



Progress with Sustainability for Gen-Next

Sustainability Report FY 18-19

JK Cement Limited

Contents

Contents.....	2
JKCL highlights.....	3
Key performance overview.....	4
Leadership messages.....	7
Message from Chairman and Managing Director	7
Message from Special Executive	9
Message from Special Executive	10
Message from President (Corporate Affairs) & CFO	11
Message from Business Head – Grey Cement	12
Message from Business Head – White Cement	13
About the report	14
Our Company	16
JK Cement at a Glance	16
Economic Overview.....	27
Good Governance	29
Risks & Opportunities.....	34
Stakeholder dialogue and Materiality analysis.....	36
Environmental Sustenance	38
Material input and production.....	38
Energy use and carbon management.....	39
Water conservation and effluent management.....	42
Solid waste & emissions reduction.....	42
Keeping people first	44
Our workforce	44
Employee engagement.....	45
Training and development.....	47
Returning home safe everyday	48
Caring for the community.....	49
Assurance Statement.....	53
GRI Index.....	54
National Voluntary Guidelines (NVG) Reference Content Index	59



JKCL highlights



INR **4981.30** crore
Revenue



INR **324.90** Crore
Profit After Tax



INR **6.69** Crore
CSR Expenditure



3,414
Permanent
Employees



23.9
Million GJ
Direct Energy



0.57
Million GJ
Indirect Energy



1.56
Million m³
Water withdrawal



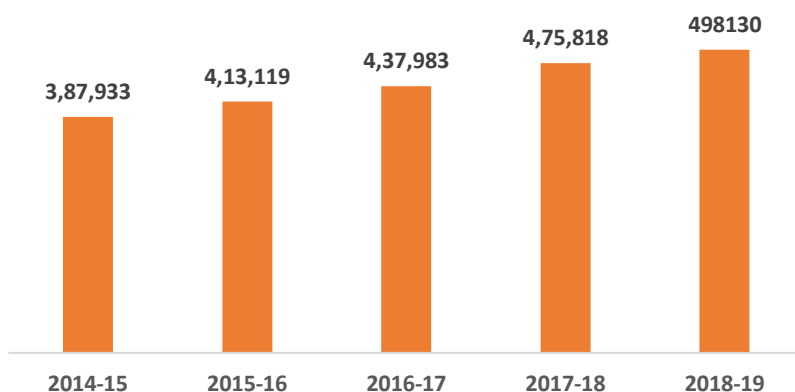
0.45
Million m³
Water
Recycle/reused



Key performance overview

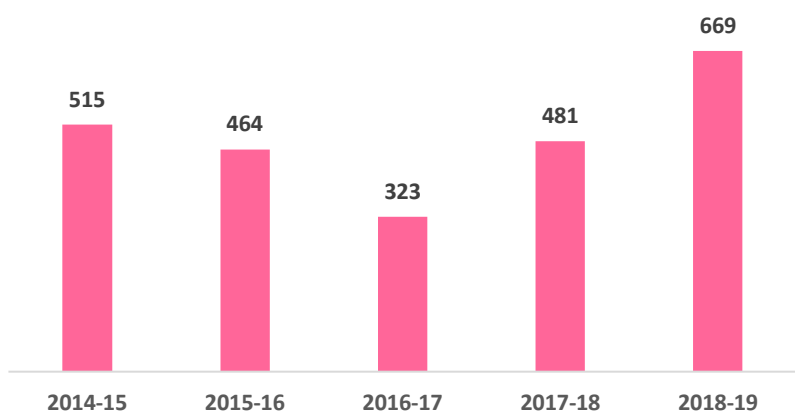
Economic performance

Revenue (in lakhs INR)



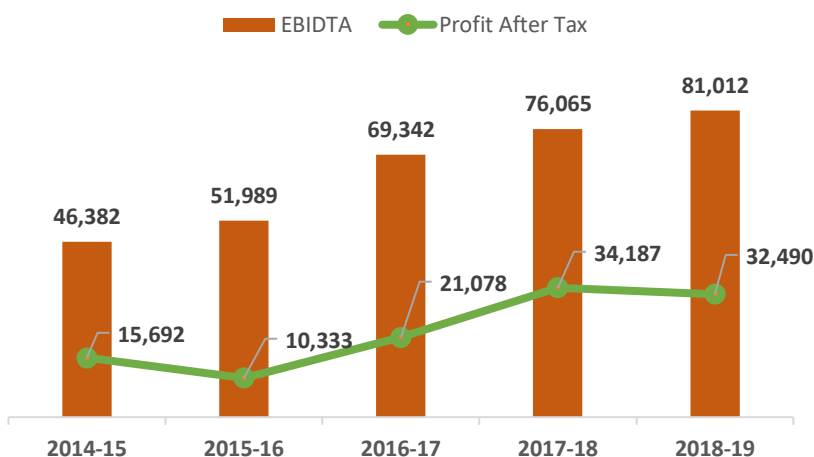

6.5%
(4 Years CAGR)


CSR Expenditure (in lakhs INR)




6.7%
(4 Years CAGR)

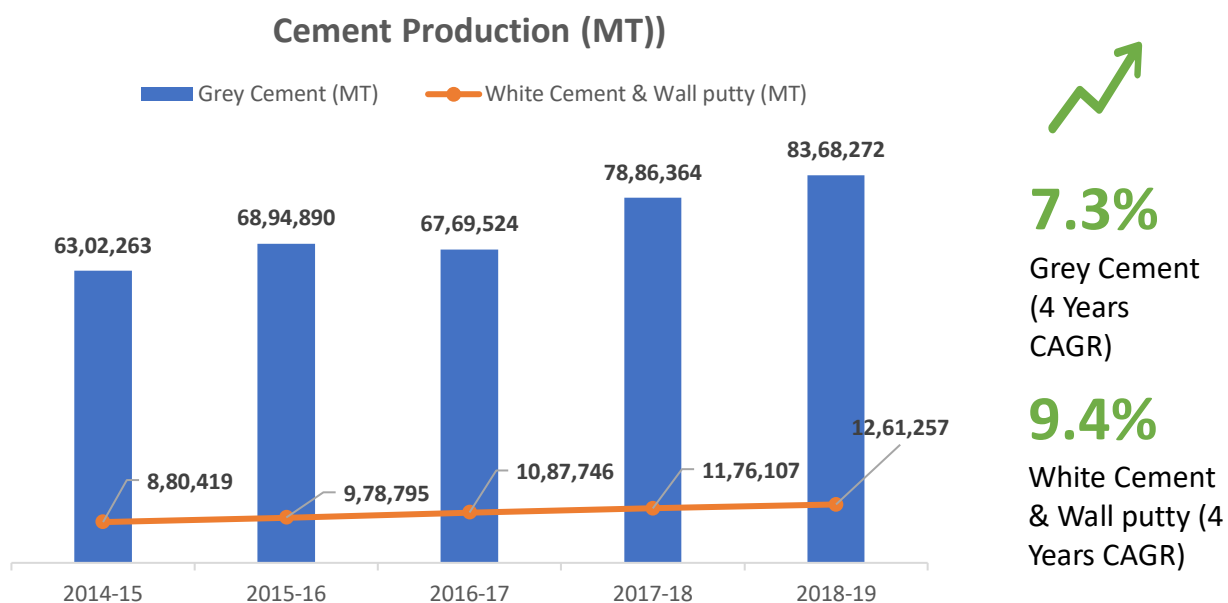
Financial Performance (in lakhs INR)



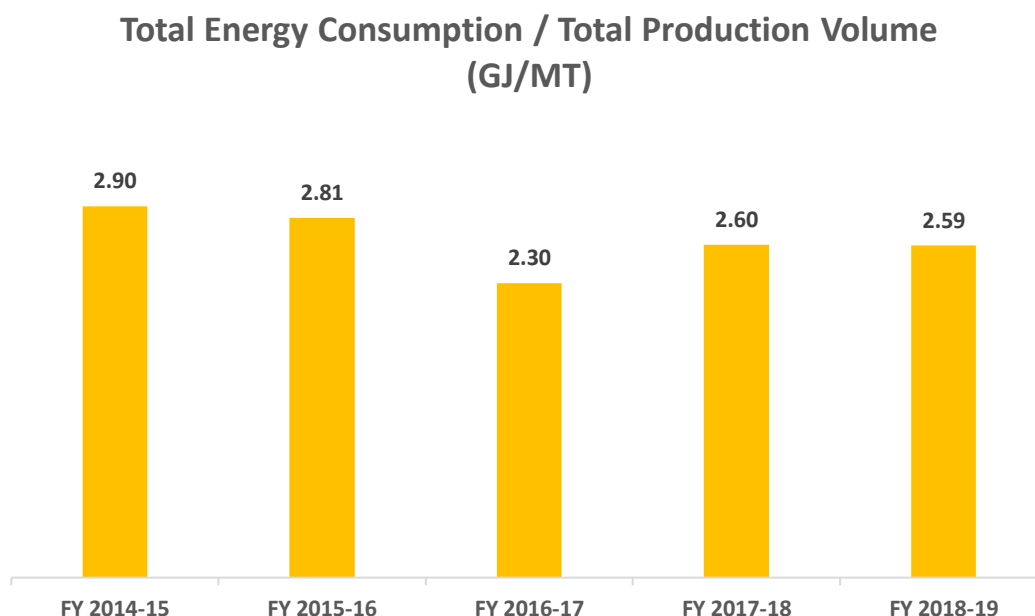

20% for PAT &
15% for EBIDTA
(4 Years CAGR)



Production highlights



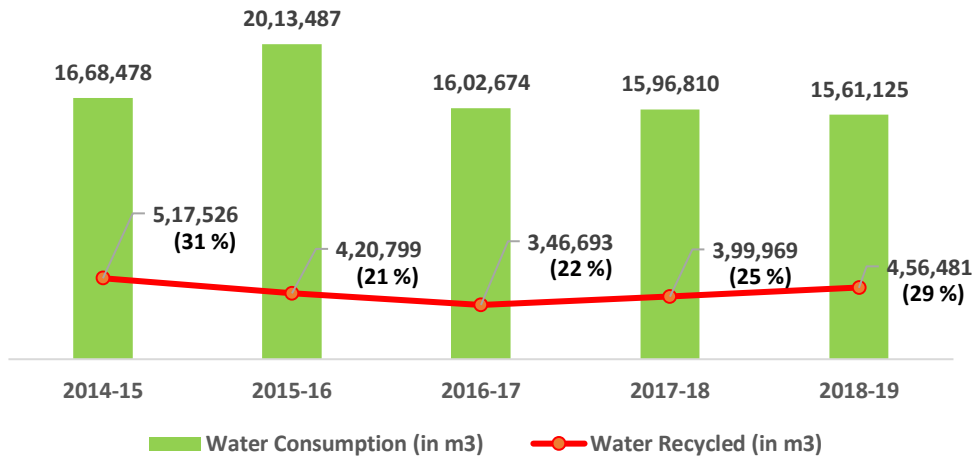
Environmental performance



~3% decrease in Energy Intensity (GJ/MT) despite **~8%** increase in production volume from FY 2014-15 (based on CAGR)

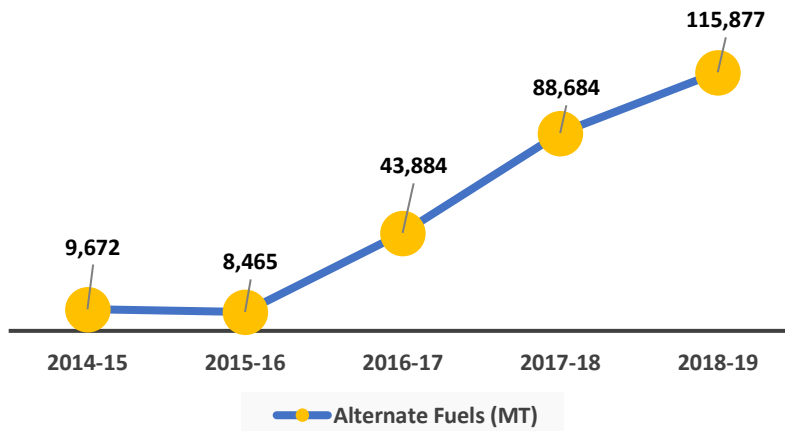


Water Profile



Water recycled percentage is provided against absolute consumption numbers

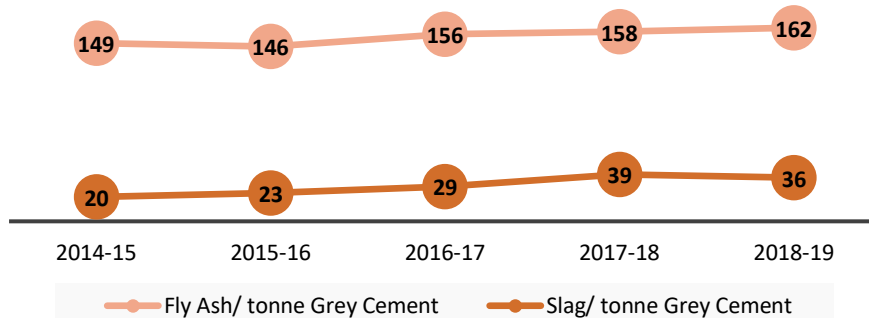
Alternative Fuels



86 %

CAGR in Alternate fuel consumption (4 Years CAGR)

Alternative Raw Materials (Kg/Tonne of Grey Cement)



2% for Fly Ash & 16% for Slag (4 Years CAGR)



Leadership messages

Message from Chairman and Managing Director



Dear Stakeholders,

Despite global headwinds, India continues to be one of the world's fastest growing major economy. Although the growth rate was muted and stood at 6.8% in the reporting year, marginally lower than that of FY 2017-18, the fundamentals of the economy continue to be robust with moderate inflation, low fiscal deficit (3.4% of GDP), accommodative monetary policy by the Reserve Bank of India and gradually improving private investment cycle. Infrastructure creation continues to be one of the major priorities of the Government of India; and with interest rates declining and additional liquidity in the economy, the infrastructure space is likely to see significant activity, which augurs well for cement demand.

India is the second largest cement producer globally; and has a huge helping hand in strengthening the country's infrastructure space and accelerating economic development. The cement sector is likely to grow sustainably, propelled by higher government spending in airports, ports, railway corridors, highways, smart cities, affordable housing and irrigation, among others.

Capitalising on India's favourable macro-economic indicators, we are happy to report another successful year for J.K. Cement. We reported 8.3% growth in revenue from operations to INR 4,919.19 Crores in FY 2018-19, compared to INR 4,542.59 Crores in FY 2017-18, driven by sustained cement demand on the back of a growing housing segment and higher infrastructure spend. Our EBITDA increased 6.5% to INR 810.12 Crores in FY 2018-19 vis-à-vis INR 760.66 Crores in FY 2017-18 owing to better efficiencies across the Board. We maintained a healthy EBITDA margin of 16.47% in FY 2018-19. Our net profit stood at INR 324.9 Crores in FY 2018-19 and our earnings per share stood at INR 45.28 in FY 2018-19.

Our integrated approach to cement production allows us to rationalise our costs, especially those pertaining to power supply requirements, raw materials and logistics. This enables us to offer our products at competitive prices, strengthening our market leadership and brand recall.

As you already know, our spectrum of products comprises grey cement, white cement, white cement-based wall putty and certain other value-added products, which are margin-accretive.

In the grey cement segment, we have embarked upon a robust expansion journey, which will enable us to grow our industry prominence. We are committed to invest INR 2,000 Crores to enhance our grey cement production capacity to 15 MnTPA by the end of fiscal 2019-20, from present capacity of 10.50 MnTPA, and expanding our presence into existing markets of Gujarat and Uttar Pradesh.

We have made substantial progress in our brownfield expansion of cement grinding capacity at Mangrol and Nimbahera, Rajasthan by 1 MnTPA each which is likely to be commissioned by the middle of fiscal 2019-20. Moreover, our capacity expansion for our clinker production line at Mangrol and split grinding units at Aligarh, Uttar Pradesh and Balasinor, Gujarat are going on in full swing. We



obtained the environment clearance for Balasinor unit also during FY 2018-19. Our expansions are funded through a judicious mix of debt and internal accruals.

To expand our market share, we are reinforcing our distribution network by adding additional authorised dealers and retailers to our network and strengthening our relationships with existing dealers. We are regularly organising 'dealer meets', which involve knowledge share on marketing and sales techniques and technical applications of cement products.

We are one of the two major players in India's white cement market. We have an aggregate installed capacity of 0.60 MnTPA and 0.90 MnTPA for white cement and wall putty, respectively in India. Our dual-process cement plant is having capacity to produce both white and grey cement (interchangeably) in Fujairah, U.A.E; and is currently used for manufacturing white cement only, with a capacity of 0.60 MnTPA. During FY 2018-19, we commissioned an additional installed capacity of 0.20 MnTPA of white cement-based wall putty at our Katni plant in Madhya Pradesh.

We have undertaken wide-ranging measures for resource optimisation, energy efficiency, water conservation, monitoring and controlling emissions, waste management and conservation of biodiversity, thereby helping us to protect the environment. Various initiatives have been undertaken to fulfil our sustainability agenda. We believe these initiatives are helping us move towards our objective to build a more sustainable future.

Our empowered talent pool drives our business and sustainability initiatives. We invest significantly to upskill our talent pool and motivate our go-getters to rise to the challenge. We offer remunerations, rewards and growth opportunities through continuous learning and knowledge transfer. We promote diversity and inclusiveness in our team that underpin our HR policies, thereby supporting our sustainable business agenda.

Beyond business priorities, our focus has always been on giving back to society by creating shared value. Our community interventions comprise education, art, culture and community welfare, environment, rural infrastructure development, health and development. Our social activities include initiatives in the domains of education, community hygiene, livelihood support, vocational training and skill development.

As I look into the future, I am optimistic that cement demand is likely to grow sustainably. The demand is projected at 6-6.5% compound annual growth rate (CAGR) from FY 2017-18 to FY 2022-23. We are well positioned to capitalise on emerging industry opportunities; and seek the support and guidance of all our stakeholders in our progress.

Warm regards,

Yadupati Singhania

Chairman and Managing Director



Message from Special Executive



Dear Readers,

At JKCL, we believe that sustainable thinking when integrated in organizational culture can lead to sustainable growth. We, at JKCL, are committed to the inclusion of sustainable practices in our behaviour and operations. Our approach entails to build a world-wide pioneering enterprise whilst becoming sustainable organisation.

In line with the evolving world scenario, we endeavour to utilise this slot to drive economic momentum for the organization along with its consumers and suppliers. We ensure outstanding benefit to all our stakeholders. Cement capacities have evolved as per growing demands, helping us towards achieving long term targets, thereby engendering returns for all stakeholders.

We believe in constant evolutionary ways to deliver more powerful, persuasive, environmental and climate friendly products and solutions which are also at par to the customer expectations. We constantly introspect our own organisation for ways to increase the efficacy of our operations. Our focus is on reducing in CO₂ emissions for climate protection along with water conservation, effluent management, solid waste management and spill management.

With this sustainability report, we intend to provide exhaustive share of information that will help you understand our operating model and our commitment to sustainability. We believe that details on our performance across economic, social and environmental parameters will build your trust in our organisation. We look forward to your feedback and welcome suggestions on how we can work better for inclusive sustainability.

Sincerely,

Raghavpat Singhania

Special Executive



Message from Special Executive



Fellow stakeholders,

As a leading organisation, we have been focusing on financial achievements while being mindful of our responsibilities towards the environment as well as communities. The industry is evolving and so are we. Our phase 1 expansion commenced in FY'18 involving a brownfield expansion of 4.2 MnTPA. Under our phase 2 expansion plans, we are planning a 3.5 MnTPA greenfield project with a capital expenditure of 2,500 crore. Post completion of our two-phased expansion plan, our production capacity of grey cement will become 18 MnTPA in the next five years. We intend to achieve Grey Cement Capacity of 18 MnTPA by 2023.

Together with our customers, we sense tomorrow's needs and work towards achieving excellence in business as well as operations. JKCL's commitment to sustainable development is demonstrated through a range of actions implemented across a balanced program of initiatives. We believe that setting and achieving sustainability objectives throughout the organisation assists long term competitive business performance.

Our primary objective is to generate sustainable value for our stakeholders. We have strong employment and safety practices and we work with local communities, government and regulatory bodies to earn our social license to operate and ensure the business and its returns are sustainable.

We are committed to maintaining a safe, productive and healthy work environment. Our good financial performance, as well as a positive economic outlook, together with a management focused on the creation of a working environment that fosters trust and encourages growth is helping us to attract and retain talented individuals that are eager to strive for excellence with passion.

I acknowledge the hard work and commitment of our management team and of all. I also thank our customers, shareholders and partners for their continuing loyalty and support. We will continue our efforts to build a better future for all of our stakeholders.

Sincerely,

Madhavkrishna Singhania

Special Executive



Message from President (Corporate Affairs) & CFO



Dear Stakeholders,

It has been another year of transformation and success for JKCL. Our hugely capable team has worked really hard and delivered good performance again this year.

We have once again achieved sustained financial results which have helped us to cement our position in the market. As compared to last year, our sales volume rose by 5%. Our EBITDA went up by 7% and net sales increased by 8% as compared to FY'18. Further, the QIP of INR 511 crore raised in FY 2018-19 resulted in robust balance sheet and has supported our investment plans made for capacity expansion.

We strive to excel in financial as well as non-financial performance with focus on inclusive growth. Our approach is to understand, manage and minimise the impacts of cement production and use. We have implemented processes to bring the key economic, social and environmental indicators into regular monthly management, standardization and board reporting process. In addition to financial growth, we also strive to achieve resource efficiency resulting in financial savings which forms fundamental part of our operational excellence. We continue to focus on achieving zero harm at our operations and continue to improve our safety performance. Our employee engagement initiatives at organizational level ensure their well-being and high on spirits. Similarly, our contributions towards local community development aims at upliftment of society and also help us in achieving social license to operate.

We are committed to deepening our relationships with our customers and key partners in delivering innovative construction solutions. We will continue to focus relentlessly on cost rationalization, industrial productivity improvements, and in delighting our customers with innovative solutions.

Going forward, we hope that governments effort to catapult the infrastructure sector with higher spends in roads, highways and housing development will boost cement demand. To reap the benefits of this boost while maintaining our operating margin, we focus on prudent cost management measures, enhanced operational efficiency and continuous productivity improvement.

Our way of doing business has put JKCL on a journey to become leaders in responsible organization, enabling us to deliver long term sustainable profitable growth. We are confident that our future is positive and we aim to rise high with the support of all our stakeholders.

Sincerely,

A.K. Saraogi

President (Corporate) & Company Financial Officer



Message from Business Head – Grey Cement



Dear Readers,

We at JK Cement, have consolidated our position as one of the leaders in cement industry. We are aware of the bigger picture, with ample opportunities available in areas such as housing for all, dedicated freights corridors, ports, and other infrastructure projects. We take cognisance of JK Cement's role and strive to ensure that we live up to the responsibilities that come with these opportunities.

These opportunities are expected to boost the demand of cement in coming years and to support such growing market demand, we are also working on expanding our grey cement production capacity to

15 MnTPA by expanding our footprint to Aligarh, Uttar Pradesh and Balasinor, Gujarat. The progress is on schedule and expected to be completed by end of 2020. In addition, we are also planning a 3.5 MnTPA greenfield project and intend to increase our capacity to 18 MnTPA by 2022.

We are convinced that responsible economic activity is the basis for long-term success. For us, sustainability-oriented corporate governance means reducing the risks for our Group by understanding the impact of our economic activity on the environment and society. We aim to demonstrate, with our actions, how we are a responsible and ethical company, with sustainability as a core value.

Sustainability creates value for our business, our shareholders and society. We aspire to be a pioneer in this field and leverage resulting opportunities. We are working closely with our stakeholders for receiving regular updates on key environmental and social topics. Here, climate protection will remain at the top of our agenda for sustainability, as we believe this is one of the greatest challenges of the future. Therefore, it also has a high priority in our sustainability strategy. We are progressing towards the positive trends of continuously reducing net CO2 emissions and water withdrawal per tonne of cementitious material. We have made improvements in occupational health and safety, but more needs to be done. We practice a zero-harm culture and it is pleasing to see that our safety efforts, supported by the dedication and hard work of our employees, are having an impact.

Sustainable development cannot be achieved overnight. However, as a strategic goal, we are integrating sustainability more and more into our business operations. We thank the company's employees as our success depends on their dedication and efforts.

Sincerely,

Rajnish Kapur

Business Head – Grey Cement



Message from Business Head – White Cement



Dear Readers,

The cement sector is growing at a fast pace, primarily driven by an increasing global population. As a result, it is accelerating shift towards urban living, thereby increasing the infrastructure requirement for the people. Further, high cement demand is also driven by Government on India's focus on infrastructure and housing for all by 2022. Keeping this in mind, we have taken cement expansion projects to keep pace with rising demand and to further strengthen JK Cement's position in Indian market. Our current white cement capacity is 1.2 MnTPA and we are further planning to expand our capacity to 1.7 MnTPA in coming years. Here, our access to high

quality limestone reserves suitable for production of white cement provides us with a competitive advantage.

Sustainable building and living will inevitably be a feature in future to come. Also, the growing challenges posed by climate change and resource scarcity needs to be addressed, for which JK Cement is working relentlessly to maximise its potential in operational excellence & efficiency.

In a world where the speed of technology continues to accelerate, we are confident that a proactive versus reactive approach to both innovation and sustainability will prevail. We firmly believe that innovation and sustainability are inextricably linked — and critical for the future. On large scale, we are utilising scientific and engineering expertise to help address complex issues, like energy efficiency, considering cement is one of the high energy consuming.

We are constantly leveraging the opportunity to design high-performance and cost-effective products that provide environmental and social lifecycle benefits while enhancing the end-user experience. These challenges will be testing our capabilities and requiring more innovation than our industry has delivered in the past.

We will continue to take a business approach that creates long-term value for our stakeholders while contributing toward sustainable development. We have never viewed sustainability as an end state, but rather a journey. JKCL employees across the locations will work uncompromisingly to confront global challenges and complex problems related to building resilience, sustainability and liveability.

Sincerely,

Niranjan Mishra

Business Head – White Cement



About the report

At JK Cement Limited (JKCL), sustainability has always been ingrained in our core philosophy and has helped us operate in responsible manner. Our approach towards sustainable development is reflected through our financial and non-financial performance covered in our annual sustainability report. This, our 6th Sustainability Report conforms to Global Reporting Initiatives (GRI) standards, and disclosures are in accordance with the 'core' option that GRI prescribes. For this, we have appointed Ernst & Young Associates LLP to conduct independent third-party assurance for the information contained in the report, as per the assurance statement on page 53 and help us continuing our journey towards sustainable development.

Our Approach

Sustainability report, titled 'Progress with Sustainability for Gen-Next', details JKCL's economic, social and environmental sustainability initiatives, and describes the long-lasting impact on Company's performance. Transparency in our business has led to sustained growth and forms the foundation of our reporting process. We adhere to the principle of materiality and to that end, we provide all stakeholders with information on the sustainability parameters most pertinent to them and to our business. This year we undertook a re-evaluation of our materiality assessment to understand impact of potential material issues on business considering evolving market scenario, regulations and stakeholder expectations. Our current materiality assessment, outlined later in this document, reflects the relevant sustainability issues we address in the report.

Reporting boundary & Scope

The reporting boundary of this report includes our grey manufacturing cement plants, including captive power and WHR at Nimbahera, Mangrol, Gotan and Muddapur along with our grinding unit at Jharli, White Cement Plants at Gotan and Wall Putty unit at Gotan & Katni. The report excludes the performance of our subsidiary companies including the Jaykaycem (Central) Limited and J.K. Cement (Fujairah) FZC and one step down subsidiary i.e. J.K. Cement Works (Fujairah) FZC and it's step down subsidiary J.K White Cement (Africa) Ltd., and mining operations. Further, except for the environmental data which pertains to our manufacturing sites, grinding units, and the captive power plants, the remaining data and information represents entire organisation unless otherwise mentioned specifically. Current financial information about JKCL appears in our recent Annual Report and can be accessed here: https://www.jkcement.com/financial_reports. We reserve the right to change our internal guidelines regarding the inclusion of data in the future Sustainability Report, however, the same would be clearly communicated to our stakeholders.

Reporting norms and data management

We compiled all the information and data herein based on best practices and in accordance with the procedures and standard administration frameworks that our Environment, Social, and Safety group adopted. With an aim to strengthen our reporting practice and comply with the internationally agreed disclosures, we prepare our report in accordance with the latest guidelines of the internationally recognized GRI. Also, it is of supreme importance to us that the data that is collated and reported from our sites is consistent. To ensure the same, we have employed systems and practices in place for regular and reliable tracking of various sustainability performance data. The data published in our sustainability report is collected through various internal stakeholders which may or may not form part of Annual Report. Further, our direct and indirect emissions are calculated using the Intergovernmental Panel on Climate Change (IPCC) and Central Electricity Authority (CEA) published emission factors.



Suggestions and Feedback

We continuously strive to disclose relevant information to our stakeholders and welcome any feedback on this report. Please direct your comments to sustainability@jkcement.com.



Our Company

JK Cement at a Glance

JK Cement Ltd is an affiliate of the multi-disciplinary industrial conglomerate JK Organisation. JK Organisation was founded by Late Lala Kamalapat Singhania. For over four decades of experience in cement manufacturing, we have partnered India's multi-sectoral infrastructure needs on the strength of its product excellence, brand reputation, customer orientation and technology leadership.

The J.K. Organisation is renowned for pioneering various initiatives and technological breakthroughs in the Indian Industry, and is one of the foremost participants in India's industrial growth. It is also renowned for its role as a responsible corporate citizen through a significant contribution to society like creation of public infrastructure, health initiatives, funding and supporting many educational institutions.

J.K. Cement, part of the J.K. Organisation, having its head office (registered and corporate office) at Kamla Tower, Kanpur, India, manufactures both Grey and White cement with value-added products like Wall Putty, Gypsum Plaster of Paris, Tile adhesive, Primaxx and Shieldmaxx. Our Superior products, best quality raw materials, extensive marketing and distribution network and the technical know-how characterize our abiding strengths.

Our Strategic business objectives and drivers



Manufacturing capacity

JKCL is India's leading grey cement manufacturers with an installed capacity of 10.5 MN Tonnes. We are having a total of 125.70 MW coal-based and waste heat recovery power plants catering to our energy requirements. We are the third largest white cement manufacturer in the world with an installed capacity of 1.20 MnTPA including 0.6 MnTPA white cement plant at Fujairah, UAE. We are also the second largest producer of wall putty in India, with an installed capacity of 0.9 MnTPA.



Plant locations



Nimbahera, Chittorgarh (Rajasthan)

Commencement- 1975
Grey Cement- 3.25 MTPA
Thermal Power- 20 MW
Waste Heat Recovery System- 13.2 MW



Mangrol, Chittorgarh (Rajasthan)

Commencement- 2001
Grey Cement- 2.25 MTPA
Thermal Power- 25 MW
Waste Heat Recovery System- 10 MW



Muddapur, Bagalkot (Karnataka)-

Commencement- 2009
Grey Cement- 3 MTPA
Thermal Power- 50 MW



Gotan, Nagaur (Rajasthan)

Commencement- 1984
Grey Cement- 0.5 MTPA
White Cement- 0.6 MTPA
Wall Putty- 0.5 MTPA
Thermal Power- 7.5 MW



Jharli, Jhajjar (Haryana)

Commencement- 2014
Split Grinding Unit- 1.5 MTPA



Katni, (Madhya Pradesh)-

Commencement- 2016
Wall Putty- 0.4 MTPA

Operational Footprint

Limestone is one of the main raw material required for cement manufacturing and it is important for the Company to ensure an uninterrupted long-term availability of this vital mineral. Here, JKCL enjoys a historical advantage in its access to limestone near the plant. As one of the first movers in the cement industry in north India, we acquired mines yielding high quality limestone.

We currently operate 10 Limestone mines in the State of Rajasthan & Karnataka which have adequate reserves to support our Grey & White Cement production. The mine under operation have remaining lease for 12 to 44 Years.



Outlook for the future

India's GDP growth is registered at 6.8% in FY 2018-19 which is marginally lower than last year's GDP despite global headwinds. India is the second largest cement producer and has huge potential for infrastructure development. As a result, the Government of India is now focusing on mega infrastructure development plans, which include roads, railways, highways, ports, affordable housing, airports and smart cities. This will require a huge helping hand from the cement industry. We are consistently investing in growing our cement capacities in line with market demand across the country.

The Interim Union Budget focuses on strengthening infrastructure initiatives with planned capex of US\$ 47.29 Billion for FY 2019-20. Further Government of India's initiatives to provide affordable houses to everyone by 2022 will also boost the demand for cement.

Grey cement capacity expansion

Medium-term Plan

Our brownfield expansion of 4.2 MnTPA is going on in full swing and is scheduled to be completed by March 2020. This includes 2.8 MnTPA clinker capacity at Mangrol and two split grinding units of 1.5 MnTPA at Aligarh, Uttar Pradesh and 0.7 MnTPA at Balsinor, Gujarat, along with an additional grinding capacity of 1 MnTPA each at Nimbahera and Mangrol locations. In addition to this we are planning to upgrade our existing Line no. 3 at Nimbahera resulting in increase in Production capacity by 1000 TPD. With this we will achieve target of 15MnTPA by 2020. The new capacity is expected to reduce overall operating costs including administrative cost on account of better efficiencies.

Long-term Plan

We are planning to set up an integrated plant having capacity of 3 to 3.5 MnTPA at Panna, Madhya Pradesh with project cost of around Rs 2500 crores. With this we will achieve Grey Cement Capacity of 18 MnTPA by 2022. To support our long-term plan, we have two mine leases in Madhya Pradesh which have sufficient reserves to support expansion of 15MnTPA in phases.

White cement capacity expansion

The existing White Cement & Wall Putty of the company stood at 1.5 MnTPA and it would be going to exhausted by the end of next fiscal. To meet the growing demand, the company in its third phase of Wall Putty expansion, plans to expand its existing Wall Putty capacity at Katni from 0.4 MnTPA to 0.6 MnTPA by 2021.

Ownership pattern

J.K. Cement is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The shareholding pattern, as on 31st March 2019, was as following:

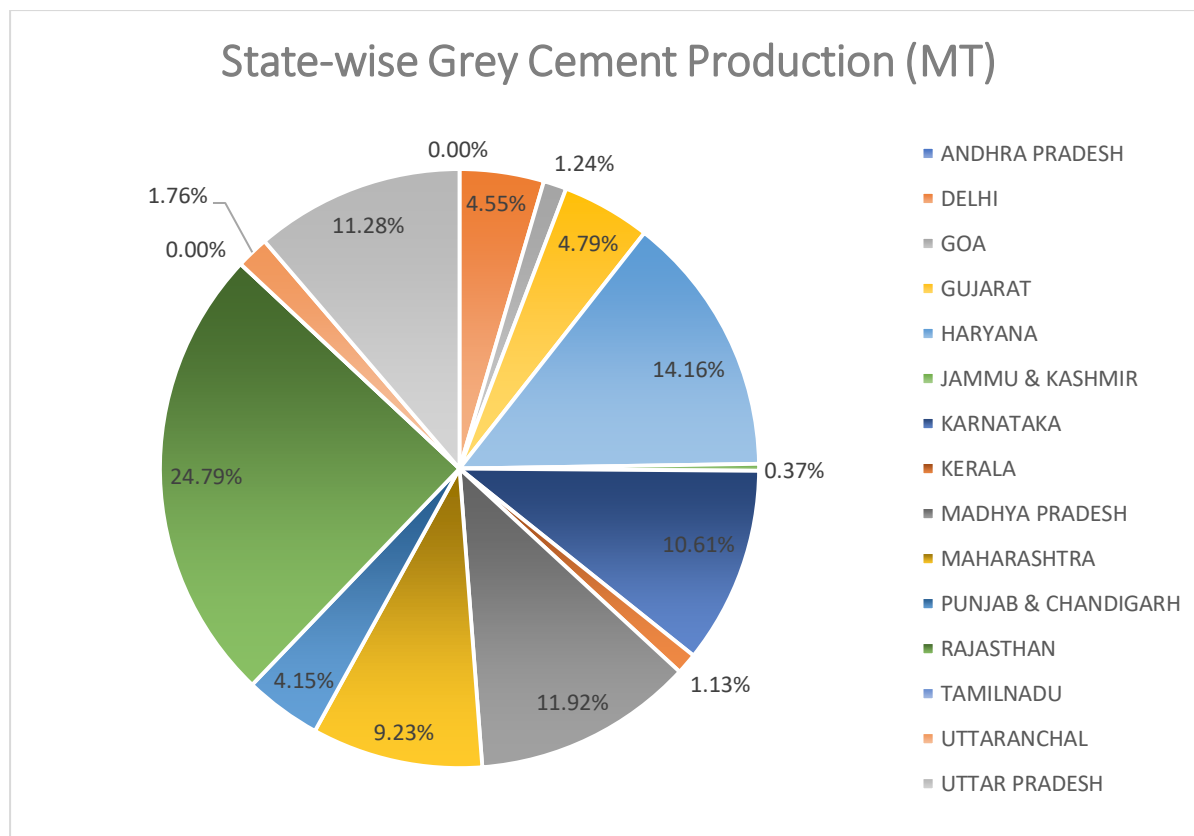
Category of Shareholder		Total Shareholding as a % of total no. of shares
A	Shareholding of Promoter and Promoter group	58.07
B	Public Shareholding	41.93
	Total (A+B)	100.00

Market presence

We have our manufacturing presence, both in the North and South of India to cater to consumers across the country. At the same time, we have built capacity in Fujairah, UAE to address global markets. We have extensively developed our dealer network to deepen our penetration across India and internationally. currently, we have a significant number of dealers and stockists in the grey cement and white cement segments and have plans to increase our channel strength in the coming years.



Our key grey cement markets are situated in northern, western and southern India. However, our White Cement enjoys a nationwide presence. Grey Cement is currently sold in 15 states & Union Territories of India including Rajasthan, Haryana, Delhi, Uttar Pradesh, Uttaranchal, Maharashtra, Punjab & Chandigarh, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Gujarat, Kerala, Goa, Jammu & Kashmir and Karnataka.



Similarly, our White Cement and White Cement based Wall Putty has seen huge demand within the country, besides being exported to more than 40 countries across the world spanning across Asia, the Middle East, Africa and Asia Pacific geographies.

List of countries where White Cement was sold during FY 2019.				
1. Argentina	10. Ghana	19. Malawi	28. Qatar	37. Thailand
2. Aruba	11. Hong Kong	20. Mauritius	29. Republic of the Cong	38. Trinidad and Tobago
3. Australia	12. India	21. Mozambique	30. Rwanda	39. Uganda
4. Bahrain	13. Jeddah	22. Myanmar	31. Saudi Arabia	40. United Arab Emirates
5. Bangladesh	14. Jordan	23. New Zealand	32. South Africa	41. Vietnam
6. Brazil	15. Kenya	24. Nigeria	33. South Korea	42. Yemen
7. Cote d'Ivoire	16. Kuwait	25. Oman	34. Sri Lanka	43. Zambia
8. Djibouti	17. Lagos	26. Peru	35. Taiwan	
9. Ethiopia	18. Madagascar	27. Philippines	36. Tanzania	



Our products

Superior products and a strong brand name of Build Safe represent the JKCL's abiding strengths. Our brands have always been the preferred choice for builders and architects. JK Cement has carved a distinctive niche for its brands through various multifaceted marketing initiatives including 360-degree media campaigns, consumer contact programmes, online promotion and public relations, among others. Our current grey product portfolio includes 55% Portland Pozzolana Cement (PPC), 40% Ordinary Portland Cement (OPC) and 5% Portland Slag Cement.

Product Portfolio

Grey Portfolio



Ordinary Portland Cement (OPC)



Portland Pozzolana Cement (PPC)



Portland Slag Cement (PSC)



JK Super Strong Cement

White Cement



JK White Cement



JK Wall Putty



JK ShieldMaxX

Value Added Products



JK GypsoMaxX



JK PrimaxX



Product responsibility

Implementing a systematic approach is the key issue to manage the group processes aiming at satisfying quality requirements. At JKCL, quality is not just a product centric vision but an Omni-organisational vision. With a firm belief that quality begins and ends with people, the management has inculcated a quality culture in the very thought process of the organisation.

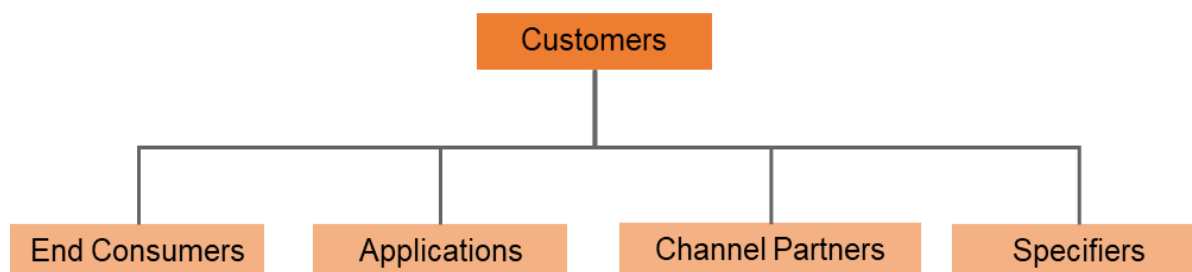
Management Certification Systems

At JKCL, our quality parameters have been verified by various certification bodies. All our units are certified with quality management system and environmental management system as per ISO-9001 and ISO-14001. The certification agency is Lloyds Register Quality Assurance Limited. Also, our White Cement plant is certified for OHSAS 18001 and SA-8000. JK White Cement carries the CE Mark (Mark of European Conformity as per European Construction Products Directive).

At Nimbahera and Mangrol, our labs are equipped with State-of-the-art Process control instrumentation and quality control system. Muddapur is equipped with latest technologies, process control as well as quality control for plant operation with Robo lab and Automatic Blain Analyser. The entire plant is controlled from Central Control Room (CCR) with sophisticated control systems of latest technologies.

Marketing Communications

JKCL constantly focuses on emerging market trends and consumer aspirations to redesign our marketing and distribution strategy to strengthen the visibility and outreach of our product brands. In order to communicate effectively with its clientele, the organisation directs its marketing communications and branding strategies by breaking down its customers into the following segments and using mass media, personal communication and professional forums as platforms for communications:



This comprises channel partners, dealers, specifiers, applicators and end customers. Our sales team works closely with a distribution channel that supports a strong network of stockists.

We have integrated manufacturing and grinding facilities in North and South India to serve multiple regions. We have a national distribution network of over 51500 dealers & retailers for marketing our white cement and white cement based wall putty and over 14500 dealers and retailers for Grey Cement that caters to the need of industrial consumers and a vast segment of end users.



Our customers

Customer Satisfaction

JKCL is a customer centric company, and we believe in resolving consumer grievances related to construction practices and our products. We have a dedicated helpline number - **1800 102 8868**, through which consumers can register their product related complaints with us.

Number of complaints received during the reporting year – 1,073

Out of the above, number of complaints resolved in the reporting year – 1,071*

Percentage of total complaints successfully resolved in the reporting year – 99.81%

** Further, remaining two complaints which were pending as on 31st March 2019, were also resolved successfully later.*

Consumers can also contact our executives in their respective areas directly by accessing their contact details from our website. Our Customer Technical Service (CTS) offices are in all state capitals and A-Class cities that are a one stop for contact information of all our executives. Our team of CTS executives are dedicated to resolving the product related issues at hand in a prompt manner. During reporting period 1,60,389 site visits have been conducted for our Grey Cement & White Cement segments. For any complaints related to construction, our CTS engineers visit the site and conduct demonstration of our product performance on site.



Awards

CSR & Environment Related Awards



Excellent Energy efficient unit - Muddapur

JK Cement Works, Muddapur awarded the CII – 19th National Award for Excellent Energy Efficiency unit in Energy management 2018. There were more than 125 applicants for this award.



GreenCo 'Gold' Rating, Jharli

JK Cement Works, Jharli was awarded the GreenCo 'Gold' Rating by Confederation of Indian Industry. We are honoured to be recognized for our efforts in reducing energy & water consumption and will continue to work towards implementing 'green' manufacturing practices.



Best AFR Practice - Mangrol

JK Cement Works, Mangrol was awarded 2nd position in the 'National Awards for Cement Industry and Sustainability Excellence of Indian Cement Industry and its vision 2030'. The plant was awarded the 2nd Prize for their best practice in 'Alternative Fuels & Raw Materials Excellence' by Quality Circle Forum of India, Hyderabad





Rajasthan Energy saving award – Gotan

JK White Cement Works, Gotan was awarded the Prestigious 'Rajasthan Energy Conservation Award (RECA)-2018' and also bagged the 2 Prize in Large Scale - Cement Sector by Rajasthan Government for their conscious and systematic efforts put in for efficient utilisation and measurable conservation of energy during the year 2017-18.



Exceed Award – Nimbahera

JK Cement works, Nimbahera won the silver trophy at the prestigious Exceed Award for CSR initiatives, especially Sparsh Project, which aims towards development in women's health and hygiene.



SEEM National Energy Management Award - Mangrol

JK Cement Works, Mangrol team participated in 'SEEM National Energy Management Award 2017'. Mangrol plant was awarded the platinum medal in the Cement Sector for the second consecutive year.



Platinum Award

JK White, Katni was conferred with the Platinum Award by Apex India Foundation for pollution control, excellent safety standards and green belt development at the Apex India Excellence Awards.



Awards for Industry Performances



2nd Fastest Growing Cement Company

JK Cement was felicitated as the 2nd Fastest Growing Cement Company in India in the medium category at the 3rd Indian Cement Review Awards 2018



India's No. 1 Brand" in the Cement category for 2018

J.K. Wall Putty was adjudged as "India's No. 1 Brand" in the Cement category for 2018. No.1 BRAND Award is a distinctive recognition for a brand recognized as No.1 in its industry category based on current year market standing. Its evaluation process is based on a nationwide quantitative qualified consumer survey, expert analysis and attributes based qualitative brand research.



Memberships and associations

Public policy and advocacy is important for JKCL to conduct its business. We are mindful of our responsibilities and the impact we hold in the Indian economy. It is hence a conscious decision on our part to steer away from any influence on the Government or the policy of the country, to avoid any controversy regarding vested interests. The Company does not make any monetary or in-kind contributions to political parties or religious groups either.

Associations

The Company is member of various trade and chambers or association, where senior management of the company represent JKCL and engage on discussions across various topics on best practices, upcoming regulations, information sharing etc. Some of these associations include:

1. Federation of Indian Chambers of Commerce and Industry (FICCI)
2. Cement Manufacturer's Association (CMA)
3. Member of JK Organisation

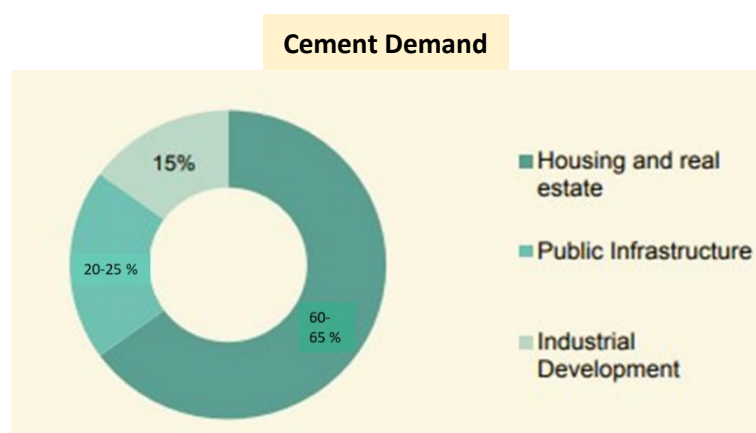


Economic Overview

Market scenario & Growth Opportunities

India is the second largest producer of cement in the world and cement industry plays a pivotal role in the economy by contributing to the exchequer of the Government (inform of revenue collection from GST/Direct Taxes) & providing employment to more than a million people, directly or indirectly.

As per CRISIL, with the capacity addition of 23 MnTPA, the total cement production capacity stood at 478 MnTPA by the end fiscal 2019, which is expected to reach 502 MnTPA by 2020. Cement industry in India is very hopeful for demand due to Government's focus on Infrastructure and its vision for housing for all by 2022. In Budget 2019-20, the Government of India has extended benefits under Section 80-IBA of the Income Tax Act till March 31, 2019 to promote affordable housing in India. The move is expected to boost the demand of cement from the housing segment.



India has a lot of potential for development in the infrastructure and construction sector. The cement sector is expected to largely benefit from the recent major initiatives such as development of smart cities, roads & highways, ports, railways, freight corridors etc. Further, the Budget has allocated US \$1.93 billion for Urban Rejuvenation Mission: AMRUT and Smart Cities Mission. Government's infrastructure push combined with housing for all, Smart Cities Mission and Swachh Bharat Abhiyan is going to boost cement demand in the country. Further, an outlay of US\$ 949.83 million has been allotted under Pradhan Mantri Awas Yojana.

Economic Performance

We understand the importance of the economic value we create for our stakeholders, and the communities in which we operate. Our economic performance highlighted in the report is based on the standalone financial statements of the Company. We quantify and analyse the economic value we are adding, first and foremost for our shareholders, internal stakeholders (i.e. its employees), and then for our external stakeholders – suppliers and the broader economic community.

The reporting year marked another successful year for JKCL. We witnessed significant growth as our total income increased by 3.6% compared to previous year. The following table illustrates JKCL Cement's standalone economic performance and the value added over a two-year period (FY 2018-19 & FY 2017-18) in terms of economic value generated, distributed and retained by the organisation:



**Standalone Economic Value Generated
Distributed (EVG&D) Amount in INR Lacs**

FY 2018-19

FY 2017-18

Income from Operations	506,121	488,582
(A) Cost of Materials Consumed	82,122	73,038
(B) Power and Fuel	105,232	88,969
(C) Employee Benefits and Wages	35,350	32,546
(D) Finance Cost	22,209	24,535
(E) Tax Expense	14,868	9,785
(F) Others	213,789	225,394
Economic Value Retained	32,551	34,315



Good Governance

Our Approach

Corporate governance of an organisation is an outcome of implementing best management practices, compliance with the laws and conformity to the highest standards of transparency and business ethics. At JKCL, corporate governance is not simply about creating checks and balances; it is an on-going measure of superior delivery of Company's objects together with meaningful CSR activities and sustainable development policies. This has enabled JKCL to earn trust and goodwill of its investors, business partners, employees and the communities in which it operates.

Corporate Governance structure

JKCL's layered governance structure comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. The structure helps facilitate value creation as the Board sets the overall corporate objectives and guidelines and the Management has the freedom and space to achieve these corporate objectives within a given framework.

Our board and committees

The JKCL Board plays a pivotal role in ensuring that the Company runs on sound and that its resources are utilised for creating sustainable growth and societal wealth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company, ensuring fairness in the decision-making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.

Our Board

At JKCL, the Board is headed by its Chairman and Managing Director, Shri Yadupati Singhanian. The Independent Directors on the Board are experienced, competent and highly reputed persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision-making process of the Board of Directors. The composition of the Board of Directors is given herein below:

- One Promoter, Executive, Non-Independent Director,
- Three Non-Executive, Non-Independent Directors,
- Six Non-Executive, Independent Directors.

As on 31st March 2019 the composition of Board of Directors was mentioned below:

Sl. No.	Name of Director	Category
1	Mr. Yadupati Singhanian	Executive Director
2	Mrs. Sushila Devi Singhanian	Non-Executive, Non-Independent Director
3	Mr. Achintya Karati	Non-Executive, Independent Director
4	Mrs. Deepa Gopalan Wadhwa	Non-Executive, Independent Director
5	Mr. Jayant Narayan Godbole	Non-Executive, Independent Director
6	Mr. Kailash Nath Khandelwal	Non-Executive, Non-Independent Director
7	Dr. Krishna Behari Agarwal	Non-Executive, Independent Director
8	Mr. Paul Heinz Hugentobler	Non-Executive, Non-Independent Director
9	Mr. Raj Kumar Lohia	Non-Executive, Independent Director
10	Mr. Suparas Bhandari	Non-Executive, Independent Director



Our Committees

Our specialised committees operate centrally to carry out governing operations. The functions of each of the committees are described below:



Audit Committee

The Audit Committee broadly looks after pertaining to adequacy of internal control systems, review of financial reporting process, discussion of financial reporting process, interaction with auditors, appointment and remuneration of auditors and adequacy of disclosures. The terms of reference of the Audit Committee constituted by the Board, in terms of section 177 of the Companies act, 2013 and the corporate governance code as prescribed under Listing Regulations. The Audit Committee comprises all non-executive directors; majority of them are independent directors, including the Chairman Dr. K.B. Agarwal.

Stakeholders Relationship Committee

The Committee specifically considers the redressal of shareholders' and investors' complaints such as transfer of shares, non-receipts of shares, non-receipt of dividend declared, annual reports and to ensure expeditious share transfer process and to review the status of investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. This committee is chaired by Dr. K.B. Agarwal. The Company received 21 complaints during FY 2018-19 and all were resolved as on 31st March 2019.

Nomination and Remuneration Committee

The Remuneration Committee is vested with all the necessary powers and authorities to ensure appropriate disclosure on remuneration to the Managing Director including details of fixed components and performance-linked incentives. As for the Non-Executive Directors, their appointment on the Board is for the benefit of the Company due to their vast professional expertise in their individual capacity. In this context, we suitably remunerate them by paying sitting fee for attending the meetings of the Board and various sub-committees of the Board, and provide them with commission on profits. The chairman of this committee is Shri Raj Kumar Lohia.

Corporate Social Responsibility Committee

Corporate Social Responsibility committee, is a mandatory committee of the company, which has been functioning in pursuance of Section 135 of Companies Act, 2013. This committee assist the Board in discharging social responsibilities. It formulates and monitors implementation framework of 'Corporate Social Responsibility Policy', observe practices of Corporate Governance at all levels and



provide remedial measures wherever necessary. Further, the Board considers the matters related to sustainability and corporate social responsibility.

Risk Management Committee

The Board of Directors of the Company in its meeting held on 2.2.2019 constituted Risk Management Committee and same will be effective from 1.4.2019. The risk committee broadly oversee the formal review activities associated with effectiveness of risk management and internal control system. The risk committee will also review process and procedures to ensure the effectiveness of internal systems of control in guiding the decision making. The Audit Committee comprises all non-executive directors; majority of them are independent directors.

Code of Conduct

JKCL have a detailed Code of Ethics and Business Conduct that aligns with our commitment on conducting our business in accordance with the applicable laws, rules and regulations with the highest standards of business ethics. It provides avenues and procedures to report unethical conduct, and to help foster a culture of honesty and accountability. This Code is a comprehensive code applicable to all Executives as well as Non-Executive Directors, and members of the Senior Management and provides guidance and help in recognising and dealing with ethical issues in daily business operations. As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), all Board Members and Senior Management Personnel have affirmed compliance with Company's Code of Business Conduct and Ethics for the year ended 31st March 2019. A copy of the Code has been hosted on the Company's website www.jkcement.com

Insider Trading

J.K. Cement is committed to the principles of fair and open markets for publicly traded securities throughout the Indian markets where everyone has an equal chance to succeed. In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), we have a policy in place on insider trading/ dealing and stock tipping which establishes standards of conduct for people who obtain inside information through their work within J.K. Cement from insider trading and stock tipping and makes it criminal offenses.

Anti-Competitive Behaviour

The Competition Commission of India (CCI) vide its order dated 31.8.2016 imposed a penalty of INR 12,854 lakhs on the company. The appeal was heard whereupon National Company Law Appellate Tribunal (NCLAT) vide order dated 25.07.2018 upheld CCI's order. The Company has filed statutory appeal before Honorable Supreme Court which vide its order dated 5.10.2018 had admitted the appeal & directed that the interim order of stay passed by the tribunal in this matter will continue for the time being. The company backed by legal opinion believes that it is good case and accordingly no provision has been made in the accounts.

In a separate matter, CCI imposed penalty of INR 928 lakhs vide order dated 19.1.2017 for alleged contravention of provision of Competition Act, 2002 by the Company. On Company's appeal, NCLAT has stayed the operation of CCI's order. The matter is pending for hearing before NCLAT. Based on Legal opinion, the Company believes that it has a good case and accordingly, no provision has been made in the Audited Annual Report of 2018-19.



Our Policies

Stakeholder engagement is a vital element in identifying and prioritising sustainability issues. We have developed robust policies and systems that help us in conducting business activities in a sustainable way. Our Board, senior management, shareholders, employees and other stakeholders have helped us to take required steps to conduct our operations in an ethical manner. We strongly oppose illegal labour practices. Exploitation of children and child labour is strictly prohibited at all our plants and offices. Further, we do not work with any supplier or contractor known to operate with unacceptable labour practices such as the exploitation of children, physical punishment, female abuse, involuntary servitude or any other form of unacceptable behaviour. All the policies are posted on the website: https://www.jkcement.com/company_policy

The company's **Corporate Social Responsibility Policy** reflects our objective of economic and social development to create a positive impact. We constantly strive to create value through our operations and initiatives and are committed towards the socio-economic development of communities. The CSR Policy was approved by the Board of Directors at its Meeting held on 1st November 2014 and has been uploaded on the Company's website. The web link is: https://www.jkcement.com/pdf/csr_policy_of_jk_cement_ltd_20.11.14.pdf

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy of **Sexual Harassment of Women at Workplace** (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment. During the financial year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company.

JKCL has a **Whistle Blower Policy** to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company. It empowers any person associated with the organisation to file a grievance if he/ she notice any irregularity. A proper mechanism has thus been established for the employees to report to the management about unethical behaviour, or violation of the Company's code of conduct or ethics policy.

The **Remuneration Policy**, formulated by the Board of Directors, lays down a framework concerning remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy also covers criteria for selection and appointment of Board Members and Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

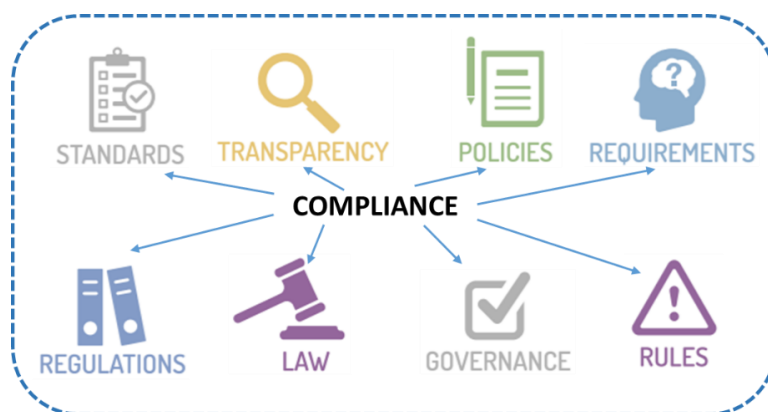


Compliance

Compliance is of paramount importance to safeguard the invaluable corporate reputation that we have earned over the years. Periodic review of compliance reports of the laws that apply to JKCL along with a well-defined procedure to work on instances of non-compliance, if any, is the responsibility of the Board. Various Board meetings and general body meetings are held every year to ensure frequent communication and compliance to prevailing and applicable laws.

During the FY 2018-19, all the compliance requirements of Listing Regulations with the Stock Exchanges were addressed as per the norms and disclosures of listing requirements.

We are also aware about the impact of our operations on environment and, therefore, continuously work towards reducing the emissions, effluents, and waste produced. Our established environment management systems are designed to function beyond compliance levels. All statutory compliances with respect to preventive maintenance schedule and environmental clearances through respective Pollution Control Board are adhered as required. During FY 2018-19, no fines were levied on us in these regards.



Similarly, during the reporting year, there were no incidence of significant fines levied on us or non-compliance with respect to the regulations concerning health and safety impacts of products and services, product related marketing communications, and product information disclosure and labelling.

Further, JKCL undertakes continuous assessment of the potential environmental risks in accordance to the ISO-14001, ISO-9001 and OHSAS-18001 certifications. It also conducts periodic internal reviews to assess the implementation of environment related activities. During the reporting period, there are no cases pertaining to environment compliance.



Risks & Opportunities

Industry Risk Areas

Competition	Indian cement industry is highly competitive with government policies playing crucial role in driving the investment scenario. Further, existing cement companies are planning for Greenfield & Brownfield expansions to serve PAN India, thereby creating a higher competition in the market.
Power & Fuel	The manufacturing of cement is highly energy intensive. Almost 25% of total production cost is of Power & Fuel. Pet coke being the main fuel used by the Indian cement industry for kiln firing & coal being used for captive generation. Due to limited availability of coal for kiln firing there has been gradual shift to AFR which offer almost same calorific value as that of Indian F Grade Coal and mitigates the overall impact of higher pet coke prices and also promotes the use of alternate fuels.
Raw Materials	Limestone is one of the vital materials which are used in the manufacture cement and to save our existing natural resources alternate is to promote the use of blended cement.
Cyber Security	With digitization on the rise and growing dependence on computer and internet for operating, it has become easy to hack sensitive data and has given rise to higher number of cyber fraud. Thus, it important to protect data unethical hacking or to avoid higher risk of fraud which can end in huge business as well as reputation loss.
Regulatory	Cement is in the highest GST rate slab (attracts 28% GST), which means that Government on one side is promoting affordable housing schemes in rural & urban areas and on the other hand higher GST has the cascading impact on the prices of affordable houses as higher tax rate leads to increased costs for the housing & infrastructure sector. Currently, there is no risk of rate hike, however, any southward change in GST will lead to a spur in cement demand, and better realizations for the industry.

Sustainability Risk Areas

GHG and climate Protection	As Government is focused to boost infrastructure housing projects, such as development of smart cities, the demand for cement is expected to increase resulting into higher CO2 emissions posing a significant environmental concern.
Mining	Cement production involves raw materials that come from mining activities. The key risks associated with mining operations are land acquisition, mineral distribution, ground water table intersection and mine rehabilitation. Further, Limestone mines are going for auction in future which will impact prices ¹ .
Employee health and safety	Considering the nature of work involved in cement manufacturing process, ensuring health and safety of the employees and other stakeholders is a top priority for cement companies.
Local community and environmental impacts	Cement industry poses a significant negative impact on local community in the form of air emissions and noise pollution. Further, cement production is an extractive process as mining activities impacts the natural landscape of the place and affects the regional habitat & biodiversity.

¹ <http://www.indiancementreview.com/News.aspx?nId=DmPsekm8i8AGXgRJ2lj+cQ==>



Water impact management	Water is one of the major material issue for industries, societies and countries now days. Cement production requires water for cooling heavy machinery and exhaust gases in emissions control system and for operating the captive power plants, etc. This can create an ecological imbalance and non-availability of fresh water at manufacturing sites due to unpredictable weather patterns may result in higher procurement cost of water.
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Opportunities

Government Initiatives	<ul style="list-style-type: none"> • The Government of India's budget has allocated US \$1.93 billion for Urban Rejuvenation Mission: AMRUT and Smart Cities Mission. • The Government of India is strongly focused on infrastructure development to boost economic growth and is aiming for smart cities. • The government also intends to expand the capacity of the railways and the facilities for handling and storage to ease the transportation.
Attractive opportunities	<ul style="list-style-type: none"> • Due to increasing demand in various sectors such as housing, commercial, industrial construction, cement industry is expected to reach 502 MnTPA by the year end of FY 2020. • Areas such as dedicated freight corridors, highways, bridges, metro projects in tier-ii cities, ports and other infrastructure development plan offer attractive investment opportunities.



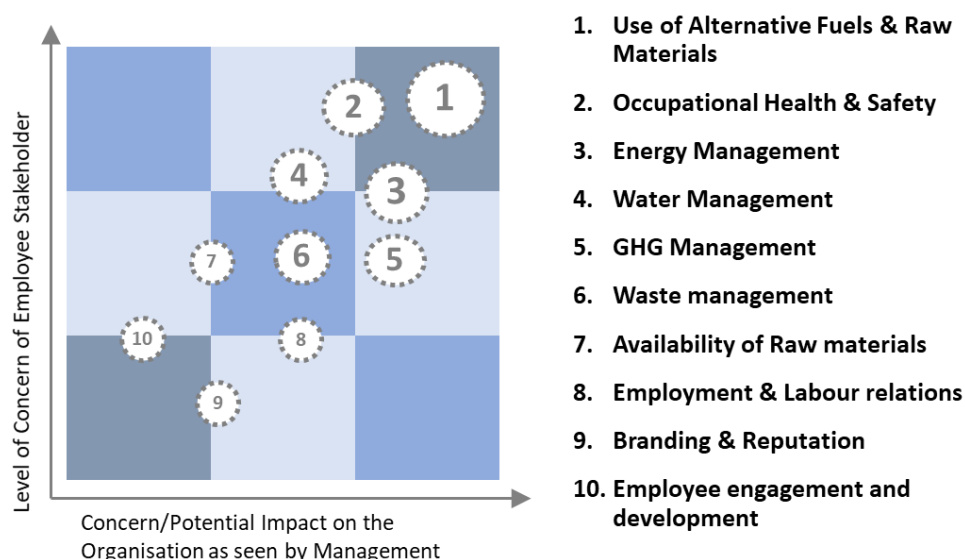
Stakeholder dialogue and Materiality analysis

Stakeholder engagement empower us to capture an extensive and more forward-looking viewpoint of macro scenarios through regular interaction with stakeholder groups and maintaining a sound stakeholder relationship is also viable for a Company's progress and should be done early on as stakeholder dialog may provide insights, capacities, and resources to develop a sustainable business plan. Having them involved in the process help us in framing a robust process. Ambitions and concerns of our diverse stakeholders shape our performance as much as any other business decision. On the other hand, overlooking stakeholder expectations can risk undermining our vision for long-term value creation.

To improve decision-making and accountability, we have identified stakeholders who are impacted by our business based on past experiences, peer review, internal expertise, surveys and influence on the organization. We value constant engagement with our stakeholder groups and strive to have robust feedback mechanisms in place to integrate their concerns and issues into our business planning and execution model. Through various thought exchange platform and communication channels, we interact with our stakeholders on regular intervals and these valuable interactions help us in continuous improvement of our product and processes.

Our overall approach is to make simultaneous and stable progress on all three dimensions of the triple bottom line i.e. Social, Environmental & Financial. Material issues are those that have a direct or indirect impact on an organization's operations and footprint and can influence the economic, environmental and social value of the company. JKCL understands that sustainable development is not just about addressing the material issues related to business operations and strategy, but also identifies and prioritises its most material issues according to the concerns of the stakeholders. These issues are deeply relevant to our ability to succeed and are addressed in our stakeholder communications, internal strategic priorities and corporate responsibility approach. An assessment of materiality analysis rationalise our sustainability process and assist in identification of the most significant aspects which helps in defining & structuring of our sustainability goals and their alignment with our business goals. This year we undertook a re-evaluation of our materiality assessment. The identified material issues are detailed in the figure and table below.

MATERIALITY ANALYSIS



*Identified Material Issues**Our perspective*

1. Use of Alternative Fuels & Raw Materials	Promoting use of AFR to have minimal environmental impacts.
2. Occupational Health & Safety	Provide a safe and healthy working environment for our employees and other stakeholders. Constantly work towards making our operations safer and becoming a zero accident organisation.
3. Energy Management	Comprehensively mapping our energy use and various sources, and constantly work towards reducing our energy footprint.
4. Water Management	As our operations are mainly in dry and water scarce areas, work towards reducing our water footprint and generating awareness amongst our stakeholders regarding judicious use of water.
5. GHG Management	Constantly strive to reduce GHG emissions associated with our industry through innovation in operations, installation of greener and cleaner technologies, and use of alternate fuels with lower emissions impact.
6. Waste management	Manage our waste properly with focus on reduce, reuse and recycle.
7. Availability of Raw materials	Efficiently manage resources being utilised in our business through product and technology innovations such as use of alternate materials.
8. Employment & Labour relations	Maintain sound labour relations
9. Branding & Reputation	Effectively communicate and reach out to our diverse customer segments, maintain high customer perception of a company's reputation.
10. Employee engagement and development	Invest in our employees, implement systems and practices for their continuous skill and career development.



Environmental Sustenance

Our operational processes are connected with environmental impact and our aim is to minimise the same through a system of effective environmental management. At JKCL, environmental protection, energy efficiency conservation, emission reduction is considered as topmost priority and we aim to continuously work on improving our environmental footprint and contributing towards the inclusive growth of the society in which we operate. With increasing population and urbanisation, the burden on natural resources has increased. Hence, the alternative is to maximise the output from minimum input of raw materials. With the aim to minimise environmental de-gradation, we are also taking steps to optimise resources and improve efficiencies. We, at JK Cement, constantly seek and implement strategies that are in line with the above sustainability requirement.

Our approach towards environmental sustainability has always been to mitigate the environmental impacts of our actions by promoting energy-efficiency, managing biodiversity, reducing effects on climate change, promoting initiatives related to resource optimization, controlling air emissions, pioneering water and waste management and establishing an organizational culture that promotes responsible business operations while focusing on local responsibility - towards our employees and our neighbours as well as towards the environment.

We have a fully integrated EHS management system at all our manufacturing locations, which are certified by the internationally recognised ISO-9001, ISO-14001, OHSAS-18001 and SA 8000 standards. In addition, we regularly conduct EHS management system audits by third-party certification agencies to maintain the requirements of global standards. We also have implemented Energy Management System (EnMS), ISO 50001 thus achieving improved operational efficiencies. Our continuous focus is on improving resource efficiency in clinker and cement production processes by optimizing energy usage, utilising waste in production processes and targeting higher alternative fuel and raw material usage. In the process, we also aim to minimise our environment impact on climate, water and air.

Material input and production

Utilization of resources for production of finished goods is part of any manufacturing process. Resource efficiency, achieved through responsible management of natural resources, helps in conservation of scarce natural resources as well as enhances the quality output with lesser investments, which helps to increase faith of both customers and clients.

Cement industry is dependent on uninterrupted supply of natural resources and minerals as raw material. The key raw ingredients are limestone, dolomite, clay, laterite and gypsum which are required in the production process. Limestone is the most important raw material and our continuous efforts are to minimise the logistic cost from mines to plant site which will also allow us to save on our material transport related footprint. During the current reporting period, FY 2018-19, our manufacturing plants in consumed a total of 96,32,046 MT of limestone.

JKCL has always focused on monitoring the quality and has equipped all the manufacturing locations with good testing equipment and machines that carry out routine and detailed material quality inspection and testing for greater efficiency in manufacturing.

JKCL also strives to use recycled material like fly ash, chemical gypsum and slag as inputs wherever possible and feasible without affecting the quality of the finished products. Utilization of eco-friendly blended cements is encouraged as it does not consume as much raw materials and natural resources as normal OPC. Dedicated investment in research and development are being carried out to limit the



use of natural resources to manufacture grey cement and increasing the proportion of additives like fly ash and slag.

Apart from these resources, JKCL utilizes large quantities of packaging bags for various types of grey cements like OPC, PPC and PSC. During the FY 2018-19, 15,36,05,602 packaging bags were used by JKCL.

	<i>FY 2018-19</i>	<i>FY 2017-18</i>	<i>FY 2016-17</i>
	Production		
Grey Cement (MT)	83,68,272	78,86,364	67,69,524
White Cement & Wall Putty(MT)	12,61,257	11,76,107	10,87,746
	Raw Material		
Limestone(MT)	96,32,046	90,19,135	78,80,788
Gypsum(MT)	5,14,726	4,53,516	3,44,269
Clay(MT)	2,62,797	2,20,875	1,33,945
Laterite(MT)	7,35,175	7,53,842	5,34,462
	Alternative Raw Material		
Fly Ash (MT)	13,53,495	12,48,866	10,59,378
Fly Ash per tonne of Grey Cement (kg)	161.7	158.4	156.5
Slag Cement	3,03,550	3,09,299	1,97,259
Slag Cement per tonne of grey cement (kg)	39.2	39.2	29.1

Industrial wastes such as fly ash from power plants and slag from steel plants are used as alternative raw materials serving as a dual purpose of reducing the requirement of natural raw materials without compromising on the quality of the product. Minerals containing good quantity of silica, calcium and alumina can be readily used as raw material in the cement manufacturing process.

Waste materials and by-products of different industries with high calorific value and lesser ignition temperature can be utilized as fuels to run kilns. Currently, at JK Cement, agro waste, liquid mixed waste, solid mixed waste, plastic waste, RDF and tyre chips are used as alternate fuels.

In the FY 2018-19, the utilization of alternative raw materials and alternative fuels is significantly increase vis-à-vis last year.

Energy use and carbon management

Cement manufacturing is an energy intensive process involving use of direct fuels (primary energy sources) and grid electricity (secondary energy sources). Power & Fuel together make up approx. 25 % of the total cost of the operations and a major contribution to the total operation cost of the Company. Efficient machinery and equipment enhances the output hence improving the energy efficiency as well reduces greenhouse gases emissions. Energy efficiency actions by JKCL include optimisation of waste heat recovery, exploring use of alternate fuels and expanding our renewable portfolio to reduce the embedded carbon and energy content.

Major energy utilization of direct fuels occurs in pre-heaters and kilns which needs an uninterrupted and continuous supply of heat energy. A consistently high temperature range from 750° C to 1500°C must be maintained. Fuels having high calorific value like Coal (Lignite & Petcoke), High Speed Diesel, Agro-wastes, Furnace oil, etc. are used as primary fuel source to run these systems. Data regarding the utilization of the aforementioned fuels along with their consumption values in our various cement manufacturing units and captive power plants is shown below:



	<i>FY 2018-19</i>	<i>FY 2017-18</i>	<i>FY 2016-17</i>
	Fuel Consumption		
<i>Petcoke, Coal, Lignite (MT)</i>	11,04,654	10,40,248	8,87,802
<i>Furnace Oil (KL)</i>	0	512	530
<i>HSD (KL)</i>	922	1,125	636
<i>Alternative Fuels (MT)</i>	1,15,877	88,684	43,884
	Grid Electricity		
<i>Electricity Purchased (MWh)</i>	1,59,641	1,72,134	1,44,469

Planned Key Initiatives: Alternate Fuel & Raw materials.

To promote alternative fuels and its uses, the company is constantly targeting initiatives such as installation of AFR shredder equipment, storage tank for AFR including lab for testing thereof in cement plant and Flue Gas Desulfurization system in our captive plants.

Waste Heat Power

Currently, power generating capacity from waste heat recovery of JKCL stands at 23.20 MW capacity which is forms roughly 18.45% of the total captive power generation. In the FY 2018-19, 13,86,74,200 kWh of power was generated using waste heat recovery thus contributing to reduction in the carbon footprint of the company.

Solar Power

In line with our continuous efforts to shift with renewable energy, the Company has installed a solar power plant of 300 KW capacity at Jharli and 150 KW capacity at Gotan, During FY 2018-19 Company has consumed 2,19,217 kWh of solar power.

The total direct energy consumption from our plants cumulated to 2,39,09,833 GJ, whereas the total indirect energy consumption, grid electricity, at our plants during FY 2018-19, was 159,641 MWh, corresponding to 5,75,496 GJ.

Energy conservation

JKCL majorly depends on electrical and thermal energy to fulfil the energy requirements and invest for the same. Energy conservation mechanisms are achieved through improvement in output and efficiency by equipment downsizing, minimizing energy losses, process optimization and use of alternative fuel among others. Introduction of variable frequency drives has led to efficient working system while reducing electricity consumption. Control of motor speed, air control flow and fan speed with such dynamic conditions present in a cement manufacturing plant ensures continuous supply of energy as is required by the systems.

In continuation with the energy savings measures initiated earlier, additional measures were taken by JKCL in FY 2018-19. These led to reduction in power consumption by 1,55,12,943 kWh, and 9,545 GJ thus saving a total sum of INR 1,084 lacs.

There are various energy conservation initiatives that took place last year are as follows-



- ✓ *Installation of energy efficient equipments*
- ✓ *In-house small modifications.*
- ✓ *VFD installation.*
- ✓ *Improving production & Operational efficiency.*
- ✓ *Improving thermal efficiency.*
- ✓ *Downsizing of the existing equipments.*
- ✓ *Process optimization*
- ✓ *R&D activities and adopting new technology*

Technology adoption and R&D activities

Investment in technological advancement and R&D activities is imperative for sustainable business operations. JKCL regularly takes up technology up-gradation based on R&D activities in the areas of Process Improvement, Sustainable Development and Energy Management. The major ones include:

By R&D activities JK Cement Nimbahera has saved INR 176.31 lacs by reducing 35,19,183 kwh of electricity with expenditure of INR 138.89 lacs only.

Alternative fuel usage at JK Cement Mangrol of 50,015 Tonnes by which we saved 12,761 Tonnes of Petcoke which is equivalent to INR 1,249.08 lacs savings by investing INR 72.30 lacs.

Climate protection

JKCL is committed to climate protection and strive to reduce our impact on the environment. To reduce the carbon footprint as a part of our environmental policy, our operations run in such a way that there is an increased use of low emission alternative fuels thus limiting GHG emissions. Also, we focus on promoting the use of clean energy sources, limiting clinker factor and increasing the energy efficiency of our operations.

During the FY 2018-19, 1,38,674 MWh of electricity was generated by utilizing waste gases. Considering the grid power as baseline, this led to a corresponding emission reduction of 1,13,713 tonnes CO2 equivalent.

Our total GHG emissions from our energy consumption during the reporting year was 24,21,482 tonnes CO2 equivalent, of which 5.4 % contribution, or 1,30,905 tonnes CO2 equivalent, was from indirect energy consumption. Apart from these, the GHG emissions from the calcination process during the clinker manufacturing at our facilities for the year stood at 36,73,869 Tonnes CO2 equivalent. During reporting year, JKCL purchased 0.015 MnT of clinker and sold 0.2 MnT of clinker.



Water conservation and effluent management

At JKCL, since the beginning, we recognise the value of water conservation. Water is an important factor for our operations as it is used in various cement production processes and we always endeavour to adopt sustainable practices to ensure judicious use of water. We strive to increase our water efficiency, minimizing our waste water and recharging water sources. Securing water supplies without risking local water systems is our top priority.

At JKCL, our continuous endeavour is to reuse and recycle water wherever and we ensure that the water withdrawal is mainly from the surface sources, including the river water, and groundwater sources. In the FY 2018-19, we withdrew 15,61,125.2 m³ of freshwater. Also to maximise use of recycled water, all our plants are zero water discharge plants and comprehensively treat and reuse domestic and industrial waste water generated on site. The treated effluent is used for plantation and gardening, green belt development, cooling of machinery, dust suppression in coal yard and various such uses. During FY 2018-19, we recycled/ reused 4,56,481.2 m³ of water (~ 29 % of water consumption) across our plant sites.

Solid waste & emissions reduction

At JKCL our step towards sustainability has been supported by our efforts towards delivering the better solutions for managing the waste volumes. Considering the financial as well as environmental aspects, we try to monitor, minimize, reuse, and recycle our waste whenever possible. We monitor both hazardous and non-hazardous waste generated at our plants. We dispose-off the waste generated in our production processes in accordance with the local laws and regulations.

The table below captures the waste generated at our locations in the current financial years as against the quantities generated in the last 2 financial years.

	<i>FY 2018-19</i>	<i>FY 2017-18</i>	<i>FY 2016-17</i>
	<i>Hazardous Waste</i>		
<i>Used Oil (Litres)</i>	66,938	56,100	52,784
<i>Contaminated Oil (Litres)</i>	0	0	145
	<i>Non-Hazardous Waste</i>		
<i>Metal Scrap (MT)</i>	2,685	3,251	647
<i>Paper Scrap (MT)</i>	134	158	137
<i>Plastic Scrap (MT)</i>	578	838	294
<i>Empty drums (Nos.)</i>	7,597	2,010	347
<i>Other Waste (MT)</i>	992	232	102

Spill management

We recognize that spillage can have adverse effects on the flora and fauna and general surrounding. To ensure the same, we adhere to the compliance and statutory requirements related to spillage and subsequent recovery. Also, we conduct comprehensive inspection and surveillance programmes and have advance equipment installed on site for monitoring of safe storage as well as transfer of fuels.

At all our manufacturing locations, it is ensured that the fuel mix, including furnace oil and diesel, is stored in proper storage facilities. Special care is taken at power plants, pre-heaters and kiln facilities to ensure proper and safe handling of fuels and avoid spillage of hot materials. No significant spill incident occurred during FY 2018-19 and we were subject to no fines in this regard.

Emission monitoring

We, at JKCL, are committed to controlling our SO_x, NO_x and dust emissions through mitigation actions to reduce impact derived from our operations. This is achieved by monitoring and controlling the main emissions derived from our combustion and kiln processes using electrostatic precipitators (ESPs) and



baghouse filters, we are able to comply with the local regulations in the regions where we operate through effective operational control.

Through our Continuous Emission Monitoring Systems (CEMS), we monitor particulate matter (PM) in real time in order to ensure compliance with regulations on PM emissions and take timely corrective actions. Our plants also track ambient air quality in and around the plant-premises and the emission levels in FY 2018-19 were found to be below the permissible limits. Going forward, we also plan to monitor SOx and NOx emissions.

Ozone depleting substance

Our operations do not consume a substantial amount of ODS. The ODS gas used in our plants was R-22 gas, which was consumed in our plants in condensers, chillers and AC units during routine servicing and repair. The total consumption of ODS gases in the reporting period in our plants was 456 Kg, amounting to 25 Kg of CFC-11 equivalent.



Keeping people first

We believe that our employees are our biggest strength and a principle stakeholder in contributing to sustainable growth of JKCL. We believe in building an organisation culture that promotes quality of life and employee engagement. Our employees have displayed a very strong work attitude and positive energy is fostering business advancements and achieving Company's goal. Further to increase the capability of each employee, we have implemented a variety of personnel, education, and training systems that are designed to develop the character, and creativity of each employee.

Our company values diversity and promotes a workplace that is inclusive, fair, and cultivates respect for all employees. We promote equal opportunities in recruitment, employment, promotion, development, compensation, and retention and believe that this will bring in board fresh perspectives, experiences and ideas to our business. We treat employees always with dignity and respect – including direct and contracted employees.

Our workforce

As on 31st March 2019 the J.K. Cement family had 3,414 employees based at the cement manufacturing plants and power plants, and the Company's Kanpur Headquarter, Delhi Corporate.

The category and gender-wise details of the HO & marketing employees for 2018-19 are presented in the table below:

Head office & Marketing (Workforce during FY 2018-19)		Gender wise bifurcation	
Designation	Male	Female	
Senior Management (Nos.)	40	1	
Middle Management (Nos.)	101	2	
Junior Management (Nos.)	1033	18	
GETs/PGETs (Nos.)	17	4	
Total (Nos.)	1,191	25	
Grand Total (Nos.)	1,216		

J.K. has continuously worked towards making the organisation the most attractive employer and an employee-friendly organisation. As part of our strategy, we focus on strengthening, nurturing and re-enforcing our existing workforce; and retaining our existing employees for long term. We provide targeted opportunities for enhancing workforce enthusiasm and providing best of industrial technical knowledge to our existing employees. During the reporting period, 315 people joined the J.K. Cement family, while 258 employees disassociated from the organisation².

Respecting Human & Labour rights

As a socially responsible organisation, JKCL is committed to protect human rights. Our Company has put in place a code of conduct and we expect our stakeholders to adhere and uphold the standards contained therein. Further, we leave no stone unturned to preventing human rights abuses like child labour, forced/ compulsory labour, sexual harassment, etc. at all our operations. During the reporting year 2018-19. There were no reported instances and complaints regarding child labour, forced or compulsory labour at any of our plants or offices. Also, no cases of discrimination, harassment, human

² The new hire and attrition data corresponds to the Head Offices only



rights violation or harm to indigenous communities were reported across our plants or the corporate office.

Employee engagement

JKCL acknowledges the hard work their employees put in. To keep the employees motivated and worthy, JKCL conducts various activities which engages the employees along with their family members.



JK Cement family at Nimbahera celebrated the 28th annual function of Shri Radha Krishna Temple with traditional gaiety and enthusiasm. On the pious occasion, the temple, the idols and the premises were beautifully decorated.



An eleven-day Yoga Camp was organized on the eve of International Yoga Day from 11th June to 21st June at JK Padamnagar Colony, Muddapur. The colony residents actively participated in the camp under the guidance of an eminent Yoga Teacher from Ramakrishna Mission.



Janmashtami was celebrated with great devotion and enthusiasm at Dwarkadheesh Temple and Shri Radhakrishna Temple, Kanpur. Shri Radhakrishna Temple, popularly known as JK Temple, was beautifully decorated with colorful lights and 'Vishesh Puja', 'Abhishek' and 'Shringar' was performed on this occasion.



JK White Cement Works, Gotan celebrated Ganesh Chaturthi from 13 to 23 September. The celebrations included morning and evening aarti, prasad distribution and cultural programs by the children and women.



Training and development

JKCL invests proactively in extensive training programmes that cover nearly all areas of work. A large amount of learning in our premises and offices takes place on a day-to-day basis and we understand that trainings of all hierarchical levels including direct and indirect employees are essential in developing and maintaining employee satisfaction and promoting the culture of continuous innovation. Our focus is to strengthen the type of trainings we provide to our employees. In FY 2018-19, the Company achieved around 10.4 hours of training per employee.

Some initiatives are provided below.



RTC Nimbahera conducted multiple training programs during the year which includes Technical and Management programs for participants.



A two-day Managerial Skills Development Workshop was organized in September at JK Cement Works, Jharli.



Returning home safe everyday

Maintaining Safety at workplace is an overarching value at JKCL and we are always committed to creating safe and conducive work environment for all our employees. We are constantly working towards achieving zero injuries across all our operations. Nothing comes before the health and safety of our people, contractors and the community.

Our company facilitates extensive employee communication, supports infrastructure and encourages a compliance with systems and good practices. As a step to ensure wellbeing of the workforce, all our formal agreements cover health and safety parameters. Incident accident recording systems are maintained as per regulatory requirements. All our manufacturing locations monitor both reportable and non-reportable injuries.

To further instil the safety culture, a safety committee is functional at all our manufacturing plants and is powered by equal participation from management and worker representatives. We constantly look for creative and fun ways to get our safety message out. During the year, we organised various awareness and counselling programmes across our plants covering occupational health and safety aspects, lifestyles diseases and common seasonal diseases, among others. With our continuous and dedicated efforts to achieve zero harm, we could restrict fatalities during FY 2018-19.



Fire Safety week was observed at Jharli plant. The programme covered the principle of fire safety in business and non-domestic premises, about the responsible key persons, fire risk assessment, buildings, fire compliance enforcement, appeals and penalties.



A Swachhta Pakhwada was organized in the mines of JK Cement Works, Nimbahera and Mangrol. The event was a part of Ministry of Labours' mission to create a clean and healthy environment in the mining sector, especially the small-scale mines.

Caring for the community

JKCL as a responsible corporate has been undertaking socio-economic development programmes to supplement the efforts to meet priority needs of the community with the aim to help them become self-reliant. These efforts would be generally in and around our work centres mostly in the areas of education, rural infrastructure, healthcare, sports, art & culture, etc.

With various activities accomplished throughout the year, the impact on life of the local communities is not only encouraging and lasting but has witnessed enthusiastic participation. Some of the activities include making frequent arrangement of free medical check-ups and blood donation camps for the underprivileged. Also, to negate the harmful impact on the environment, many plantation drives have been organised over the year.

The focus areas embedded in our CSR strategy include:

- Education
- Community Hygiene
- Infrastructure Development
- Livelihood Support
- Vocational Training & Skill Development

The following table shows our contribution towards Corporate Social Responsibility and Environment.

CSR Initiatives FY 2018-19	Total Expenditure (INR in lacs)
Education, Art & Culture & Community Welfare	90.48
Environment & Animal Welfare	150.16
Rural Infrastructure Development	320.36
Health & Livelihood	107.97
TOTAL	668.97

Education

Education is the tool which helps in expanding the vision and creating awareness. Education facilitates learning, knowledge and skills which in turn open new doors for employment opportunities. Singhania Education Centre, pioneer institute founded by JKCL, is actively promoting literacy and working towards shaping the future of the youth and the country. JK Cement Works, Nimbahera, in association with Eklavya Education Institute, began providing free coaching classes to the promising students of nearby villages since past year. Here, the students get trained by qualified teachers. These students sit in competitive exams for government jobs. Further, the students attending free coaching classes division were provided with bags and study material. Some initiatives are provided below.





As a part of JK Cement Works, Nimbahera's CSR initiatives, Surbhi Club distributed school bags and text books to Anganwadi children of Kachchi Basti. This activity was conducted under 'Nand Ghar' scheme & Udaan Project.

Infrastructure development

Infrastructure development is a key driver for the economy. Also, these development help ease the access of the local communities to the basic amenities which uplifts the quality of life. The Management of JK Cement Works, Gotan was approached by Sarpanch, Karwasaroki Dhani with a request to construct Bitumen road from Gotan village to Chhepia Nada pond. Considering the difficulties faced the project was immediately sanctioned by CMD and construction work began on 28 May and was completed within a month time in June last year. Some initiatives are provided below.



JK Cement Works, Nimbahera contributed a handsome amount towards Mukhyamantri Jal Swavlamban Yojana, which is in its third phase to make villages self-reliant with respect to water resources.



With the noble mission of inclusion of Divyangs as equals in the society and Prime minister Narendra Modi's flagship initiative of Swachh Bharat, JK Cement Trail Blazed – JK Cement SwachhAbility Run – a unique run was conducted at Kanpur

Healthcare

JKCL has been taking several initiatives towards the health of the nearby local communities. Some initiatives include frequent annual blood donation camps to free health check-ups. Some initiatives are provided below;



JK Cement Works, Muddapur organized a Mega Blood Donation Camp in association with Red Cross on the joyous occasion of Chairman and Managing Director, Mr. Yadupati Singhania's 65 birthday.



JK White Cement Works, Gotan alongwith the Lions Club organized the 33 Annual Eye Camp on 16 December at the Government Community Health Centre, Gotan. To ensure that maximum number of people benefit from the eye camp, the club distributed pamphlets in the radius of 25 kms and made announcements on loud speakers.



Plantation drive

JKCL takes various steps to protect its surrounding environment by engaging in frequent plantation drives. This will mitigate the negative impact of activities and operations of the company. On World Environment Day, multiple plantation drives were organised in different unit



JK Cement Works, Jharli celebrated the World Environment Day on 5th June as a part of their CSR initiatives to conserve and nurture the environment and highlight this year's worldwide slogan 'Beat Plastic Pollution'. The programme began with the speeches delivered by various staff members, where many discussed the need to lessen the use of plastic. The staff members and workers also took an oath to plant more trees.



On 4th June, a rally and nukkad drama on the themes 'plantation' and 'pollution caused by plastic' was arranged by the school in Halki village, followed by tree plantation.

Assurance Statement



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Independent Assurance Statement

Ernst & Young Associates LLP (EY) was engaged by JK Cement Limited (the 'Company') to provide independent assurance on its Sustainability Report 2018-19 (the 'Report') covering the Company's sustainability performance during the period 1st April 2018 to 31st March 2019.

The development of the Report based on the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

Scope of assurance and methodology

The scope of our work for this assurance engagement was limited to review of information pertaining to environmental and social performance for the period 1st April 2018 to 31st March 2019. We conducted review and verification of data collection and general review of the logic of inclusion/ omission of necessary relevant information/ data and this was limited to:

- Review of consistency of data/information within the report;
- Desktop review of data for all manufacturing locations, on a selective test basis, through consultations at the Company's Head Office at Kanpur (Uttar Pradesh);
- Site-level physical verification of the sample data and information at the following units/locations:
 - Gotan (Rajasthan)
 - Nimbahera (Rajasthan)
 - Mangrol (Rajasthan)
 - Muddapur (Karnataka)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of Company's plans, policies and practices, so as to be able to provide a fair and honest representation of the Company's activities.

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Building a better
working world

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2018 to 31st March 2019);
- Review of the 'economic performance indicators' included in the Report which, we have been informed by the Company, are derived from the Company's audited financial records;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention;
- Data, statements and claims already available in the public domain through Annual Report, Corporate Social Responsibility reports, or other sources available in the public domain;
- Review of the Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, was drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants¹. EY's independence policies and procedures ensure compliance with the Code.

Observations and opportunities for improvement

During the review process, we observed that:

- The Company continues to uphold its commitment on transparently communicating its sustainability performance by publishing its Sustainability Report as per the "in-accordance" core criteria of the GRI Standards of the Global Reporting Initiative.
- The Report presents a fair description of the Company's performance disclosures under the aspects identified as material. The Company has taken initiatives to demonstrate progress on sustainability performance by increasing utilization of alternative fuels.
- The Company has been working on enhancing robustness of data management for sustainability performance reporting. The Company may further strengthen its internal review system for improving the accuracy of the data pertaining to waste and workforce.

Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has reported on material sustainability issues relevant to its business.

Ernst & Young Associates LLP

Chaitanya Kalia

Partner

Dated: 11 July 2019

Place: Mumbai, India

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants (2013) establishes ethical requirements for professional accountants.



GRI Index

GRI Standards: Core option			
GRI Standard No.	GRI Title	Reference	Page No.
Organisational Profile			
102-1	Name of the organization	About the report	14
102-2	Activities, brands, products, and services	Our Company	16
102-3	Location of headquarters	Our Company	16
102-4	Location of operations	Plant locations	17
102-5	Ownership and legal form	Ownership pattern	18
102-6	Markets served	Market presence	18
102-7	Scale of the organization	Our Company	16
102-8	Information on employees and other workers	Keeping people first	44
102-9	Supply chain	Our Company	16
102-10	Significant changes to the organization and its supply chain	About the report	14
102-11	Precautionary Principle or approach	Risk & Opportunities Environmental Sustenance	34, 38
102-12	External initiatives	Memberships and associations	26
102-13	Membership of associations	Memberships and associations	26
102-14	Statement from senior decision-maker	Leadership Messages	7
102-15	Key impacts, risks, and opportunities	Risk & Opportunities	34
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Good Governance	29
Governance			
102-18	Governance structure	Good Governance	29
Stakeholder engagement			
102-40	List of stakeholder groups	Stakeholder dialogue and Materiality analysis	36
102-41	Collective bargaining agreements	Respecting Human & Labour rights	44
102-42	Identifying and selecting stakeholders	Stakeholder dialogue and Materiality analysis	36
102-43	Approach to stakeholder engagement	Stakeholder dialogue and Materiality analysis	36
102-44	Key topics and concerns raised	Stakeholder dialogue and Materiality analysis	36



Reporting practice			
102-45	Entities included in the consolidated financial statements	About the report	14
102-46	Defining report content and topic boundaries	About the report	14
102-47	List of material topics	Stakeholder dialogue and Materiality analysis	36
102-48	Restatements of information	About the report	14
102-49	Changes in reporting	About the report	14
102-50	Reporting period	About the report	14
102-51	Date of most recent report	About the report	14
102-52	Reporting cycle	About the report	14
102-53	Contact point for questions regarding the report	About the report	14
102-54	Claims of reporting in accordance with the GRI Standards	About the report	14
102-55	GRI content index	GRI Content Index	55
102-56	External assurance	About the report	14
GRI 200	Financial Topics		
103	Management Approach	Economic overview	27
GRI 201	Economic Performance		
201-1	Direct economic value generated and distributed	Economic overview	27
GRI 206	Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Good Governance	29
GRI 300	Environmental Topics		
103	Management Approach	Environmental Sustenance	38
GRI 301	Materials		
301-1	Materials used by weight or volume	Material input and production	38
301-2	Recycled input materials used	Material input and production	38
GRI 302	Energy		
302-1	Energy consumption within the organization	Energy use and carbon management	39
302-4	Reduction of energy consumption	Energy use and carbon management	39
GRI 303	Water		



303-1	Water withdrawal by source	Water conservation and effluent management	42
303-3	Water recycled and reused	Water conservation and effluent management	42
GRI 305	Emissions		
305-1	Direct (Scope 1) GHG emissions	Energy use and carbon management	39
305-2	Energy indirect (Scope 2) GHG emissions	Energy use and carbon management	39
305-6	Emissions of ozone-depleting substances (ODS)	Energy use and carbon management	39
GRI 306	Effluents and Waste		
306-1	Water discharge by quality and destination	Solid waste & emissions reduction	42
306-2	Waste by type and disposal method	Solid waste & emissions reduction	42
GRI 307	Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Good governance	29
GRI 400	Social Topics		
103	Management Approach	Keeping people first	44
GRI 401	Employment		
401-1	New employee hires and employee turnover	Keeping people first	44
GRI 403	Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Keeping people first	44
GRI 404	Training and Education		
404-1	Average hours of training per year per employee	Keeping people first	44
GRI 405	Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Keeping people first	44
GRI 406	Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Keeping people first	44
GRI 408	Child Labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	Keeping people first	44
GRI 409	Forced or Compulsory Labour		



409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Keeping people first	44
GRI 416	Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services; It has been clarified that organizations are required report on non-compliance with regulations and/or voluntary codes.	Our Company	16
GRI 417	Marketing and Labelling		
417-2	Incidents of non-compliance concerning product and service information and labelling	Our Company	16
417-3	Incidents of non-compliance concerning marketing communications	Our Company	16
GRI 419	Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Good Governance	29



National Voluntary Guidelines (NVG) Reference Content Index

NVG Principle	Response
Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Refer section 'Good governance'
Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Refer section 'Our Company'
Principle 3 Businesses should promote the well-being of all employees	Refer section 'Keeping people first'
Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Refer section 'Good governance'
Principle 5 Businesses should respect and promote human rights	Refer section 'Keeping people first'
Principle 6 Businesses should respect, protect, and make efforts to restore the environment	Refer section 'Environmental Sustenance'
Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Refer section 'Good governance'
Principle 8 Businesses should support inclusive growth and equitable development	Refer section 'Caring for the community'
Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner	Refer section 'Our Company'

