

Deputy Managing Director and CEO's message

Adapting for a greener tomorrow



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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 CO₂ 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