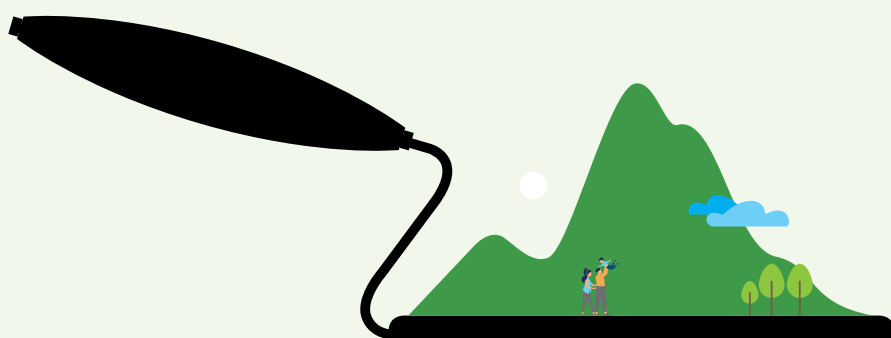


# Building a greener world



# Building a greener world

Within the context of accelerating climate change and the urgent need for action, one of mankind's greatest challenges is to find alternate paradigms for development and human progress that balances the needs of both man and nature.

It is at this cusp of change that India is emerging as a self-reliant world power, one of the youngest nations in the world with a growth rate that beats all other emerging economies. India's growth will take the form of new roads, railways, bridges and other connectivity networks. It will also mean mass housing, spreading industrial and commercial infrastructure – all of which will require cement.

We, at JK Cement, have built our capabilities to assist India in building a greener tomorrow and a sustainable world. As one of the largest producers of 'green' cement in the country, we have embedded sustainability deep within our growth strategy and use it as the fulcrum for all that we plan to do in the future. Our goal of making cement with more than three-fourths of renewable power feed is one of the most ambitious in the world and we are well on target to achieving this. Our sustainable progress will show the way for many others, which only strengthens our resolve to achieve our green agenda.



Creating  
a sustainable  
supply chain

➔ 52



Contributing to  
the development of  
India's hi-tech medical  
research capabilities

➔ 60



Energy and  
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Turning to bamboo  
for a sustainable way  
out of the fossil  
fuel loop

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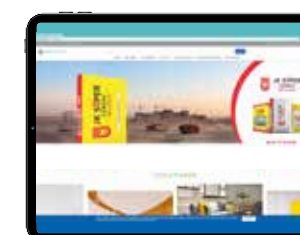
Preserving local  
biodiversity, greening  
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JK Cement is helping to  
build a greener tomorrow

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Read more online at  
[jkcement.com](http://jkcement.com)

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Assurance Statement

## Forward looking statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical facts, including those regarding the financial position, business strategy, management plans and objectives for future operations.

Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operational or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised, and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



## About our Integrated Report

### Reporting framework

This Report has been prepared in line with Global Reporting Initiative (GRI) sustainability reporting standards in accordance with "Core" option. The report also aligns with the Value Reporting Foundation's (erstwhile International Integrated Reporting Council) International Integrated Reporting <IR> Framework and contains performance indicators in line with Global Cement and Concrete Association (GCCA).

### Reporting boundary and scope

The boundary of the report covers our Indian operations and encompasses the following.

Environmental data reported is for the manufacturing sites, grinding units, and our CPP. The information for remaining KPIs represents the entire organisation unless otherwise mentioned. The report excludes the non-financial performance of our subsidiaries as well as non-financial data from our cement plants outside of India.

### Reporting period

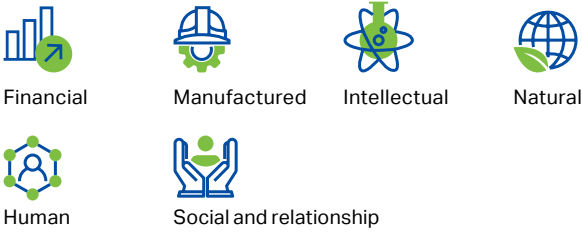
This Report covers information from the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022

### Data compilation methodology

This report is based on the data on our best-adopted practices and globally accepted frameworks. We calculated carbon emissions using the GNR data workbook developed by the WBCSD Cement Sustainability Initiative (CSI) and European Cement Research Academy (ECRA) and have used relevant conversion factors to quantify the emissions. We have disclosed our non-financial metrics, showcasing the change in our performance over the last few years. We reserve the right to change our internal guidelines regarding the inclusion of data in future Integrated Reports. Any changes will be clearly communicated to our stakeholders.

### Navigation Icons

#### Our capitals



#### Our stakeholders



#### Our strategic objectives



## Performance highlights FY 2021-22

### Financial Performance

13.1 MTPA

Production

Grey cement , White cement and Wall Putty.

19%

₹ 7,529 Crores

Net Sales

21%

₹ 1,536 Crores

EBITDA

5%

₹ 631 Crores

PAT

5%

₹ 4,252 Crores

Equity

14%

0.51

Net Debt to Equity

₹15 per share

Proposed dividend

1.45

Net Debt to EBITDA

### ESG Performance

JK Cement is one of the Indian cement companies to submit the Energy Compact with the Ministry of New and Renewable Energy

0.56

LTIFR

ZERO

Fatalities

65.6%

Clinker Factor

32%

Green power in energy mix

8.9%

Thermal Substitution Rate

4.6x

Water positive

~2x

Growth in training hours for employees (y-o-y)

0.596 tCO<sub>2</sub>e/tonne cementitious material

GHG Emissions Intensity (Scope 1+2)

↑ yoy







# About us

## Building scale with sustainability

Over more than 45 years, JK Cement has partnered in the dreams and ambitions of India and its people. As one of the country’s leading integrated cement manufacturers and building product makers, we have continuously evolved – expanding our facilities, innovating and launching new products, optimising our costs and answering to market needs. Today, our focus equally is on building a greener tomorrow through sustainable manufacturing.

As we keep pushing our boundaries, consolidating our market position is a major priority. We are achieving this through planned capacity expansion and by entering into new markets. Sustainable manufacturing is another significant priority. In line with this, we are working on making our operations sustainable by increasing the use of renewable energy and alternate fuels, improving clinker factor, reducing waste, and ultimately increasing input-output efficiencies. With a defined expansion roadmap and clear sustainability targets, we are on course towards a dynamic future.



### Market leadership

As a market leader we constantly strive for more and work relentlessly towards our ambition of becoming a leading cement producer. We contribute significantly towards nation building. Our products are used to create the infrastructure that the country needs and some of India’s most prominent landmarks carry the JK Cement stamp.

### A leading Grey Cement manufacturer in India

Committed to Science Based Targets to reduce Greenhouse gas emissions and Climate Change impacts

One of the world’s leading White Cement manufacturers

One of the largest White Cement and Wall Putty manufacturers in India

### Integrated manufacturing

Our state-of-the-art integrated manufacturing and split grinding units enjoy strategic locational advantage. Our facilities are located close to our captive limestone mines and fly ash sources. They are also well connected to end-markets by road and rail networks, ensuring seamless delivery to our customers

<b>14.7 MTPA</b> Current grey cement capacity	<b>25 MTPA</b> Grey cement Capacity by FY 2024-25
<b>2.81 MTPA</b> Current white cement capacity including 0.6 MTPA facility in the UAE	<b>102.5 MW</b> Current Coal Based Captive Power Capacity
<b>17.2 MW</b> Current Solar & Wind Power Capacity (including Group Captive)	<b>55.7 MW</b> Solar & Wind Power capacity (including Group Captive) by FY 22-23
<b>42.3 MW</b> Current Power Capacity from Waste Heat Recovery System (WHRS)	<b>84.3 MW</b> WHRS capacity by FY 2023-24

## Driving Sustainability Agenda

### Climate and Energy

<b>Lead Metric 1</b> <b>Specific direct net CO<sub>2</sub> emissions</b>	<b>Lead Metric 2</b> <b>Share of Green Power</b>
<b>Performance in FY 2021-22</b> <b>553 kgCO<sub>2</sub>/tonne cementitious</b> (Scope1+2 excluding CPP & AFR)	<b>Performance in FY 2021-22</b> <b>32%</b>
<b>FY 2029-30 target</b> <b>465 kgCO<sub>2</sub>/tonne cementitious</b>	<b>FY 2029-30 target</b> <b>75%</b>

### Waste as Resource

<b>Lead Metric</b> <b>TSR Rate</b>	<b>Performance in FY 2021-22</b> <b>8.9%</b>
<b>FY 2029-30 target</b> <b>35%</b>	

### Environment

<b>Lead Metric</b> <b>Water Positivity</b>	<b>Performance in FY 2021-22</b> <b>4.6x</b>
<b>FY 2029-30 target</b> <b>5x</b>	

### People

<b>Lead Metric 1</b> <b>Gender Diversity</b>	<b>Lead Metric 2</b> <b>Training per employee</b>
<b>Performance in FY 2021-22</b> <b>2.4%</b>	<b>Performance in FY 2021-22</b> <b>11 hrs</b>
<b>FY 2029-30 target</b> <b>5%</b>	<b>FY 2029-30 target</b> <b>20 hrs</b>



# What defines Us

## Guiding our way



### Our Vision

To be the preferred manufacturer of cement and cement-based products that partners in nation building, engages with its community and cares for all stakeholders.

### Our Mission

JK Cement aims to deliver innovative products and solutions that meet the needs of its customers. Together with our exceptional people and strong stakeholder relationships, we commit to the highest standards of quality, productivity, sustainability, and performance that drive shareholder value and long-term success.

### ★ Our Values ★



#### Honour our commitments

We are committed to being honest and ethical in all interactions, maintaining the highest ethical standards in all our markets, financial and operational practices.



#### Strive for perfection

We are passionate about creating a culture of perfection that encourages and promotes excellence in products and services through innovation and continuous improvement.



#### Take pride in our promises

We are serious about accepting the responsibility to win and maintain the trust of our stakeholders.



#### Observe, understand, assist

We genuinely care about our relationships and use compassion to observe and understand stakeholder requirements; and be available to assist in improving the lives of all.



#### Empower, inspire and respect

We treat one another with respect and collaborate openly. All ideas are welcome, and we value diversity and perspective.



### Our memberships and associations

JK Cement is a member of various industry associations. Our employees, belonging to the senior management, periodically represent JK Cement on several platforms and participate in discussions on upcoming regulations, global market scenarios, macro and micro trade environments, etc.

The Associations that we are a part of are listed:



Member of JK Organisation



Global Cement and Concrete Association (GCCA)



Federation of Indian Chambers of Commerce and Industry (FICCI)



Confederation of Indian Industry



Cement Manufacturer's Association (CMA)



Science Based Targets Initiative (SBTi)



Carbon Disclosure Project (CDP)



S&P Global Corporate Sustainability Assessment (CSA)

## Product range

# Creating products that answer to today's needs

As a leading manufacturer of cement and building products, JK Cement has introduced products that fulfil market needs. With a growing portfolio of 'green' cement brands we are progressively balancing the need for cleaner construction options with the considerations of costs, material sourcing and customer centricity.

A portfolio of brands preferred by millions:

### Grey Cement



#### JK SUPER CEMENT Ordinary Portland Cement(OPC)

We produce two grades of OPC: 43-grade and 53-grade, of which 53-grade OPC has superior quality and higher strength. Our OPC brand enjoys high demand because of its extra strength and fineness and is suitable for all kinds of concrete components production.



#### JK SUPER CEMENT Portland Pozzolana Cement (PPC)

PPC is an all-weather cement variant which also protects structures from corrosion and increase their longevity.



#### JK SUPER CEMENT Portland Slag Cement(PSC)

PSC is a long-lasting product that also offers a host of green benefits, and is less resource intensive, with lower CO<sub>2</sub> emissions. Its mix of Sulphate and Chloride offers superior protection against the elements.



#### JK SUPER STRONG Concrete Special

Gives 35% extra strength compared to regular cements and cuts down on cement consumption by more than 10% due to its micro particle enhancement.



#### JK SUPER PROTECT Weather Shield

The product is highly resistant to water as it is manufactured with Water Repellent Additives. It thus creates mortar, plaster and concrete that resists water seepage, has higher compressive strength and needs less water to prepare.



### White Cement



#### JKCement WhiteMaxX

India's first premium white Portland cement produced with unique raw material and state-of-the-art technology, with an enduring and consistent white colour. It is basic input material for various value-added products. Its ultimate whiteness and strength renders it perfect for both exterior and interior applications, decorative items, composites (garden furniture) and ornaments like glass or synthetic fibre reinforced concrete, etc.



#### JKCement WallMaxX

White Cement based fine wall putty. It takes care of the unevenness and covers the pin holes of the walls to give a smooth base for the top coat. It increases durability of the painted surface and protects the peeling of paint and avoids microbial growth. It is formulated with Abrasion Resistant Technology, which provides durability and enhances life of the paint.



#### JKCement ShieldMaxX

White cement based Universal resistant wall Putty with active Silane molecules. The advanced formulation of the product helps to protect the walls from dampness and is ideally suitable for both interior and exterior applications. It helps in protecting the walls and prolongs the life of paints by minimizing efflorescence, due to its unique sealing properties.



#### JKCement GypsoMaxx

A premium gypsum plaster made from the purest form of natural gypsum. It is a premium base coat produced as a result of calcination of the raw gypsum under a controlled production process in specialised manufacturing units. It is suitable for application on internal surfaces including walls and ceilings.



#### JK Wood Amore

A wide range of PU wood finishes to provide a better visual appeal and higher durability of wooden surfaces of all types. The range offers Wood stains, PU clears, PU ancillaries and sealants, and PU whites and colors which are compatible with all types of wood and their derivatives like MDF, veneer etc.



#### JKCement RepairMaxX

A versatile product used for sealing, filling cracks and gaps, jointing, patching compound on interior as well as exterior surfaces. Its versatility and ease of application makes it a common choice in the masonry as well as household (DIY) segment.



#### JKCement SmoothMaxX

A specially designed white cement based putty with Micro Particle Technology, which ensures a complete matrix to develop an extra smooth coat leading to flawless pearl like finish on walls. It gives monolithic premium finish, lustrous white smooth surface and higher coverage on the wall.



#### JKCement LevelMaxX

A white cement based polymer modified, self-curing mortar. It is a water resistant product for all types of internal and external levelling and thin plaster applications over concrete and mortar wall surfaces. It fills the fine pores of the surface and covers undulations to give a white levelled surface up to a thickness of 10 mm. It can be directly applied over RCC surfaces such as ceilings, columns and blocks. It also provides an excellent bond with cementitious surfaces which shields it from weathering effects and gives long lasting protection.



#### JKCement TileMaxX Adhesives & grouts

Both grey and white cement based tile adhesives are modified with high performance polymers, suitable for all tile types. Currently available in 8 variants, is capable to address almost all modern application needs. Cementitious as well Epoxy grouts are also available in 14 colors to complement the requirements of domestic as well as commercial tiling applications.

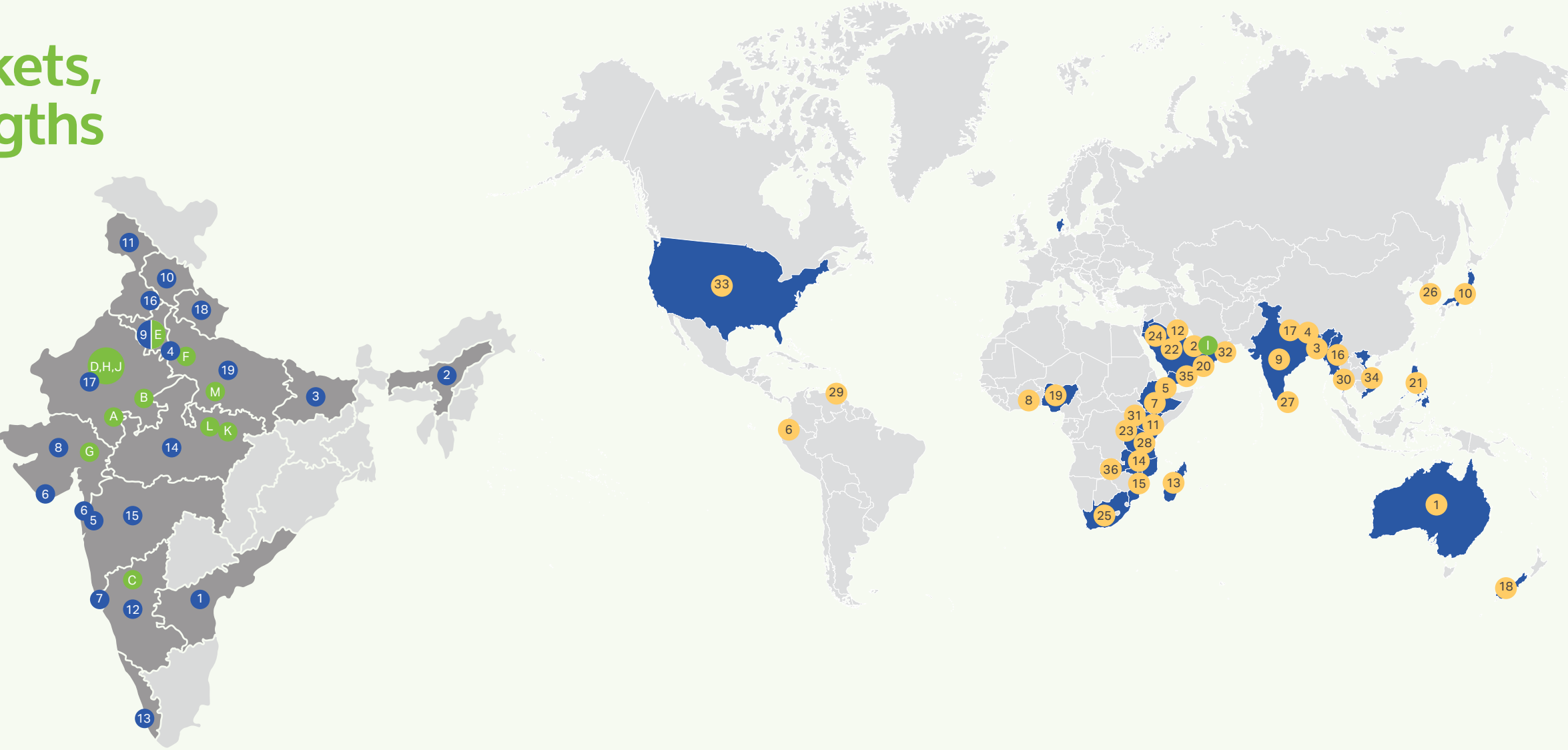


Geographic presence

Connecting markets, leveraging strengths

Our strategically located plants, captive resource base and wide distribution network enables us to maintain our leadership in the key markets of North, West, Central, and South India.

We serve customers across India by leveraging our strategically positioned production sites in the north and south, which are well connected by road and rail networks. We also have a global presence and cater to the Middle East and other international markets through our Fujairah (UAE) white cement manufacturing facility.



11  
Plants

Grey Cement with enhanced reach in entire U.P & M.P.

36 countries

International market presence for White Cement

Over 1 Lacs

Dealers and Retailer in Grey & White Cement Business

Our plants

Grey Cement

- A. Nimbahera, Chittorgarh (Rajasthan)
- B. Mangrol, Chittorgarh (Rajasthan)
- C. Muddapur, Bagalkot (Karnataka)
- D. Gotan, Nagaur (Rajasthan)
- E. Jharli, Jhajjar (Haryana)
- F. Aligarh (Uttar Pradesh)
- G. Balasinor (Gujarat)

White Cement

- H. Gotan, Nagaur (Rajasthan)
- I. Fujairah (UAE)

Wall Putty

- J. Gotan, Nagaur (Rajasthan)
- K. Katni (Madhya Pradesh)

Green Field Expansions

- L. Panna, Madhya Pradesh
- M. Hamirpur, Uttar Pradesh

Grey Cement Markets in India

- 1. Andhra Pradesh
- 2. Assam
- 3. Bihar
- 4. Delhi
- 5. Dadra and Nagar Haveli
- 6. Daman & Diu
- 7. Goa
- 8. Gujarat
- 9. Haryana
- 10. Himachal Pradesh
- 11. Jammu & Kashmir
- 12. Karnataka
- 13. Kerala
- 14. Madhya Pradesh
- 15. Maharashtra
- 16. Punjab & Chandigarh
- 17. Rajasthan
- 18. Uttarakhand
- 19. Uttar Pradesh

White cement markets – International

- 1. Australia
- 2. Bahrain
- 3. Bangladesh
- 4. Bhutan
- 5. Dilboute
- 6. Ecuador
- 7. Ethiopia
- 8. Ghana
- 9. India
- 10. Japan
- 11. Kenya
- 12. Kuwait
- 13. Madagascar
- 14. Malawi
- 15. Mozambique
- 16. Myanmar
- 17. Nepal
- 18. New Zealand
- 19. Nigeria
- 20. Oman
- 21. Philippines
- 22. Qatar
- 23. Rwanda
- 24. Saudi Arabia
- 25. South Africa
- 26. South Korea
- 27. Sri Lanka
- 28. Tanzania
- 29. Trinidad and Tobago
- 30. Thailand
- 31. Uganda
- 32. United Arab Emirates
- 33. USA
- 34. Vietnam
- 35. Yemen
- 36. Zambia

Note: Map not to scale

## Marquee Projects Snapshot

# Girding the nation, enabling its growth



### Mumbai-Ahmedabad Bullet Train

**Project Partner: L&T**

Mumbai-Ahmedabad High Speed Rail Corridor is the high speed rail line connecting Mumbai and Ahmedabad. The project has an expected duration of 2.5 to 3 years with peak monthly requirement of 2.25 to 2.5 LT.



### Delhi Mumbai Expressway

**Project Partners: Patel Engineering, PNC Infratech, G R Infraprojects**

The 1,350 kms long 8-lane expressway being built at a cost of ₹ 1 Lacs Crores will connect Delhi and Mumbai, the nation's capital, with its financial nervecentre, it will reduce travel time to just 12 hours. The expressway will be fully completed in another 1.5 to 2 years, though some parts will be operational by 2022.

**Partner: Ashoka Buildcon**

As part of Delhi Mumbai Expressway, India's first 8-lane, doped cable stayed bridge, with a total length of 2.22 kms, is being built across the river Narmada. It is expected to be completed within a record time of 33 months.

### International Convention & Expo Centre at Dwarka, New Delhi

**Project Partner: L&T**

One of Asia's largest Convention Centre has a built-up area of 6,45,000 sq ft and a seating capacity for 11,000 persons with world-class accommodation on-premises. Total Project Cost of over ₹ 25,000 Crores.



### AIIMS Bilaspur

**Project Partner: NCC Ltd**

The hospital has a capacity of 750 patient beds, along with accommodation for 1,000 MBBS students and 60 nursing students. The total project cost is ₹ 1,351 Crores



### Sangli-Solapur Highway

**Project Partner: Dilip Buildcon**

The Sangli-Solapur NH 166 is being expanded into a four-lane highway with total length of 149 kms. The total project cost is ₹ 3,272 Crores.

### Mumbai-Nagpur Expressway

**Project Partner: Megha Engineering**

This greenfield project for construction of high-speed, six-lane expressway, with a total length of 701 kms, will cost ₹ 55,000 Crores.

### Delhi Airport

**Project Partner: L&T**

Expansion project will double passenger-handling capacity to 40 million, with a fourth runway being added. 2.1 kms-long elevated taxiway will decongest the airport and reduce TAT.

### Narmada Bridge near Vadodara, Gujarat

**Project Partner: SP Singla**

This bridge will connect the two districts of Vadodara and Bharuch, and help to bypass hilly terrain. Built at total project cost of ₹ 179 Crores.

### Brahmaputra Bridge, NE's first 6-lane bridge

**Project Partner: SP Singla**

This 8.3 kms-long bridge will connect Guwahati with North Guwahati. Total project cost is ₹ 2,608 Crores and likely to get commissioned by 2023.

### Dwarka Expressway

**Project Partner: L&T**

27.6 kms long, 8-lane expressway is expected to decongest the Delhi-Gurgaon traffic. The total project cost is ₹ 7,500 Crores.







## Managing Director's message

# Building a strong foundation for the future



**In spite of the challenging external conditions, consistent progress towards our long-term goals was achieved this year. We are ramping up our capacities with a strategic thrust.**

originating from the breakout of the Russia-Ukraine war and the consequent disruptions in global supply chains. However, our internal teams managed this sudden crisis with great dexterity and skill.

The resilience and strength of our business is even more strongly highlighted by our annual results for FY 2021-22. The revenue from operation stood at ₹ 7,679 Crores as against ₹ 6,328 Crores in FY 2020-21, an increase of 21%. The other income was ₹ 54 Crores for the year, as against ₹ 22 Crores in the previous year. The turbulence faced during the year is visible in the above par increase in operating expenses, which were higher by as much as 29% and stood at ₹ 6,197 Crores in FY 2021-22, as against ₹ 4,814 Crores in FY 2020-21. However, EBITDA was at ₹ 1,536 Crores, same as last fiscal. The commendable results achieved under very stressful circumstances indicate the strength of our diverse markets and our trusted portfolio range.

FY 2021-22 saw exceptionally high price volatility, with pet coke prices more than doubling. This has hit our margins, and though we have increased our prices in line with our peers, only a share of the margin loss has been absorbed. We could also mitigate some of the margin loss with our scale economies improving due to increased capacities, better efficiencies in power and fuel consumption, increased usage of alternate fuels/raw materials and green power. We are also continuously working on improving process

efficiencies, and material and input substitution in ways that meet both our growth and sustainability ambitions. Our capacities of renewable energy are also on the rise, with all new capacities are being planned with WHR captives replacing fossil fuel-based ones.

Our white cement manufacturing facility at Fujairah (UAE) has been facing cost escalations on several fronts, with the uncertainty over availability of containers and other logistical logjams being the principal cause. In spite of these challenges, we have maintained volume numbers from this plant.

### Remaining steadfast on our goals

In spite of the challenging external conditions, consistent progress towards our long-term goals was achieved this year. We are ramping up our capacities with a strategic thrust, and 4 MTPA of greenfield cement capacity is getting added in the current year at our Panna and Hamirpur locations. These plants are in close proximity to our captive limestone mines and fly ash sources. The 'total cost advantage' thus derived creates a higher torque for cost recovery and greater profitability.

We also completed the brownfield modernisation of our Nimbahera Line-3, with the kiln now capable of producing 6,500 TPD, against the earlier capacity of 5,000 TPD. The brownfield projects that have been undertaken over the past few years have been delivering greater efficiencies in the form of reduced power and fuel consumption and increased WHR. With these expansions, we have close to 15 MTPA of installed capacity in grey cement and 2.2 MTPA of combined capacities for white cement and wall putty, which makes us one of the leading cement and building products companies in India. With steady growth in our markets across India, we aim at creating a total installed grey cement capacity of 25 MTPA by FY 2024-25.

With a view to further strengthening our backward integration, we are participating in the tendering process of limestone mining blocks and have won a block in the southern region and two in the northern region. Securing these blocks will greatly stabilise our raw material streams and control over costs. This dovetails with our plans of increasing capacity in a phased manner to stay in step with demand growth as it progresses over the years.

### Standing by the nation, supporting our communities

Supporting our people is a valued tradition at JK Cement and we practice it in many ways. As in the earlier year, in this fiscal too we stood solidly behind the nation during the traumatic months of the second wave of the pandemic. We rolled out a host of new COVID-19

initiatives in FY 2021-22. These included distribution of 47 jumbo oxygen cylinders to government hospitals at Mudhol and Bagalkot and 20 oxygen concentrators to hospitals located near our facilities at Madhya Pradesh and Karnataka. In addition, distribution of Bipap A-40 ventilator, pulse oximeters, face masks were also done in selected hospitals. Further, setting up three oxygen generation plants at different locations out of which one plant has already been commissioned.

As a pioneering initiative, the Company has signed a Memorandum of Understanding with IIT Kanpur to build a Super Specialty hospital on premises. The proposed hospital is part of a larger initiative planned by IIT Kanpur to create world-class facilities for medical research and innovation in the country, and JK Cement has committed ₹ 60 Crores towards this purpose.

We continued our work on our CSR focus areas of water, health and sanitation, energy conservation, pollution-free atmosphere, clean technology and primary healthcare, and ₹ 16.9 Crores was spent in FY 2021-22 towards this end. With a clear vision of bringing impactful change, every year we engage with both our partner NGOs and the beneficiary communities to map the progress of the work done and assess what more needs to be achieved. This year several initiatives were undertaken in the areas of education, community income generation, water quality improvement and healthcare and hygiene. In education, our focus has been on creating the right environment within schools by providing educational support materials and creating basic infrastructure. A vocational training centre (ITI) was also started at Gotan.

To generate better income potential amongst the rural poor we have started a pioneering initiative through the JK Gram Trust in the states of Rajasthan, Haryana and Madhya Pradesh. Under this initiative, the attempt is to improve the health and breed of local cattle through cross breeding. To create a facilitative ecosystem for cattle breeding and dairy farming, JK Cement is supporting services like provision of veterinary care and advising of villagers on how to grow low-cost fodder for cattle.

With this difficult year behind us, we have even greater confidence in the fundamental strength and agility of our business and in the commitment and drive of our employees and partners. Together there are many more milestones left to cover, as we continue to serve the nation and the needs of its people.

Warm regards,  
**Dr Raghavpat Singhania**

### Dear Shareholders,

The year we have left behind was one of the toughest ones ever, but we kept going with focus and resoluteness, and emerged closer to the targets we had set for ourselves. Growth with sustainability has become our enduring focus and we kept to this agenda during the year, using the limited opportunities available to control costs, achieve incremental operating gains and increase our sales and market share.

### Robust performance in a challenging year

The first and last quarters of the year came with very different set of challenges. The first quarter began with subdued sales due to the second wave of the pandemic, with rural and peri-urban markets holding up while urban centres stalled. Though the recovery was much swifter on account of localized lockdowns and restrictions, our white business volumes got severely affected. The last quarter witnessed unprecedented cost escalations

## Deputy Managing Director and CEO's message

# Adapting for a greener tomorrow



**JK Cement has always been fully cognisant about its additional responsibilities as a member of the hard-to-abate sector. We view our role as an aspect of the relationships we share with our communities and the commitment that we bear towards partnering in India's holistic growth and development.**

### Dear Shareholders,

The positive demand scenario for the cement market in India persisted through the better part of the pandemic. Other than being a silver lining in an otherwise bleak year that saw severe input cost volatility, it has also served as a very strong affirmation for the future. India has a per capita cement consumption of 195 kgs. With the government push towards large-scale infrastructure creation and rapid urbanisation, the growth trajectory that can bring us close to the global per capita average of more than 500 kgs, is already underway. The challenge that lies ahead is to achieve this growth in a sustainable and environment-friendly way.

### On the road to sustainable growth

JK Cement has always been fully cognisant about its additional responsibilities as a member of the hard-to-abate sector. We view our role as an aspect of the relationships we share with our communities and the commitment that we bear towards partnering in India's holistic growth and development. This decade is an important one for the cement industry as achieving the net-zero by 2050 targets will require calibrated decarbonisation, stretching over a period of many years – this decade will see most of that action taking place. Achieving growth while continuing to decarbonise is the other lever that the industry needs to tackle.

This year, JK Cement achieved a combined production of 13.1 MTPA across its grey and white cement and wall putty capacities, reflecting a y-o-y increase of 19%. The increased production was achieved with several wins against our long-term sustainability targets of controlling emissions, increasing fuel efficiencies and thermal substitution rate, and expanding our green power capacities. Our CO<sub>2</sub> emissions in kg/ton of cementitious product was at 553 kgs as against our 2030 target of 465 kgs in FY 2021-22, which indicates that we are well on course to meet our targets. Our renewable power mix of waste heat recovery systems, solar and wind currently makes up 32% of our total power requirement. Another 54 MW of green power, including 38 MW generated from group captive power sources, are at different stages of installation and commissioning across various locations, with the full suite expected to be operational by FY 2022-23. All our new plants are being set up with WHRS, and this will accelerate our adoption of green power and take us much closer to the target of 75% by 2030. We have successfully achieved an overall Thermal Substitution Rate (TSR) of 18% at our plant in Muddapur, Karnataka. We intend to replicate the best practices followed here across all our plants. Our efforts in terms of product modification continues unabated, with clinker factor on a sustained decline and reaching roughly 65.6% for the year ended.

Transformational change for the cement industry that overhauls its hard-to-abate characteristics, can only come through technologies like CCUS and hydrogen-based fuel, which are yet to gain common acceptance. Till then, incremental change across several axes is what can be achieved, and we are already ahead of the industry in this respect. Use of alternate fuel resources, alternate raw materials, reduction in clinker ratio, replacement of fossil fuels with renewables and green energy, graded emissions reduction, waste reclamation – are the several ways in which we are meeting our sustainability goals.

### Leading transformation, scaling change

As a market leader with more than 45 years of manufacturing experience behind us, JK Cement considers it a duty to partner with industry associations like CII, GCCA to build traction for the sustainability agenda within the cement industry. Given the capital intensity and long replacement cycles of the cement industry, timely and well calibrated adoption of transformational technologies are a critical factor. Industry-level initiatives can help to build scale and create favourable drivers for adoption of transformational technologies like CCUS, where we will have to innovate and adapt to achieve our decarbonisation objectives.

The economic benefits of sustainable operations are well taken and JK Cement has been working on multiple fronts

to achieve the scale that allows for profitable replacement – including market creation for alternate products, deeper integration of circular economy principles within production processes, improvements in energy efficiency across organisational systems, and also preparing for major shifts in production methods and technology. Carbon pricing and conducive policy interventions will be crucial for kickstarting the major shifts in technology that can really transform the cement industry's energy emissions profile and will help to create a conducive environment for future changes.

### Foraying into new business lines

In an attempt to explore business adjacencies and grow downstream synergies, JK Cement will soon be venturing into the paints business. The Company will be focussing on its strong markets of Uttar Pradesh and Rajasthan and for this an investment of ₹ 600 Crores has been planned. Strong synergies for growing business lies with our existing network of dealers for the white cements business and also our painters network and we hope to greatly gain with a diversified portfolio that allows for better 'bundled' sales of building materials.

### Increasing portfolio range

Currently our portfolio spans grey cement and white cement brands like WhiteMaxx and value-added products like WallMaxX, GypsoMaxX, TileMaxX, ShieldMaxX, RepairMaxX, SmoothMaxX and Wood Amore. In line with our strategy of increasing our portfolio of products and adding more value-added products, we have launched two new wall putty toll manufacturing plants at Siliguri (West Bengal) and Piduguralla (A.P) and are working out few more locations to better address the unmet demand for our marquee brand JK Cement WallMaxX. We are increasing our regional diversification to gain better logistical benefits. Also in terms of revenue, our value-added product portfolio added about 6% of white business during the year. We are planning to set up an emulsion manufacturing facility near Mathura in Uttar Pradesh as part of our newly launched paints venture.

As India's growth story revives and gathers renewed momentum, JK Cement is very well placed to address the emerging demand. With around 7 – 8 % y-o-y growth expected for the industry, primarily from infrastructure and rural housing, the Company is well placed through its capacity expansions, growing regional diversification and expanding portfolio mix to cater to the market needs. A growing middle class and rising incomes augurs well for our value-added products portfolio, which we will continue to enlarge.

Warm regards,

**Madhavkrishna Singhania**