION:**

Particulars	Rs. in million	
	Financial year ended 31 st December 2019	Financial year ended 31 st December 2018
Revenue from Operations (Gross)	19192	20976
Other Income	272	494
Total Revenue	19464	21470
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	2837	2472
Depreciation and Amortization	1173	1216
Finance Costs	606	624
Profit before Tax	1058	632
Tax expense	330	126
Profit after Tax	728	506
Balance brought forward from previous year	7353	7510
Profit available for appropriation	8081	8016
Appropriations:		
Proposed Dividend	687	550
Tax on Dividend	-	113
Net balance for the year	7394	7353

3. **DIVIDEND:**

Your Directors in their meeting held on 28.05.2020 declared an interim dividend of Rs. 2.50 per Equity Share of Rs. 10/- each for the year ended 31 December 2019. The interim dividend distribution resulted in a cash outflow of Rs. 687 Million. Your Directors do not recommend further dividend for the year 2019 considering the present difficult situation arising out of Covid -19 pandemic.

4. **DEBT SERVICING:**

Your Company has met all obligations towards repayment of principal and interest on all loans availed from time to time.

5. **PUBLIC DEPOSITS:**

Your Company has not invited any Fixed Deposits from the shareholders / public during the period under review.

6. **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Details of investments and loans covered under section 186 of the Companies Act, 2013 are given in the notes to the financial statements under item No. 5 and 6 respectively. No guarantee or security in connection with a loan to any other body corporate or person is given by the company.

7. **DIRECTORS:**

Directors retiring by rotation

- ◆ Mr. Kevin Gluskie (DIN: 07413549) retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment. His brief profile is given in the Notice of AGM. The Board recommends his re-appointment by the members at the ensuing AGM.
- ◆ Mr. Sushil Kumar Tiwari (DIN: 03265246) retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment. His brief profile is given in the Notice of AGM. The Board recommends his re-appointment by the members at the ensuing AGM.

8. **MEETINGS:**

The Board met 4 times during the financial year 2019 on the following dates: 12 February 2019, 24 May 2019, 30 July 2019 and 25 October 2019. The maximum time gap between two sequential meetings was less than 120 days.

9. **PERFORMANCE EVALUATION OF BOARD:**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 the Board has carried out an annual evaluation of its own as well as performance of its individual directors. Its own performance was carried out on the basis of Board composition and quality, Board meeting and procedure and on Board strategy and risk management. For the evaluation of the performance of individual directors criteria for evaluation included attendance, contribution at the meetings, decision making ability and their preparedness for the meetings.

10. **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Corporate Social Responsibility Committee consists of Mr. Jamshed Naval Cooper as Chairman Ms. Soek Peng Sim and Mr. Sushil Kumar Tiwari as members.

The Committee met 2 times during the financial year 2019 on 12 February 2019 and 30 July 2019.

The scope and functions of the Corporate Social Responsibility Committee are in conformity with the requirements of the Companies Act, 2013.

11. **AUDIT COMMITTEE AND NOMINATION AND REMUNERATION COMMITTEE:**

Amended Sub-rule (2) of Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, exempts unlisted public companies which are joint ventures, wholly owned subsidiaries and dormant companies from the requirement of appointment of Independent Directors. Similarly, amended rule 6 of the Companies (meeting of the Board and its Powers) Rules, exempts unlisted Public Companies from the constitution of Audit Committee and Nomination and Remuneration Committee.

Your Company is an unlisted public company and is a wholly-owned subsidiary of M/s. Ciments Francais S.A, France. The Company is exempted from the requirement of appointing Independent Directors and constitution of Audit Committee and Nomination and Remuneration Committee. In pursuance of the same the Audit Committee and the Nomination and Remuneration Committee constituted under section 177 and section 178 of the Companies Act, 2013 respectively were dissolved w.e.f. 25.10.2018.

12. **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

13. **AUDITORS & AUDITORS REPORT:**

M/s. S.R Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W) were appointed by the shareholders in their 17th Annual General Meeting (AGM) held on 15 May 2017 to hold the office of the Auditor for a period of five years until the conclusion of 22nd Annual General Meeting of the Company.

Auditors' comments / observations referred to in their report are self-explanatory and do not call for any further explanation from the Board.

The Auditors' reported no fraud by the Company or no fraud on the Company by the Officers and Employees of the Company has been noticed or reported during the year.

Cost Audit:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost accounts records maintained by the Company is required to be audited.

The Company has appointed M/s. R.J. Goel & Co., Cost Accountants, Delhi (Registration No. 000026), to audit the cost accounting records of the Company for the financial year 2019.

M/s. R.J. Goel & Co., Cost Accountants, Delhi (Registration No. 000026), have confirmed their eligibility to be appointed as Cost Accountants under Section 141 and other relevant provisions of the Companies Act, 2013 and Rules framed thereunder.

The Company has received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company in accordance with the Cost Audit (Report) Rules 2011 (as amended).

The due date for filing the Cost Audit Report in XBRL for the financial year ended 31.12.2018 was 30 June 2019 and the Company filed the same on 17.06.2019 vide SRN H66584756 with the Ministry of Corporate Affairs website.

Secretarial Audit:

In accordance with the provisions of Section 204 of the Companies Act, 2013 the Board has appointed M/s. K. Narayana Swamy & Co., Company Secretaries, Bangalore having Registration No. 9878 to conduct the secretarial audit of the Company for the financial year ended 31 December 2019. Secretarial Audit Report is annexed herewith as '**Annexure B**'. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Extract of Annual Return:

The details forming part of the extract of the annual return in Form No. MGT-9 is annexed herewith as '**Annexure C**'. The Annual Returns of the Company is posted on the Company's website. The web-link to access the Annual Return is as follows:

<http://www.zuaricements.com/Our Company/Financial Results/Annual Returns>

14. **LISTING OF SHARES:**

Your Company is not a listed Company.

15. **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange inflows and outgo during the year are at MINR 61.36 and MINR 3494.48 respectively.

16. **SECRETARIAL STANDARDS:**

The Secretarial Standards issued by the Institute of Company Secretaries of India have been complied with" in terms of Sec.118 (10) of the Companies Act, 2013.

17. **OPERATIONS:**

Production and Sales during the year are as under:

	<u>2019</u>	<u>2018</u>
Clinker Production (KMTs)	3,360	4,141
Cement Production (KMTs)	4,239	4,766
Cement Sales (KMTs)	4,286	4,795
Clinker Sales (KMTs)	361	521

During the year, the Indian economy witnessed a phase of demand slow down and reduced economic activities. As a result of this and coupled with worldwide slowdown and trade barriers GDP growth slipped down to less than 5%, the rate not witnessed over past several years despite Government's continued resolve for revival of economy with number of policy initiatives and focus on spending on infrastructure and development projects which were expected to support the consumption and investments growth.

During the year 2019, cement industry witnessed almost a flat demand growth. The general election in Q2 and subsequently, heavy rains in most of the part of the country has taken a toll on cement consumption. Southern market was seriously affected particularly due to slowdown in construction sector. In line with the market situation, your Company's production and sales also come down approximately 11% when compared to that of the previous year. On the other hand, petcoke prices and imported coal prices remained soft for most part of the year helping the industry to keep the variable cost under control.

Improvement in realisation during the first of the year, decrease in fuel cost and management focus on direct despatch and freight optimisation resulted in improving the operating margin of the Company. Despite lower volumes of production and sales net profit of the Company raised to 728 MINR (506 MINR in previous year).

In 2020, with the outbreak of Covid-19 and the consequent lockdown nationwide the economy is likely to witness a steep contraction in the first half before staging a fragile recovery in the second half. Industry is expected to face many challenges like huge drop in production and sales, supply chain disruption, lack of demand, muted cash flow and many other issues which may disturb the business cycle and lead to unprecedented losses. However, the timely measures from the government including announcement of INR 2000 billion stimulus package and the initiatives taken by the RBI should go a long way in instilling confidence in the economy and help to ease the severe constraints on the credit and liquidity front. Similarly, government has taken a step forward in aiding the vulnerable sections of the society by supporting their livelihood and medical needs. The measures taken by the government, civil society and other organisations for effectively addressing the human sufferings and to contain the covid-19 pandemic is largely appreciated.

18. **CONSERVATION OF ENERGY:**

The particulars relating to Conservation of Energy, Technology Absorption and Research & Development as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014 forming part of this report are annexed as '**Annexure D**'.

19. **ENVIRONMENT & SAFETY:**

ENVIRONMENT

Your Company aims to achieve progress in harmony with the environment. We continuously seek environment friendly approaches in our operations viz. conserving energy, exploring alternative source of energy, reducing air pollution, conserving water, enhancing the carbon sink by increasing green cover etc.

The plants have also contributed to the SWACCH BHARAT MISSION by launching cleanliness drives and campaigns in the areas surrounding the plant.

The following measures were implemented towards protection of environment, controlling and reduction of pollution levels.

Yerraguntla

- Use of Selective Non-Catalytic Reduction (SNCR) system for abatement of Nitrogen Oxide (NOx) in Kiln system.
- Enhanced measures were undertaken for ground water recharge and roof top rainwater harvesting in the catchment area in quarry pit which resulted in Yerraguntla plant to become water positive by 8.85 times in 2019.
- Green belt initiative - 9000 saplings were planted at mines and plant area.
- Rain guns were installed at strategic locations for fugitive dust emission control.

Sitapuram

- Installation of the belt curtains at various locations for mitigation of the fugitive dust emissions.
- Plantation of 2000 saplings inside plant and colony premises.

Chennai Grinding Unit

- Green belt initiative - 5000 saplings were planted inside the plant premises.

Sholapur Grinding Unit

- Planted 6700 saplings inside the plant premises.
- Concreting of 1000 meters of road inside the plant premises thus mitigating fugitive dust emission due to vehicle movements.

Cochin Cement Terminal

- Initiatives were undertaken for the development of the Green belt inside plant premises.

SAFETY

Your Company follows a comprehensive Health and safety policy with a final goal to achieve 'Safe Work, Healthy Life' & "Zero Harm" in work place and believes that all accidents can be prevented and undertakes to apply the best safety standards at the workplaces.

Following safety measures were implemented in all the plants (Yerraguntla, Sitapuram, Chennai Grinding Unit, Sholapur Grinding Unit and Cochin Cement Terminal):

- All the plants ensured Highest Safety standards by implementing the following Health and Safety Action Plans during 2019.
 - Implemented Group safety standards in all the Plant Locations: Lock-out Tag-out Try-out standard, Machine safeguarding standard, Contractor Safety standard & driving safety standards.
 - Implemented the measures of the Group "Clean Site, Safe Site" action plan.
 - Implemented the Monthly Safety Theme Communication (Risk and Control Measures).
 - Regular driving safety training were conducted for all the Truck drivers.

- Use of Personal Protective Equipment (PPE) for all the employees were mandatory.
- Monthly Gate meetings were conducted regularly by the Plant Heads for Launching the Monthly Safety Theme, sharing Group Safety Alerts, site critical issues and near hit incidents.
- Safety talks for all the work activities carried out at plant along with suitable work permit (Safe Work Permit, Work at Height, Confined space Entry, Lock-out Tag-out Try-out (LOTOTO) and etc.
- Regular Field Visits / inspection by Plant Heads, H.O.D's & H&S advisors were carried out for identifying unsafe acts / conditions and took corrective measures immediately.
- Truck Tarpaulin covering facility & Tarpaulin Removing facility for inbound Trucks (Structure with access platform and lifeline) were provided in all the plants to eliminate the risk of person falling from the truck.
- Tyre inflation safety cage provided in Mines auto garage to eliminate the risk due to bursting of tyre and hit by the flying rim.
- "Safety Zone System" implemented at all the Plants to improve the safety awareness level of each workman at plant by one to one communication i.e. employee-workmen which resulted in good housekeeping and prompt compliance of unsafe situations at zones. This best safety practice is implemented across all the plants.
- Vehicle pre-entry checks including legal documents, Mandatory Safety devices and alcoholic breath analyzing check for drivers for all inbound and outbound trucks were monitored at main gates by Security department.
- Driver "Safety Induction Training" imparted to all the truck drivers regularly by using Animation driving safety training module.
- National Safety week were celebrated from 4th-11th March 2019 in a grand manner across all plants to improve the safety awareness.
- "Plant Safety Star" award Programme conducted in all the plants (3 Awards/Year).

20. **CORPORATE SOCIAL RESPONSIBILITY:**

The Company has undertaken projects in the areas of promotion of education, health, skill development and rural development as part of its commitment to Corporate Social Responsibility (CSR). These projects are in accordance with the scope outlined under schedule VII of the Companies Act, 2013. The Company earmarked a sum of 25.58 MINR towards its commitment on CSR expenditure, as mandatory spending for the year 2019. The Company has spent 27.46 MINR during the financial year to achieve the objectives of CSR. The CSR policy of the Company is posted on the Company's website. The web-link to access the said policy is as follows:

<http://www.zuaricements.com/Our Company/Policies Under Companies Act/Procedures>

Health

Several medical camps were organized, offering consultations and medications to people from the villages. The camps provided free treatments in the areas of

gastroenterology, cardiology, orthopaedics, arthritis, ophthalmology, dentistry, gynaecology, paediatrician, diabetes and general medicine. At our plant's health centres patients from nearby villages are eligible for free consultation, medicine, treatments and ambulance service.

In Yerraguntla, Solapur and Cochin, general health check-up, blood donation and super-speciality medical camps were conducted for the wellbeing of the nearby villagers and for the school children.

In Yerraguntla and Sitapuram free Medicines were distributed through Health Centres.

In Chennai, a dedicated ambulance with a driver is made available to meet emergencies.

Education

In Yerraguntla, the Company provided financial and other support to the school managed by DAV.

In Sitapuram, Solapur and Cochin, notebooks, uniforms and school kits were distributed to the school children. Rewards were awarded to the meritorious students in the nearby village schools in Cochin.

In Chennai, the Government school was renovated and school children in the village were supported by providing computer education and soft skill development programs.

Rural Development

Constructed approach roads and drainage blocks in the nearby villages of our plants in Yerraguntla, Sitapuram, Chennai and Solapur. In Yerraguntla contribution was made to the District Administration for Legal Awareness campaign.

In Sitapuram, cloths were distributed to orphans and old aged people and the villagers were served mid-day meals on special occasions.

In Chennai, the Company extended financial support to the Armed Forces Fund.

In Solapur, high mast tower and solar street lights were installed in nearby Village for the villagers' safety and security. Support was extended to the District Administration to conduct the Education Awareness program.

In Cochin, relief kits were distributed to the flood affected people and rain coats given to the personnel of local administration.

Skill Development

In Yerraguntla and Sitapuram, tailoring skills were imparted and distributed the sewing machines to the rural women to improve their wellbeing.

21. VIGIL MECHANISM/WHISTLE BLOWING POLICY

Company has a Vigil Mechanism/Whistle Blowing Policy to deal with instances of fraud, non-ethical behaviour, irregularities and mismanagement, if any, and to ensure effective, timely and transparent process of such violations.

All concerns and complaints received, if any, under the policy are being dealt with as per the procedure laid down under the policy.

The Vigil Mechanism/Whistle Blowing Policy is posted on the Company's website. The web-link to access the said policy is as follows:

<http://www.zuaricements.com/Our Company/Policies Under Companies Act/Procedures>

22. **RISK MANAGEMENT SYSTEM**

The Company has a sound Risk Management System and a structured Risk Management Policy in place. The business risks have been classified under the broad heads - strategic, operational, financial and legal and compliance risks. The Company's Risk Management Policy lays down a bottom-up process comprising risk identification, analysis and evaluation, treatment and controlling. Risk owners identify and analyse all risks in their area of operations. The business risks are reviewed by the Senior Management and thereafter evaluated by the Board of Directors on a half yearly basis. The Risk Management Policy is posted on the Company's website. The web-link to access the said policy is as follows:

<http://www.zuaricements.com/Our Company/Policies Under Companies Act/Procedures>

23. **RELATED PARTY TRANSACTIONS (RPT):**

All the transactions entered into between the Company and its related parties during the financial year ended 31 December 2019 were in the ordinary course of business and on an arms' length basis. During the year under review, the Company has not entered into any related party transaction exceeding the threshold limit provided under the Companies Act, 2013 / Rules made thereunder.

Details of transactions entered into by the Company with the related parties are given in the notes to the accounts under Item No. 29 headings Related Party disclosure and Related Party Transactions.

The Company has in place a Policy on Related Party Transactions and a Framework for the purpose of assessing the basis of determining the arm's length price of relevant transactions. The said policy and the framework are subject to the review by the Audit Committee if any and the Board of Directors from time to time. The Related Party Transactions Policy is posted on the Company's website. The web-link to access the said policy is as follows:

<http://www.zuaricements.com/Our Company/Policies Under Companies Act/Procedures>

24. **DISCLOSURE-ANTI SEXUAL HARASSMENT POLICY:**

The company has in place, an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints committee (ICC) have been set up to redress complaints received in connection with sexual harassment. All employees (Permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year 2019:

Number of complaints received - Nil

Number of complaints disposed of - NA

The Sexual Harassment Policy is posted on the Company's website. The web-link to access the said policy is as follows:

<http://www.zuaricements.com/Our Company/Policies Under Companies Act/Procedures>

25. **ANNUAL REPORT**

The annual report of the Company is posted on the Company's website. The web-link to access the said policy is as follows:

<http://www.zuaricements.com/Our Company/Financial Results/Annual Reports>

26. **INTERNAL FINANCIAL CONTROL**

The Company has in place various internal controls, policies and procedures to ensure orderly and efficient conduct of its business. During the year under review, the Internal Financial Controls were tested and no reportable material weakness in its operation were observed.

27. **MATERIAL CHANGES AND COMMITMENTS:**

There are no material changes and commitments that affect the financial position of the Company from the financial year ended 31 December 2019 to the date of signing of the Boards' Report. Further, there is no change in the nature of business of the Company.

28. **DIRECTORS RESPONSIBILITY STATEMENT:**

Your Directors confirm:

- i) that in the preparation of the accounts for the financial year ended 31 December 2019 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that such accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 December 2019 and of the profit or loss of the Company for the period ended 31 December 2019;
- iii) that proper and sufficient care has been taken 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;
- iv) that the financial statements for the financial year ended 31 December 2019 have been prepared on a 'going concern' basis;
- v) that systems to ensure compliance with the provisions of all applicable laws are in place and that such systems were adequate and operating effectively.

29. **MERGER OF SITAPURAM POWER LIMITED (SPL) WITH ZUARI CEMENT LIMITED (ZCL):**

Both Sitapuram Power Limited (amalgamating company) and Zuari Cement Limited (amalgamated company) filed the petition under Section 230-232 of the Companies Act, 2013 with the respective jurisdictional National Company Law Tribunal (NCLT) Bench seeking approval for the Scheme of Amalgamation amongst SPL, ZCL and their respective shareholders and creditors. The said

petitions were heard, and the Scheme of Amalgamation submitted by SPL was sanctioned by the Honourable NCLT, Hyderabad Bench vide its Order dated 19 March 2020 and in respect of Scheme of Amalgamation submitted by ZCL the same was approved by the Honorable NCLT, Amaravati Bench vide its Order dated 04 May 2020.

Both the Companies have filed the certified copies of the orders with the jurisdictional Registrar of Companies and the scheme has become effective from 05.06.2020 with appointed date 01.04.2019.

"Upon this scheme becoming effective and with effect from 01.04.2019, the appointed date all the assets and liabilities, whether or not recorded in the books of accounts of the Amalgamating Company and including all future assets and liabilities, and the entire business of the Amalgamating Company, got transferred to and vested in the Amalgamated Company, as a going concern, without any further act or deed, as per the provisions of the Scheme."

Effective from the appointed date, the main objects of the Amalgamated Company stood altered by addition of the following new object.

"To construct, establish, set up, operate and manage captive power plants for generating electricity primarily for use by the Company and, if deemed fit or necessary, supply power to other third parties, either directly or through the transmission lines of any licensee by entering into appropriate agreements."

Effective from the appointed date the authorised share capital of the Amalgamating Company got transferred and merged with the authorized share capital of the Amalgamated Company. As a result of this, the Clause V of the Memorandum of Association of the Amalgamated Company is modified and substituted as under:

"The Authorised Share Capital of the Company is be Rs. 488,00,00,000 (Rupees Four Hundred and Eighty Eight Crore) divided into 34,80,00,000 (Thirty Four Crore Eighty lakh) equity shares of Rs. 10 (Rupees Ten) each and 14,00,00,000 (Fourteen crore) convertible preference shares of Rs. 10 (Rupees Ten) each with such rights, privileges, and conditions respectively attached thereto as may be from time to time conferred by the regulations of the Company with power to increase and reduce the capital of the Company and to divide the shares in the capital of the Company into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modified or abrogate any such rights, privileges or conditions, in such manner, as may be for the time being provided by the regulations of the Company."

Similarly, Article 6 of the Articles of Association of the Amalgamated Company is modified and substituted as under:

"The Authorized Share Capital of the Company is Rs. 488,00,00,000 (Rupees four hundred and Eighty Eight Crore), divided into 34,80,00,000 (Thirty Four crore and Eighty Lakh) equity shares of Rs. 10 (Rupees Ten) each and 14,00,00,000 (Fourteen Crore) convertible preference shares of Rs. 10 (Rupees Ten) each with such rights, privileges, and conditions attached thereto as may be determined by the Board at the time of issue."

The amalgamated Company accounted the amalgamation in its books of accounts in accordance with the method of accounting as prescribed under pooling of interest method in Appendix 'C' of Indian Accounting Standards (IND AS) 103 on accounting of business combinations, read with Companies (Indian Accounting Standards) Rules, 2015 issued by the Ministry of Corporate Affairs and other generally accepted accounting principle.

The pooling of interest method requires that the financial information in the financial statements in respect of prior period should be restated as if the business combination had occurred from the beginning of the preceding period. Therefore, ZCL standalone financial statements are prepared (including comparative information) as if the transfer of SPL has occurred from the beginning of the comparative period i.e. 01.01.2018.

All the assets, liabilities and reserves of the Amalgamating Company, as recorded in its financial statements is recorded in the books of accounts of the Amalgamated Company at the existing carrying amounts and in the same form subject to generally accepted principles of consolidation.

In the Scheme of Amalgamation, no consideration is proposed or payable by the Amalgamated Company since the Amalgamated Company is the only the beneficial shareholder in the Amalgamating Company and accordingly, no shares is allotted by the Amalgamated Company or any consideration is paid.

Upon the Scheme becoming effective, the Amalgamating Company stand dissolved without any further action and without being wound-up. As a consequence of such dissolution, the Board of Directors and Committee of the Amalgamating Company stand dissolved without any further action.

The Amalgamation should result in further consolidation of the business and achieve greater synergies between business operations of the Companies.

30. **SUBSIDIARY COMPANIES:**

A brief review of subsidiary Company is given below:

Gulbarga Cement Limited (GCL):

The Company is in the process of setting up a Greenfield cement plant of 3 Mtpa. The KIADB has issued the allotment letter for the entire land of 1821 acres with a Possession Certificate thereto. All the permissions and approvals have been obtained including environmental clearances, consent for establishment and consent for operations for commencing the project activities. All litigations against procurement of land have been settled in favour of the company. Bids for EPC tender, engineering, construction and procurement activities will be initiated in due course.

M/s. K&R Rail Engineering India Limited (formerly known as KVR Rail Infra Projects Pvt. Ltd.) has secured 125 acres of land on behalf of the Company for the railway lead line. A parcel of 33 acres of agriculture land converted for industrial purposes has been registered in the name of the Company and further acquisition of balance land and the process of registration are in progress.

A separate statement containing the salient features of the financial statements of the Company's subsidiaries are attached under Form AOC-1 to the financial statements.

31. **PERSONNEL:**

Industrial relations remained cordial and peaceful throughout the year.

Particulars of the employees as required, to be furnished under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions of the Companies Act, 2013 are given in the '**Annexure A**' of this Report.

32. **ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the assistance and support received from the customers, dealers, suppliers, bankers, government and all other business associates. Your Directors also wish to place on record their sincere appreciation for dedicated efforts put in by the employees at all levels.

For and on behalf of the Board of Directors



Sushil Kumar Tiwari
Director



Jamshed Naval Cooper
Managing Director

Date: 25 June 2020
Place: Gurugram

ANNEXURE 'A' TO DIRECTORS' REPORT

Information pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Designation/ nature of duties	Qualification	Age/ years	Experience (No. of years)	Date of commencement of employment	Remuneration received Rs.	Name of last employer, post held and period
(A) EMPLOYED THROUGHOUT THE YEAR								
01.	S. Sundaram	President (Technical)	B.Tech. Mechanical	55	31	22/08/2002	1,09,78,204/-	Gujarat Ambuja Cement Executive Assistant to Director 14 Years
02.	V.V.L. Narasimha Rao	President (Marketing)	MBA - Marketing PGPMAX	53	32	18/03/2010	1,18,78,803/-	Andhra Cements Senior General Manager 7 Months
(B) EMPLOYED PART OF THE YEAR								
-	-	-	-	-	-	-	-	-

Notes: 1. Remuneration has been calculated in accordance with the applicable provisions of the Companies Act, 2013.

2. None of the employees is a relative of any Director of the Company.

3. None of the employees stated above, hold more than two percent of the equity shares either by himself or along with his spouse and dependent children.

CS K. Narayana Swamy
FCS, LLB, PGDPM

FORM NO. MR 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st DECEMBER, 2019

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Zuari Cement Limited.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by ZUARI CEMENT LIMITED (hereinafter called 'the Company' CIN:U26942AP2000PLC050415). The Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder *(Not Applicable)*;
- (iii) The Depositories Act, 1996 and the Rules made thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,

K. Narayana Swamy & Co.
Company Secretaries



- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 *(Not Applicable)*;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 *(Not Applicable)*;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 *(Not Applicable)*;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 *(Not Applicable)*;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 *(Not Applicable)*;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client *(Not Applicable)*;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *(Not Applicable)*;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *(Not Applicable)*.

We further report that in accordance with the guidelines issued by the Institute of Company Secretaries of India (ICSI) on the applicability of industry specific laws as applicable to the Company and based on the information received and records maintained and upon examination of the same by us, on test-check basis, the Company has, in our opinion, complied with the provisions of following laws, wherever applicable:

1. Cement Control Order, 1967.
2. Cement Cess Rules, 1993.
3. Cement Quality Control Order, 2003.
4. Legal Metrology Act, 2009.
5. Mines Act, 1952.
6. Mines and Minerals (Regulations and Development) Act, 1957.
7. The Metalliferous Mines Regulations, 1961.
8. Boilers Act, 1993.
9. Petroleum Act, 1934.
10. Explosives Act, 1884.
11. Batteries (Management and Handling) Rules, 2001.
12. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2015.
13. Bureau of Indian Standards (BIS) Act, 2016.
14. Environmental Protection Act, 1986.
15. Water (Prevention and Control of Pollution) Act, 1974.
16. Air (Prevention and Control of Pollution) Act, 1981.
17. Electricity Act, 2003.
18. Factories Act, 1948.



19. Fatal Accidents Act, 1855.
20. Workmen Compensation Act, 1923.
21. Industrial Disputes Act, 1947.
22. Payment of Wages Act, 1936.
23. Payment of Bonus Act, 1965.
24. Minimum Wages Act, 1948.
25. Equal Remuneration Act, 1976.
26. Employees State Insurance Act, 1948.
27. Employees Provident Funds and Miscellaneous Provisions Act, 1952.
28. Payment of Gratuity Act, 1972.
29. Employees Compensation Act, 1923.
30. Maternity Benefit Act, 1961.
31. Child Labour (Prohibition and Regulation) Act, 1986.
32. Contract Labour (Regulation and Abolition) Act, 1970.
33. Industrial Employment (Standing Orders) Act, 1946.
34. Apprentices Act, 1961.
35. Trade Union Act, 1926.
36. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
37. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
38. A.P. State Labour Welfare Fund Act, 1988.
39. Karnataka Shops and Establishment Act, 1961.
40. Bombay Tenancy and Agricultural Land Act, 1948.
41. Trademarks Act, 1999. &
42. Competition Act, 2002.

We have also examined the compliance of applicable Secretarial Standards with regard to meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by ICSI.

Accordingly, we state that during the period under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable laws and that the Company has complied with the provisions of the Acts, Rules, Regulations, Orders, Guidelines, Standards, etc., mentioned above.

In this connection, we would like to state that since the provisions relating to Audit of Accounts and Financial Statements of the Company including laws relating to Income Tax, GST, Customs, etc., were dealt with under separate Audits, the same are not covered under our Secretarial Audit Report.

We further report that:

The Board of the Company is duly constituted during the period under review.

Adequate notices were given to all Directors to schedule the Board Meetings and the Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the Meeting.



As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous inasmuch as minutes of the Meetings were self-explanatory.

Based on the information provided and representation made by the Company and upon review of compliance mechanism established by the Company, we are of the opinion that there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations, Orders, Guidelines and Standards.

We also report that Zuari Cement Limited (ZCL-Amalgamated Company) and Sitapuram Power Limited (SPL-Amalgamating Company) filed the Petitions under Section 230-232 of the Companies Act, 2013 with the respective jurisdictional National Company Law Tribunal (NCLT) Benches seeking approval for the Scheme of Amalgamation amongst, ZCL, SPL and their respective shareholders and creditors. The said Petitions were heard and the Scheme of Amalgamation was sanctioned by the Hon'ble NCLT, Hyderabad Bench and NCLT, Amaravathi Bench vide its Orders dated 19.3.2020 & 4.5.2020, respectively, with "1.4.2019 as the Appointed Date". Upon the Scheme becoming effective, all the assets and liabilities including all future assets and liabilities and the entire business of the Amalgamating Company, got transferred to and vested in the Amalgamated Company, as a going concern, as per the provisions of the Scheme.



For **K. Narayana Swamy & Co.,**
Company Secretaries

(K. Narayana Swamy)
FCS 1838 / CP 9878
UDIN NO F001838E000241451

Place : Bengaluru
Date : 14th May, 2020

Note: This Report is to be read with our letter of even date which is annexed as '**Annexure - A**' and forms an integral part of this Report.

To,

**The Members,
Zuari Cement Limited.**

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, GST, Customs, etc., as the same were dealt with under separate Audits.
4. Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013.. Our examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.



**For K. Narayana Swamy & Co.,
Company Secretaries**

(K. Narayana Swamy)
FCS 1838 / CP 9878

UDIN NO F001838B000241451

*Place : Bengaluru
Date : 14th May, 2020*

Annexure – C to the Board's Report

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31.12.2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U26942AP2000PLC050415
2.	Registration Date	16.02.2000
3.	Name of the Company	ZUARI CEMENT LIMITED
4.	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES
5.	Address of the Registered office & contact details	KRISHNA NAGAR YERRAGUTLA 516 311 KADAPA ANDHRA PRADESH
6.	Whether listed Company	NO
7.	Name, Address & contact details of Registrar & Transfer Agent, if any.	INTEGRATED REGISTRY MANAGEMENT SERVICES PVT. LTD. NO. 30, RAMANA RESIDENCY 4 TH CROSS SAMPIGE ROAD MALLESWARAM BANGALORE - 560 003

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the product	% to total turnover of the company
1	Portland Cement	3242	57%
2	Pozzolona Cement / Blended Cement		43%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Ciments Francais SA Tour Ariane 5 Place De La Pyramide 92088 - Puteaux France	-	Holding	96.91%	
2	Gulbarga Cement Limited Adventz Centre No. 28, Cubbon Road 2 nd & 3 rd Floor Bangalore 560 001	U26941KA2007PLC054428	Subsidiary	21%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) **Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1) :-									
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.	266461350	8500050	274961400	100%	266461350	8500050	274961400	100%	
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-	266461350	8500050	274961400	100%	266461350	8500050	274961400	100%	
Total Shareholding to Promoter (A)=(A)(1)+(A)(2)	266461350	8500050	274961400	100%	266461350	8500050	274961400	100%	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									

2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital up to Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	266461350	8500050	274961400	100%	266461350	8500050	274961400	100%	

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	M/s. Ciments Francais	266461350	96.91%	-	266461350	96.91%	-	-
2	M/s. Compagnie Pour L'Investissement Financier En Inde	8500000	3.09%	-	8500000	3.09%	-	-
3	M/s. Investcim S.A.S	10	0%	-	10	0%	-	-
4	M/s. Sax S.A.S	10	0%	-	10	0%	-	-
5	M/s. Cofipar S.A.S	10	0%	-	10	0%	-	-
6	M/s. Tercim S.A.S	10	0%	-	10	0%	-	-
7	M/s. Menaf S.A.S	10	0%	-	10	0%	-	-
	Total	274961400	100%	-	274961400	100%	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	274961400	100%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	274961400	100%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year -	-	-	-	-
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3	At the End of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,892,083,377	5,000,000,000	-	6,892,083,377
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,972,988	189,287,212	-	194,260,200
Total (i + ii + iii)	1,897,056,365	5,189,287,212	-	7,086,343,577
Change in Indebtedness during the financial year				
• Addition	-	189,287,212	-	189,287,212
• Reduction	384,185,234	189,287,212	-	573,472,446
Net Change	384,185,234	-	-	384,185,234
Indebtedness at the end of the financial year				
i) Principal Amount	1,512,871,131	5,000,000,000	-	6,512,871,131
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	189,287,212	-	189,287,212
Total (i + ii + iii)	1,512,871,131	5,189,287,212	-	6,702,158,343

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Jamshed Naval Cooper Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act		

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Nil	Nil	Nil	
	3. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	-
	Total (1)	-	-	-	-
	4. Other Non-Executive Directors	Mr. Kevin Gluskie	Mr. Juan-Francisco Defalque	Ms. Soek Peng Sim	
	• Fee for attending board / committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Vimal Kumar Choudhary Chief Financial Officer	L.R. Neelakanta Company Secretary	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	7,902,000	6,981,450	14,883,450
2.	Stock Option-	-	-	-
3.	Sweat Equity-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify-	-	-	-
	Total	7,902,000	6,981,450	14,883,450

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Annexure – D to the Board's Report

Particulars of Energy Conservation Technology Absorption and Research & Development as required under the Companies (Accounts) Rules, 2014

A. Conservation of Energy

YERRAGUNTLA PLANT

(i) Energy Conservation measures taken during the financial year ended 31 December 2019:

- Optimization of Alternate fuel consumption from 5.1% to 7.5%.
- Optimization of Pyro section by correcting dispersion plates angle and replacement of Flap resulting in lower specific heat consumption.
- Optimization of Raw Mill-1 operation resulted in lower specific power consumption.
- Idle running of auxiliary equipment minimized by providing control interlocks in plant automation system.

(ii) Additional investment proposals implemented during the year for reduction of consumption of Energy: Nil.

(iii) Impact of the measures at (i) & (ii) above for reduction of energy consumption:

Reduced the usage of fossil Fuels by increasing the Alternate fuels.

SITAPURAM PLANT

(i) Energy Conservation measures taken during the financial year ended 31 December 2019:

- Optimization of Alternate fuel consumption from 6.1% to 7%.
- Installed variable frequency drive for Cement Mill Separator Vent Fan.
- Optimization of the grinding media resulted in improving mill grinding efficiency.
- Minimized idle running of auxiliary equipment by providing control interlocks in plant automation system.
- False air arresting across various old ducts for reducing the power losses in fans.

(ii) Additional investment proposals implemented during the year for reduction of consumption of Energy: Nil.

(iii) Impact of the measures at (i) & (ii) above for reduction of energy consumption:

- Reduction of power - 0.2 kWh/t clinker
- Reduction of power - 0.15 kWh/t cement

CHENNAI GRINDING UNIT

(i) Energy Conservation measures taken during the financial year ended 31 December 2019:

- Minimizing idle running of auxiliary equipment of cement mill and Packers by providing control interlocks in plant automation system.

- Optimization in the grinding media and replacement of the intermediate diaphragm with lower slot size resulted in improving the mill grinding efficiency.
 - Utilized 78.5% wind energy instead of conventional energy.
- (ii) **Additional investment proposals implemented during the year for reduction of consumption of Energy:** Nil.
- (iii) **Impact of the measures at (i) & (ii) above for reduction of energy consumption:**
Reduction of power – 0.15 kWh/t cement.

SOLAPUR GRINDING UNIT

- (i) **Energy Conservation measures taken during the financial year ended 31 December 2019:**
- Idle running of auxiliary equipment minimized by providing control interlocks in plant automation system.
 - Installed day light based timers in plant streetlights.
- (ii) **Additional investment proposals implemented during the year for reduction of consumption of Energy:** Nil.
- (iii) **Impact of the measures at (i) & (ii) above for reduction of energy consumption:**
Saving of 0.07 kWh/t cement.

COCHIN CEMENT TERMINAL

- (i) **Energy Conservation measures taken during the financial year ended 31 December 2019:**
- Installation of timers at Weigh Bridge to avoid idle working of Air Conditioner and Printers after working hours.
 - Installation of Bag Counter viewable to Truck drivers and security person to gain over time, lapsed in truck placement.
- (ii) **Additional investment proposals implemented during the year for reduction of consumption of Energy:** Nil.
- (iii) **Impact of the measures at (i) & (ii) above for reduction of energy consumption:**
Under optimization and observation.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

YERRAGUNTALA PLANT

- (i) **Efforts made towards technology absorption, adoption and innovation:**
Use of waste materials as Alternate fuels in kiln.
- (ii) **Benefits derived like product improvement, cost reduction, product development or import substitution:**
Conservation of fossil fuels like coal.
- (iii) **Information regarding technology imported during last 3 years:** Nil.

SITAPURAM PLANT

- (i) Efforts made towards technology absorption, adoption and innovation:** Nil.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:** Nil.
- (iii) Information regarding technology imported during last 3 years:** Nil.

CHENNAI GRINDING UNIT

- (i) Efforts made towards technology absorption, adoption and innovation:**
 - Replacement of desiccant type drier with refrigerant type drier for Compressors.
 - Installation of Centrifuge System for Mill main drive gear boxes.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**
 - Increased availability of field instrument and Pneumatic gates.
 - Reduced consumption of lubricants by 35%.
- (iii) Information regarding technology imported during last 3 years:** Nil.

SOLAPUR GRINDING UNIT

- (i) Efforts made towards technology absorption, adoption and innovation:** Nil.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:** Nil.
- (iii) Information regarding technology imported during last 3 years:** Nil.

COCHIN CEMENT TERMINAL

- (i) Efforts made towards technology absorption, adoption and innovation:** Nil.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:** Nil.
- (iii) Information regarding technology imported during last 3 years:** Nil.

C. Research and Development (R&D)

YERRAGUNTALA PLANT

- (i) Specific areas in which R&D activities carried out by the company:** Nil.
- (ii) Benefit derived of the above R&D:** Nil.

SITAPURAM PLANT

- (i) Specific areas in which R&D activities carried out by the company:** Nil.
- (ii) Benefit derived of the above R&D:** Nil.

CHENNAI GRINDING UNIT

- (i) Specific areas in which R&D activities carried out by the Company:** Nil.
- (ii) Benefit derived of the above R&D:** Nil.

SOLAPUR GRINDING UNIT

- (i) Specific areas in which R&D activities carried out by the Company: Nil.
- (ii) Benefit derived of the above R&D: Nil.

COCHIN CEMENT TERMINAL

- (i) Specific areas in which R&D activities carried out by the Company: Nil.
- (ii) Benefit derived of the above R&D: Nil.

Annexure - E to the Board's Report

Annual Report on Corporate Social Responsibility (CSR) Activities

Report on CSR Activities undertaken during the year as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company on recommendation of the CSR Committee approved a CSR Policy.</p> <ul style="list-style-type: none"> The overall objective of the CSR Policy of the Company is to promote sustainable development of the local communities with set targets and timeframes. The Policy focuses on mitigating the adversities faced by the communities and guiding them towards helping themselves. CSR programs consists of the projects in the areas of promotion of education, development of rural infrastructure, medical support and promoting skill development and self-employment programs for youth and women. Company gives preference to the local areas, where it operates for spending the amount earmarked for CSR activities. <p>http://www.zuaricements.com/Our Company/Policies Under Companies Act/Procedures</p>
2.	The Composition of the CSR Committee:	<p>The members of the Committee as on 31 December 2019:</p> <p>a) Mr. Jamshed Naval Cooper, Chairman of the Committee b) Mr. S.K. Tiwari c) Ms. Soek Peng Sim</p>
3.	Average net profit of the Company for last three financial years (FY-2016, FY-2017 and FY-2018):	MINR 1294
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):	MINR 25.58
5.	<p>Details of CSR spent during the financial year:</p> <p>(a) Total amount spent for the financial year as norms; (b) Amount unspent, if any; (c) Amount spent voluntarily</p>	<p>MINR 27.46 Nil MINR 1.88</p>

(c) Manner in which the amount spent during the financial year is detailed below:

Rs. In MINR

S. No.	CSR Project /Activity	Sector in which the Project is Covered	Projects or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken	Amount outlay (Budget) Project or Programs-wise (Jan-Dec 2019)	Amount spent on the Projects or Programs	Cumulative Expenditure up to the reporting period (Jan-Dec 2019)	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
01.	Financial support to DAV school to facilitate education to the children from Peddanapadu, Thummalapalli, Kodur and Valasapalli villages.	EDUCATION	Yerraguntla (Andhra Pradesh)	4.360	5.851	6.721	Direct
	Computer education & soft skill development and contribution towards teachers' salaries at Sitapuram.	EDUCATION	Suryapet (Telangana)	0.190	0.520		
	Salary to Computer Teacher at CGU area.	EDUCATION	Thiruvallur (Tamil Nadu)	0.090	0.083		
	Supply of kids' uniforms, toys, Abacus & activity books etc. at Anganawadi in village Auj (A).	EDUCATION	Solapur (Maharashtra)	0.030	0.111		
	a) Distribution of books, study materials, uniform and bags to school at Willingdon Island, Cochin.	EDUCATION	Cochin (Kerala)	0.030	0.047		
	b) Rewarding meritorious school students in Willingdon Island, Cochin.			0.020	0.037		
	Provided computer printer, public address system and installed RO aqua fresh system at Government High School.	EDUCATION	Power Plant (Dondapadu - Telangana)	0.085	0.072		
02.	Conducted free medical camps and distributed free medicines to nearby 4 villages-Peddanapadu, Thummalapalli, Kodur & Valasapalli.	HEALTH CARE	Yerraguntla (Andhra Pradesh)	0.900	0.832	1.521	Direct
	Free distribution of medicines to the nearby villagers through Health Centre.	HEALTH CARE	Suryapet (Telangana)	0.450	0.575		
	Salary expenses for Ambulance driver to provide emergency support to the nearby villagers at CGU.	HEALTH CARE	Thiruvallur (Tamil Nadu)	0.142	0.039		
	Conducted medical camps, distributed free medicines to villagers at Auj (A).	HEALTH CARE	Solapur (Maharashtra)	0,080	0,065		
	Conducted free medical camp for the nearby villagers with free medicines at Port trust area, Cochin.	HEALTH CARE	Cochin (Kerala)	0.010	0.010		
	Health education and Yoga training camps.	HEALTH CARE	Power Plant (Dondapadu - Telangana)	0.080	-		

S. No.	CSR Project /Activity	Sector in which the Project is Covered	Projects or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken	Amount outlay (Budget) Project or Programs-wise (Jan-Dec 2019)	Amount spent on the Projects or Programs	Cumulative Expenditure up to the reporting period (Jan-Dec 2019)	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
03.	Imparted training facilities on tailoring for 50 women and distributed sewing machines. Training were given to 16 persons to make candles.	SKILL DEVELOPMENT	Yerraguntla (Andhra Pradesh)	0.320	0.249	0.286	Direct
	Imparted Tailoring skills and distributed sewing machines to improve the wellbeing rural women.	SKILL DEVELOPMENT	Suryapet (Telangana)	0.200	0.037		
04.	Lay of Concrete Roads of length of 30 meters each in Peddanapadu, Kodur, Thummalapalli, and Valasapalli. Buttermilk supply at Yerraguntla bus stand and contribution to Legal Awareness campaign.	RURAL DEVELOPMENT	Yerraguntla (Andhra Pradesh)	0.600	0.600	18.937	Direct
				0.620	0.620		
	a) Distribution of cloth to aged people and free food supplies to villagers at Sitapuram on special occasions.	RURAL DEVELOPMENT	Suryapet (Telangana)	0.537	0.563		
	b) Construction of approach Road in the by Villages.			2.223	2.240		
	a) Construction of 1.0 Km concrete road in the nearby village at Attipattu.	RURAL DEVELOPMENT	Thiruvallur (Tamil Nadu)	10.768	9.920		
	b) Contribution to Armed Forces Flag Day Fund.				0.200		
	c) Toilet renovation at Attipattu School.				0.536		
	a) Provided Bore well with Sintex tank at Village Auj (A), Solapur.	RURAL DEVELOPMENT	Solapur (Maharashtra)	0.500	0.479		
	b) Installed Solar Street Lights in Village Auj (A).			0.450	0.342		
	c) Conducted Education Awareness programs			0.300	0.355		
	d) Road development in Auj Village.			0.140	0.150		
	Community development works in Cochin Port Trust area.	RURAL DEVELOPMENT	Cochin (Kerala)	0.040	0.006		
	Amount spent towards social cause in the nearby villages of Power Plant Contribution by way of food, donations, free groceries, for maintenance of temples and drinking water facility. Supplied cement, sand and metal to lay concrete road and construction of drains at Dondapadu, Gandhi Nagar and Thanda village.	RURAL DEVELOPMENT	Power Plant (Dondapadu - Telangana)	2.835	0.229		
					2.698		
Total				26.00	27.466		

6. In case the Company has failed to spend the two percent of the average net profits of the last three years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's Report: **Not Applicable.**

7. RESPONSIBILITY STATEMENT

The responsibility statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is given below:

"The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company."

Place: Gurugram
Date: 25.06.2020



Sushil Kumar Tiwari
Member of CSR Committee



Jamshed Naval Cooper
Managing Director & Chairman of
CSR Committee