

# Growth with Resilience





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# About the Report

Over the years, we have steadily enhanced capacities to tap into promising opportunities nationally and internationally. We have continued with our capacity expansion plans, even during hardships, and that strategy has stood us in good stead. We believe that India's thrust towards infrastructure creation and housing projects will create adequate opportunities for us to utilise our enhanced capacities and partner in nation building. Thus, following upon the trend of previous years of disclosure on our sustainability performance, we present to you our third Sustainability Report titled "Growth with Resilience". We hope you find this report informative, engaging, inspiring and useful.

The report serves as a medium to communicate the social, environmental and economic performance along with initiatives undertaken by J.K. Cement. The report is intended for all stakeholders who are directly or indirectly connected with J.K. Cement with an objective of providing sufficient information for an informed decision making.

This report has been prepared based on the Global Reporting Initiative (GRI) G4 guidelines in accordance with 'Core' criteria. The performance of our manufacturing units, grinding units and captive power plants is disclosed from 1st April, 2015 to 31st March, 2016. The reporting boundary of this report includes our manufacturing cement plants at Nimbahera, Mangrol, Gotan and Muddapur, our grinding unit at Jharli and our Captive Power plants within the country. The report does not include performance of our subsidiary companies including the J.K. Cement (Fujairah) FZC, holding company of J.K. Cement Works (Fujairah) FZC, and mining operations. Further, except for the environmental data which pertains to our manufacturing plants, grinding units, and the captive power plants, the remaining

data and information represents entire organisation unless otherwise mentioned specifically.

The report covers various aspects that J.K. Cement considered material to its business and stakeholders. In this respect, during the reporting period, we also reviewed our materiality assessment which reaffirmed the most important issues that we continue to focus on as an organisation. The assessment included analysis of identification and prioritisation of issues that can pose risks to business in short term and long term. Our effort has been to maintain the quality of the report in such a manner so as to ensure information presented to stakeholders is unbiased, comparable, accurate, reliable and comprehensible.

Despite our product portfolio and geographical spread of manufacturing sites, we ensure that data being gathered from sites is reliable and consistent while disclosing data at various platforms. 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 reporting systems which, for the most part, are different from those applicable to the financial information presented in our Financial Statements (referred from Financial Statements from Annual Report for FY 2015-16). We have applied Intergovernmental Panel on Climate Change (IPCC) and Central Electricity Authority (CEA) published emission factors for calculating our direct and indirect emissions respectively. Further, we have also applied World Business Council for Sustainable Development (WBCSD) Cement Sustainability Initiative (CSI) formulae for compiling our calcination process emissions.

We understand that independent assurance leads to quality and process improvements, and reassures readers that the information we publish is accurate and material, and therefore, contributes to building trust and credibility with key stakeholders. We have therefore engaged professional assurance providers who combine the strengths of non-financial assurance experience with technical competency in environmental and social standards. We have sought services of Ernst & Young LLP, to provide limited assurance on the information presented in the report. The assurance is in accordance with the principles of the International Standards on Assurance Engagements ISAE 3000. The assurance approach, methodology, and observations are presented in the issued assurance letter, from Ernst & Young LLP, attached at the end of this report.

We welcome any comments and / or suggestions on the report content and flow. Please send your comments to [sustainability@jkcement.com](mailto:sustainability@jkcement.com)

## Message from the Chairman



**A POWERFUL TEAM CAN ONLY RAISE THE STANDARD OF A COMPANY AND ENSURE ITS SUSTAINABLE GROWTH. INDIVIDUAL TALENT MATTERS BUT ONLY TO A CERTAIN EXTENT. THE ULTIMATE SUCCESS DEPENDS ON HOW THE TEAM PERFORMS.**

Dear Readers,  
We believe that the choices we make in our daily business operations somehow directly or indirectly impact our stakeholders and planet. We, therefore, make conscious effort to support the development needs of society by making our products more efficient, mitigating our environmental footprint, fostering our human capital and enhancing the quality of life of the communities around our operations.

The reporting period was not a very satisfactory year for cement industry that witnessed weak demand due to slow pick-up in infrastructure projects as well as lack of demand from rural sector that resulted in lower capacity utilisation. Despite the challenges in industry, we maintained our stable growth. During the year, our revenues increased by 6% as compared to previous year. Last year, we crossed the capacity milestone of 10 MTPA has helped us penetrate deeper into markets, leverage cost advantage and improve efficiencies.

From product perspective, we have continued with our efforts to innovate something new. We have come up with a new multipurpose White Cement based Wall Dressing, Primaxx, with perfect blend of adhesion, strength and durability making it ideal for interiors and exteriors as well as for old cemented surfaces.

We are constantly working on achieving our targets in a way that is conducive not only for our business but also for our stakeholders and society at large. We have put in place a plan to expand capacities of all our products in the next five to seven years. On the other hand, we are widening our pan-India presence and embracing international opportunities.

We also understand that our Company is judged not only on financial aspects but also in the manner we manage our business to deliver environmental and social value. In order to mitigate our environmental footprint, we have been continuously exploring ways to improve our performance in resource efficiency, energy & carbon, water usage and occupational health & safety.

A powerful team can only raise the standard of a company and ensure its sustainable growth. Individual talent matters but only to a certain extent. The ultimate success depends on how the team performs. Therefore, our focus is on building a team that will drive the Company's growth through creating awareness, enhancing their skills through training and bringing them to the forefront as we work on delivering solutions. We foresee that the results of our efforts will build our resilience and positively impact the organisation's future. We have been also very actively involved with the communities around our operations and have been fulfilling our social responsibility.

On behalf of our Board of Directors, our management team and our employees, we want to thank you, as well as the organisations and communities we work with on a daily basis, for continued support, trust and taking interest in the sustainable development of our Company and the country in which we operate.

Sincerely,  
**Yadupati Singhania**  
Chairman & Managing Director

## Message from President (CA & CFO)



Dear Stakeholders,

It is a pleasure to welcome you to J.K. Cement's third sustainability report. This report is our effort to share with you our sustainability performance for FY 2015-16 providing snapshot of not only our economic performance but also social and environmental performance.

India's cement industry is the second largest in the world. Our industry's growth is primarily dependent on infrastructure sector. However, with only 73% of capacity utilisation, the demand stood at 284MTPA as against supply of 384MTPA. Even though, FY 2015-16 was not a significant year of growth for cement industry, we still maintained our sustainable growth. Post expansion of 3MTPA, we are operating at 67% utilisations on 7.5MTPA of north capacity and 60% utilisation on 3MTPA of south capacity. We registered a growth of more than 9% in production volume under Grey Cement category, over 2% under White Cement category and 22% under White Cement based Wall Putty. Going forward, we hope that the Government's efforts to propel the infrastructure sector with higher spend on roads and highways, irrigation and push to 'Housing for All' schemes will boost cement demand. In the Union Budget, even funds have been allocated for the development of smart cities under Urban Rejuvenation Mission (AMRUT and Mission for Development of 100 Smart Cities) and budget for rural roads programme called Pradhan Mantri Gram Sadak Yojana. These initiatives augur well for our sustainable growth,

and concretisation of roads and construction of toilets under Swachh Bharat Abhiyaan will further enhance cement demand.

We have made significant achievements in the environmental and social impact of our business. From energy and raw materials perspective, we are exploring renewable options for our plants while the waste heat recovery units installed at our manufacturing plants help in reducing energy utilisation costs. We are also looking to increase reliance on Alternate Fuels and Raw Materials (AFR), to offset the need for virgin materials and fuels. In this regard, our plants are already working with alternate fuels in kilns, such as agro waste and tyre chips. From technology perspective, we have been working towards modernizing our manufacturing processes. Further, our new plants are commissioned with the latest environmental-friendly technologies.

Our strategy in sustainability is to continuously aim to work towards inclusive growth. We seek your valuable support and feedback to help us strive towards sustainable development goals.

Sincerely,

**A.K. Saraogi**

President (Corporate Affairs) & Chief Financial Officer

## Message from Special Executive



Dear Stakeholders,

It gives me immense pleasure to share our third sustainability report that showcases our continuous commitments, approach and performance of our business for the reporting period FY 2015-16. We take pride in what we have achieved so far, however, we understand that the world we operate in is constantly evolving and, thus, we need to accordingly adapt to the evolution in order to meet our customer requirements.

With increasing urbanisation, the challenge of ensuring cities to grow in a sustainable manner will also become difficult. We are thus continuously exploring solutions that are needed to strengthen our urban environments and help them prepare for growth. We strive to deliver our construction materials and expertise that promote the economic growth along with preserving the environment and improve the quality of urban life.

At J.K. Cement, providing enhanced value to our customers and end users through our products is one of the key strategies for growth. We believe that the first step is to fully understand our customer expectations and requirements. In this regard, we define what is required to be built, the challenges for that and how the product or solution will be applied. Also, to ensure that our customers are satisfied, we have implemented platforms to communicate and reach out to our customers. Our Customer

Technical Service offices are located in all major Indian cities that offer technical assistance to our customers. Further, we also share newsletter in form of magazine 'New Horizons' with our architects, builders, masons and painters which acts as a storehouse of knowledge.

We hope that our efforts will build your trust in our organisation and look forward to working with you on solutions that make a difference and help to create a cleaner world.

Sincerely,

**Raghavpat Singhania**  
Special Executive



# Message from Special Executive



Dear Stakeholders,

In line with our aspiration statement of being a global White Cement brand and a premium national brand with an increased capacity of 20 MTPA by 2020, we are glad to share that J.K. Cement has taken consistent and appreciable steps in FY 2015-16.

The Company is moving steadily in direction of its vision for growth despite the challenging market conditions seen in the cement industry throughout the country. During the FY 2015-16, the focus has been on increasing our production capacity and efficiency. For instance, we launched an initiative named “UDAAN” at all our plants based on manufacturing excellence with focus on improving our efficiency and replicating best practices.

Our ongoing journey towards sustainability has been enriching for our organisation and its stakeholders. We believe that the sustainability attributes create a vision for our operations in the challenging times ahead. We stand firm in working towards creating a sustainable footprint through our operations that encompasses not just the economical but also the social and environmental components. The sustainability report supports us by providing the required traction and an avenue for assessing the sustainability performance of our organisation and creating the path way.

In accordance to our commitments, we continue to invest in modern technologies and state-of-the-art plants. We abide by our plan to incorporate environmental-friendly (such as advanced emission control) and latest automation technologies in all our plants. We are also simultaneously working on modifications in our existing plants to make them more efficient. Reduction in electrical energy costs and utilisation of waste heat through installation of Waste Heat Recovery System are some examples of our interventions.

We hope to seek your feedback on our performance and how we can work better towards our sustainability journey.

Sincerely,

**Madhavkrishna Singhania**  
Special Executive



The background image shows a large industrial plant, likely a refinery or chemical processing facility. A prominent feature is a tall, multi-story distillation column with several horizontal trays and ladders. To the left of the column is a large, cylindrical storage tank. The entire structure is made of metal and has a complex network of pipes and walkways. In the foreground, there are some trees with green leaves, partially obscuring the view of the plant. A large, white circular graphic is overlaid on the right side of the image, containing the text "Over 125 Years of Excellence". The graphic has a subtle pattern of thin, white diagonal lines radiating from the center.

**Over 125 Years  
of Excellence**



## J.K. Cement at a Glance

**J.K. Cement Limited is an affiliate of the industrial conglomerate J.K. Organisation, which was founded by Late Lala Kamlapat Singhania, and has been in business since the early 1900s. All activities of the group come under the banner of J.K. Organisation, founded in the year 1954. Today, J.K. Organisation has a leading presence in diverse industries, ranging from cement, paper, tyres, textiles, and many more.**

Our organisation represents the highest ideals of corporate governance and a rich value system which resonate across each of its area of business presence. 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, creation of public infrastructure, health initiatives and founding and supporting many educational institutions.

For decades, we have partnered the infrastructure needs of a growing and vibrant India, on the strength of our product excellence, customer orientation and technology leadership. As India prepares itself to pursue its next level of growth to empower

millions of people, we are committed to make that vision a reality. We are one of India's leading cement and building product manufacturers. We are consistently growing our capacity and enriching our portfolio to reach more customers nationally and internationally.

J.K. Cement, part of the J.K. Organisation having its head office (registered and corporate office) at Kamla Tower, Kanpur, Uttar Pradesh, India, has over four decades of experience in cement manufacturing across the core categories of Grey Cement and White Cement with value-added products like Wall Putty and Waterproofing Compounds. Superior products, best quality raw materials, an extensive marketing and distribution network and the technical know-how represent our abiding strengths.

At J.K. Cement, our multiple products and socio-cultural interventions enrich the lives of millions, not just in India, but also around the world. We are constantly expanding our capacities to access new markets, leverage opportunities and enhance stakeholder value. Our installed Grey Cement capacity of 10.5 MTPA makes us one of the industry frontrunners. We have lucrative White Cement and Wall Putty businesses having capacity of 1.9 MTPA with the commissioning of 0.2 MTPA Wall Putty Plant at Katni (M.P). We sell Grey Cement under the brands – J.K. Cement and J.K. Super Cement. White Cement and Wall Putty are also sold under the brand name of J.K. White and J.K. Wall Putty, respectively.

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**IN 2020, J.K. CEMENT WILL BE A GLOBAL WHITE CEMENT BRAND AND A PREMIUM NATIONAL GREY CEMENT BRAND WITH A TOTAL CAPACITY OF 20 MTPA. WE WILL CONTINUE TO BE AN INNOVATIVE AND ETHICAL COMPANY WHICH ENSURES SUSTAINABILITY AND INCLUSIVE GROWTH ACROSS ITS BUSINESS.**

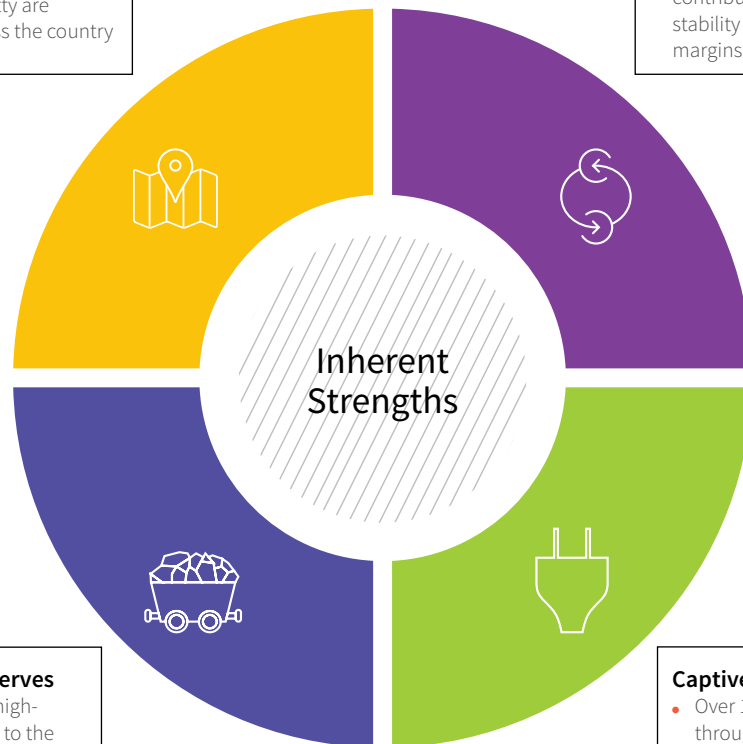
## Our Business Drivers

### Multi-Region Presence

- Plants in Rajasthan and Karnataka gives wider market reach covering North, West and Southern regions
- White Cement & Wall Putty are marketed and sold across the country

### Superior Product Mix

- Superior product mix as one of only 2 producers of White Cement in India
- White Cement & Wall Putty segment contribute majority of top line, providing stability in cash flows and superior margins



### Captive Limestone Reserves

Access to large reserves of high-quality limestone, adjacent to the manufacturing facility

### Captive Power

- Over 140MW power generation through coal-based & waste heat recovery plants
- Total power requirement met at lower cost through captive generation

## Our Business Strategy

### Consolidate Position in White Cement

- To maintain leadership position in White Cement business by improving utilisation
- Increasing White Cement and Wall Putty capacity to maintain present share of revenue

### Operational Efficiency

- All plants enjoy proximity to raw material and growth markets
- Brownfield expansion
- Split grinding in Haryana for logistical advantage in National Capital Region

### Enhance Business

- Enhance brand visibility further through print and online media and consumer promotions
- Expand and improve distribution network

### Enhance Energy Efficiency

- Captive power generation to provide long-term sustained source of low-cost power at fixed rate
- Use of waste heat recovery to reduce environmental impact

### International Opportunities

- Dual process plant in UAE to cater to growing markets of the Middle East and Africa
- Infrastructure development demand in Qatar for soccer world cup

# Awards & Associations



● Productivity Shikhar Award by Govt. of Rajasthan



● Best Employer Award by Govt. of Rajasthan



● Recognition Award for Energy Conservation



● India Sea Trade Award, Winner of Cargo Owner

## Other Significant Awards Received

### 1st position

in Waste Dump Management & Reclamation category by Indian Bureau of Mines, Karunda Mine

### 1st position

in Protective Measures taken for Air & Water Pollution Control category by Indian Bureau of Mines, Maliakheda Limestone Mine

### 1st position

in Storage, Transport, Handling and Use of Explosives category by Indian Bureau of Mines, Maliakheda Limestone Mine

### 1st position

in Maintenance of Mine Plans, Sections & Statutory Records category by Indian Bureau of Mines, Karunda Limestone Mine

### 1st position

in Publicity, Propaganda and Housekeeping category by Indian Bureau of Mines, J.K. Cement Limestone Mine

### 2nd position

in Mineral Conservation category by Indian Bureau of Mines, J.K. Cement Limestone Mine

### 2nd position

in Mine Lighting & Electrical Installations category by Indian Bureau of Mines, Mangrol Limestone Mine

### 2nd position

in Afforestation/Plantation category by Indian Bureau of Mines, Mangrol Tila Khera Mine

### 2nd position

in Scientific Development of Mineral Deposit category by Indian Bureau of Mines, Mangrol Tila Khera Mine

### 2nd position

in General Opencast Workings & Layout category by Indian Bureau of Mines, Maliakheda Limestone Mine

We form part of many industrial associations and forums, engaging with our peers on various matters related to our business. Senior officials from the Company represent us on various forums and associations, where we are active on cement sector related and other relevant discussions; and information sharing on best practices. Some of these associations include:

#### J.K. Organisation

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

## Ownership Pattern

J.K. Cement is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The shareholding pattern, as on 31st March, 2016, was as following:

	Category of Shareholder	Total shareholding as a % of Total No. of shares
A	Shareholding of Promoter and Promoter group	66.99
B	Public Shareholding	33.01
	<b>Total (A+B)</b>	<b>100</b>



## Our Operations

**FROM MODEST BEGINNING IN THE YEAR 1974 WITH A CAPACITY OF 0.3 MTPA AT NIMBAHERA IN RAJASTHAN, WE EXPANDED TO 6 KILNS OF DIFFERENT CAPACITIES WITH A COMBINED ANNUAL CAPACITY OF 10.5 MTPA.**

The three cement units having aggregate capacity of 6 MPTA are located in Rajasthan at Nimbahera (capacity 3.25 MTPA), Mangrol (capacity 2.25 MTPA) and Gotan (capacity 0.47 MTPA). Our one unit is located in Haryana at Jhajjar (capacity 1.5 MTPA) and another unit in Karnataka at Muddapur with a capacity of 3 MTPA. We are the third largest player of White Cement. Besides, we have a fully-automated of White Cement based Wall Putty having a production capacity of 0.5 MTPA in the world, with an annual capacity of 1.2 MTPA (0.6 MTPA at Fujairah). Further we have commissioned 0.2 MTPA Wall Putty Plant at Katni in M.P. Our cement plants are accredited with ISO-9001, ISO-14001 and OHSAS-18001 management systems to ensure continual performance in quality, environmental and safety aspects.



# Plant Locations



## Nimbahera Facility

The facility commenced commercial production in 1975 with an initial capacity of 0.3 MTPA. Constant modernisation and upgradation was instrumental in bringing the plant to its present capacity of 3.25 MTPA. Major modification has been done to reduce the electrical energy cost and to utilise the waste heat at maximum, Waste Heat Recovery System of 13.2 MW was installed during 2007-2008.



## Mangrol Facility

Commenced commercial production in December, 2001 with a capacity of 0.75 MTPA. It is situated close to Nimbahera plant (10kms away) - it offers significant synergy benefits like assistance from technical and commercial staff of Nimbahera Complex. The current capacity is 2.25 MTPA along with 25 MW Captive Power Plant and 10 MW Waste Heat Recovery plant.



## Muddapur Facility

Situated near Muddapur village (taluka - Mudhol, District - Bagalkot) of Karnataka and equipped with state-of-the-art technology, this facility's cement production capacity is 3 MnTPA, based on the quantum of portland and slag cement. The commercial production at Muddapur started in September, 2009 and the despatch commenced in October, 2009. The best equipment available in the global market have found their way into the plant, making it the most modern plant.



### Jharli Facility

We have put up a split grinding unit of 1.5 MTPA at Jharli, (District-Jhajjar), Haryana with an investment of INR 400 Crore. The plant will source its raw material from both internal and external sources such as fly ash from NTPC power plant and clinker for grinding from Nimbahera and Mangrol. This site is well connected by rail & road and the necessary infrastructure is available for operation of this plant. From Jharli grinding unit, we will be able to cater to major markets like Delhi, Haryana and Punjab more effectively and logistically.



### Gotan Grey Facility

It is a dual process plant with the capability of manufacturing Grey Cement and White Cement. Based on the market demand, we are currently manufacturing Grey Cement at Gotan. The existing capacity of Grey Gotan is 0.5 MTPA.



### Gotan White Facility

Our pioneering foray into White Cement 25 years ago created a new chapter in the history of J.K. Cement. We were the first White Cement facility in India, which was limestone based, and manufactured cement through dry process. The White Cement plant was commissioned in 1984 at Gotan, Rajasthan, with an initial production capacity of 0.05 MTPA. Over the years, continuous process improvements and modifications have increased the plant's production capacity to 0.6 MTPA. Further, we have 0.5 MTPA capacity of Wall Putty at Gotan White.



# Product Portfolio

We have a variety of brands that have been the preferred choice of customers over the last three and a half decades. J.K. 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 product portfolio includes 53% Portland Pozzolana Cement (PPC), 43% Ordinary Portland Cement (OPC) and 4% Portland Slag Cement.



## Grey Portfolio



### Ordinary Portland Cement (OPC)

We produce OPC which is much in demand for its extra strength and fineness. OPC has three grades viz. 53-grade, 43-grade and 33-grade that are differentiated by their compressive strengths, expressed in mega pascals ('MPa'), as specified by the Bureau of Indian Standards (BIS).

### Portland Pozzolana Cement (PPC)

We are one of the premium Grey Cement brands in the country, available as application-friendly PPC. The product complies with quality standards specified by the BIS and is much in demand, by both, the retail and the institutional segment.

### Portland Slag Cement (PSC)

Portland Slag Cement (PSC) is an intimately inter-ground mixture of Portland Cement Clinker and Granulated Slag (Non-metallic) which is a by-product of Iron Blast Furnace from steel plant. It is mainly used in special structures like pre-stressed concrete. It has highly corrosive resistance power, hence it can be widely used in coastal areas. This cement has less water requirement for concrete construction; and better workability can be achieved.

## White Portfolio



### J.K. White Cement

White Cement has long been a product shrouded in mystery and myths about its applications and uses. Very often people have the notion that since it is a 'cement' product, it must be used purely for construction and repair purposes. Our J.K. White Cement is the most popular and time-tested choice for your floors and walls. It is suitable for numerous decorative & architectural applications in white, light and dark colours.



### White Cement Based Putty

J.K. Wall Putty is a White Cement based fine powder which provides an ideal base for concrete/cement plastered walls and ceilings. It is damp resistant, gives you the most beautiful walls and provides a smooth finish for further application of all kinds of paints. Its water repelling properties prevents flaking of your expensive paints. J.K. Wall Putty acts as an integral part of the plaster due to its White Cement constitution.



### J.K. Water Proof

J.K. Water Proof is a water repellant powder which is specifically formulated and designed to prevent the passage of water through pores and capillaries of the concrete. It lends protection to concrete against rain, moisture, dampness and humidity, among others. J.K. Water Proof is the best and most economical way to ensure that your constructions are moisture free for decades to come.



### J.K. Primaxx

J.K. PRIMAXX is a robust, multipurpose product which is a perfect blend of adhesion, strength and durability. Due to its versatility, it is ideal for both interiors & exteriors and for new & old cemented surfaces. It has superior filling properties which ensure deep penetration and sealing of porous surfaces. It also provides an excellent base and enhances the quality and coverage of Wall Putty, decorative paints and other acrylic polymer based coatings.



### J.K. Super Grip

Keeping to its tradition of quality, we have launched a new product - J.K. Super Grip. A floor and wall tile adhesive, Super Grip is a ready to use adhesive that has excellent water-proofing quality. Allowing floors to be ready in just 24 hours, the product has low shrinkage property and is economical.

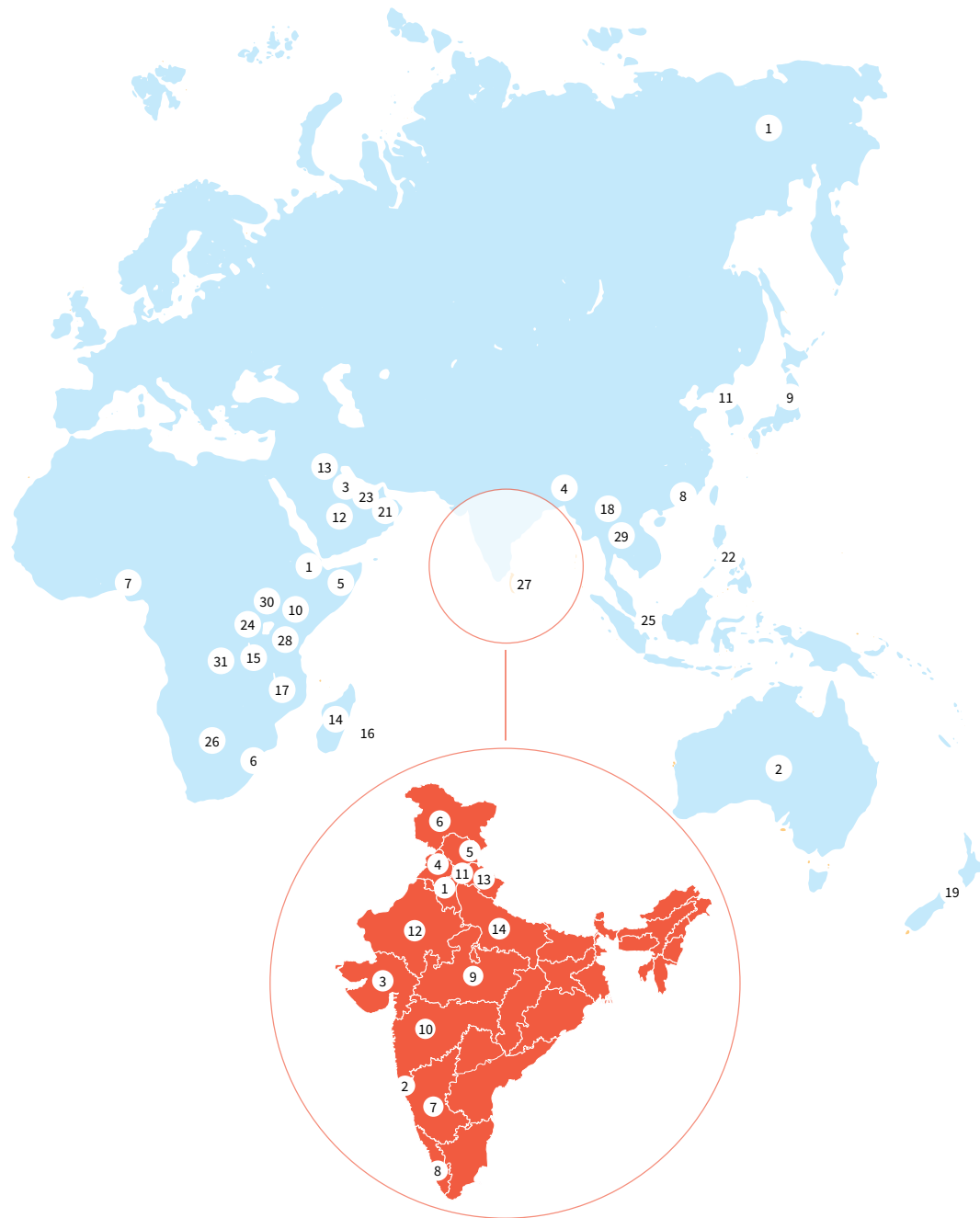
## Our Footprint

**We realise that a business cannot be successful unless it creates prosperity and opportunity for others. We take great lengths to drive consumer-focused management by considering customer needs in all stages of business, from research and development to product sales and service. We achieve these goals based on a deep mutual trust with our suppliers and customers to create a sustainable business environment. This is a key aspect of how we use our global network to create positive change for people across the world.**

Today, J.K. White Cement is the second largest manufacturer of White Cement in India and third largest in the world. Not only does J.K. White Cement enjoy demand in the domestic market but is also exported to various countries, hence giving the Company a global footprint. Similarly, our Grey Cement is currently sold in various states of India including Rajasthan, Haryana, Delhi, Uttar Pradesh, Uttarakhand, Maharashtra, Punjab & Chandigarh, Himachal Pradesh, 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 nearly 31 countries across the world spanning across Asia, the Middle East, Africa and Asia Pacific geographies. In order to deepen our penetration in markets, we have extensively developed our dealer network. We currently have around 2300 dealers and have plans to increase our channel strength in coming years.

With regard to our supplier base, we procure input raw material mostly from nearby sources. For pet coke, our major supplier is Reliance Industries Limited and includes other suppliers such as MRPL, IOCL & ESSAR. However our imported supply of pet coke and imported coal is procured from US Gulf and Saudi Arabia. Similarly, we procure Lignite from mines within India. To meet the requirement of limestone, we have our own captive mines which are located near our plant site. We procure other raw materials such as red ochre & gypsum and packaging bags from our suppliers based in Rajasthan, Karnataka, Gujarat and Maharashtra. Further, we also procure fly ash from thermal power plant located near our manufacturing site apart from consuming fly ash from own power plant. To increase the use of alternative materials in manufacturing of cement, we are also using slag which is procured from JSW steel.





### List of countries where White Cement was exported during FY 2016

- |                |                    |
|----------------|--------------------|
| 1. Addis Ababa | 16. Mauritius      |
| 2. Australia   | 17. Mozambique     |
| 3. Bahrain     | 18. Myanmar(Burma) |
| 4. Bangladesh  | 19. New Zealand    |
| 5. Ethiopia    | 20. Nigeria        |
| 6. Gauteng     | 21. Oman           |
| 7. Ghana       | 22. Philippines    |
| 8. Hong Kong   | 23. Qatar          |
| 9. Japan       | 24. Rwanda         |
| 10. Kenya      | 25. Singapore      |
| 11. Korea      | 26. South Africa   |
| 12. KSA        | 27. Sri Lanka      |
| 13. Kuwait     | 28. Tanzania       |
| 14. Madagascar | 29. Thailand       |
| 15. Malawi     | 30. Uganda         |
|                | 31. Zambia         |

### Grey Cement

		Volume	%
1	Delhi	363413	5.28
2	Goa	102117	1.48
3	Gujarat	250065	3.63
4	Haryana	970538	14.11
5	Himanchal Pradesh	58276	0.85
6	Jammu & Kashmir	26689	0.39
7	Karnataka	708092	10.29
8	Kerala	59402	0.86
9	Madhya Pradesh	700276	10.18
10	Maharashtra	952746	13.85
11	Punjab & Chandigarh	328403	4.77
12	Rajasthan	1517306	22.05
13	Uttaranchal	76610	1.11
14	Uttar Pradesh	766594	11.14
	Total	6880527	

# Good Governance

## Corporate Governance

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. We, at J.K. Cement, understand that corporate governance in today's world requires an efficient model that takes into account broader risks of environmental and social impacts as part of its business strategy. In order to address the uncertainties and manage these changes effectively, a governance model that allows decision-makers to have insights and knowledge that enable them to on board faster business decisions.

The long-term philosophy of J.K. Cement on corporate governance is to enhance the long-term economic value of the Company and its stakeholders i.e. society at large. Transparency, integrity and accountability form the bedrock of governance at our organisation. We, at J.K. Cement, go beyond mere compliance and the checklist approach to corporate governance; it is instead an ongoing measure at our Company. We continue to adopt better corporate practices by aligning our Company's interests with that of our stakeholders. Our organisation is led by a dynamic leadership which has shaped our organisation over the years. They have played a major role in creating, growing and sustaining the position of J.K. Cement.



In a world that no longer views financial measures as the primary metric of success, we continue to define ourselves beyond numbers. We strive to ensure responsible growth and shared success for our shareholders, customers and other key stakeholders.

In an increasingly complex and challenging macro-economic climate, we will only be able to realise our ambitions through long-term value creation. This requires close collaboration with partners and key stakeholders to understand changing consumer expectations and leverage opportunities for growth.

Operating responsibly at all levels of our organisation is an integral part of who we are. This is because our focus is not simply on success and profit, but rather on the sustainable business objectives of our customers and the shared global environment in which we operate. We achieve this through our robust internal systems and processes aimed at addressing and improving issues on a continual basis.

**Rajnish Kapur**

Business Head – Grey Cement

## Our Board

The governance structure of J.K. Cement which comprises the Board of Directors and committees of the Board at the apex followed by the management structure at the operational level, is designed to streamline the governance of the organisation.

Our Board, headed by our Chairman & MD, Shri Yadupati Singhania, ensures that our organisation utilises the resources for sustainable growth and societal wealth. A well-defined responsibility matrix guides the operations of the Board. The Independent Directors have focussed attention on various facets of the business. The Independent Directors are experienced, competent and highly reputed individuals selected from diverse fields for their experience and knowledge. The Independent Directors take active part in the Board and committee meetings, adding vision, strategic direction and value to the entire decision-making process.

The composition of the Board of Directors has an optimum mix of Executive and Non-Executive Directors with one Woman Director and more than 50% of the Board of Directors comprised Non-Executive Directors. The details are given below:

- One Promoter, Executive, Non Independent Director;
- Three Non-Executive, Non Independent Directors; and
- Five Non-Executive Independent Directors

As on 31st March, 2016 the composition of the Board of Directors was as highlighted below:

Sr. No.	Name of the Director	Category
1	Shri Yadupati Singhania	Non Independent, Executive
2	Smt. Sushila Devi Singhania	Non Independent, Non-Executive
3	Shri Achintya Karati	Independent, Non-Executive
4	Shri J.N. Godbole	Independent, Non-Executive
5	Dr. K.B.Agarwal	Independent, Non-Executive
6	Shri K.N.Khandelwal	Non-Independent, Non-Executive
7	Shri R.K.Lohia	Independent, Non-Executive
8	Shri Suparas Bhandari	Independent, Non-Executive
9	Mr. Paul Heinz Hugentobler	Non-Independent, Non-Executive
10	Shri Shyam Lal Bansal	Independent, Non-Executive

The Board meets at least four times a year to review financial results and operations of the Company. All statutory and other matters of significance including information as mentioned in Part A of Schedule II to the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. During the FY 2015-16, five board meetings were held.



## 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.

### **Stakeholders Relationship Committee**

The Committee specifically looks into 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. The Company received 21 complaints during FY 2015-16 and all were resolved as on 31st March, 2016.

### **Nomination And Remuneration Committee**

The Committee abides by the remuneration policy which is based on the principles of a) pay for responsibility b) pay for performance and potential and c) pay for growth.

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.

### **Corporate Social Responsibility Committee**

The 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 looks into the matters related to sustainability and overall governance.

### **Policies**

Listening to our stakeholders helps us prioritise sustainability issues by identifying those that are most important to them and to us. We have developed robust policies and systems to manage the wide range of sustainability issues we encounter in our business activities.

Our Board, senior management, shareholders, employees and other stakeholders have helped us 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.

### **Code of Conduct**

We are what we are because of our clear business ethics at every stage of the lifecycle of the project. We have a detailed Code of Ethics and Business Conduct that outlines our commitment on conducting our business in accordance with the applicable laws, rules and regulations with the highest standards of business ethics. Further, the Code of Conduct intends to provide guidance and helps in recognising and dealing with ethical issues in daily business operations. A copy of our Code of Conduct is available on the Company's website: [www.jkcement.com](http://www.jkcement.com).

The Code provides avenues and procedures to report unethical conduct, and to help foster a culture of honesty and accountability. It is imperative for all members of the organisation including the Directors, Members of the Senior Management Team and Company Secretary to comply with the letter and spirit of the Code.

We have adopted a Whistle Blower Policy which empowers any person associated with the organisation to file a grievance if he/she notices any irregularity. A proper mechanism has thus been established for employees to report to the management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. Special considerations are given to ensure that the whistle blower processing any closure is not victimised for doing so.



## Integrity

### Insider Trading/Dealing and Stock Tipping

We have a policy in place, as per the commitment to fair and open markets for publicly traded securities throughout the Indian markets where everyone has an equal chance to succeed. This policy on insider trading/ dealing and stock tipping 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-Corruption

Our organisation has zero tolerance towards corruption. Thorough checks and due diligence systems are in place across our plants and offices for ensuring strict compliance. As a result, no cases of corruption were reported or observed during the reporting period. On receiving any complaints on this matter, thorough investigation is conducted for determining the actual case. Upon inquiry if found guilty, workmen are dealt in accordance with Certified Standing Orders; and staff in accordance with Modal Standing Orders.

### Controllershship

Controllershship comprises four factors that are vital to J.K. Cement's unyielding commitment to transparency that enhances stakeholder value: integrity of records, strict adherence to business processes, integrity in communications and preservation of documents and records.

## Prevention of Sexual Harassment

All employees at J.K. Cement are expected to operate within its core values of integrity, honesty and respect of people. Under the corporate policy of prevention of sexual harassment, harassment of any kind including sexual harassment is forbidden. The organisation provides all employees the right to be protected against any form of harassment and provides a streamlined procedure for redressal of complaints pertaining to sexual harassment.

## Public Policy

We are aware of our responsibilities and the position to influence that 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, in order to avoid any controversy regarding vested interests. We, therefore, do not make any monetary or in-kind contributions to political parties or religious groups either.

## Anti-Competitive Behaviour

Competition Commission of India (CCI) has issued an order alleging cartel in the cement industry and levied penalty on 11 cement manufacturers. J.K. Cement is amongst the 11 companies named in the case. The order was released by CCI post investigating a complaint filed by the Builders' Association of India, a lobby group of engineering and construction contractors. We strongly deny any such cartel activity on our part and are in the process of appealing against the CCI order.

The Company had filed an appeal against the order before the Competition Appellate Tribunal (COMPAT). COMPAT has stayed the penalty imposed by the CCI in an interim order upon deposit of 10% of penalty amount till the final disposal of appeal. We had deposited INR 1285 lacs in the form of fixed deposit favouring COMPAT.

As of order stated 11th December'15, the COMPAT has set aside its order dated 20th June'12 passed by the CCI. It has remitted the matter to CCI for fresh adjudication. Further, in terms of the order, we have received a refund of INR 1285 lacs, being 10% amount of penalty, along with accumulated interest deposited with COMPAT.

## Sustainability Performance Evaluation

As an annual exercise, our Board reviews and approves the annual plans prepared by our business units. The decisions on all strategic matters related to capital expenditure and revenue, among others, are taken subject to the approval of the Board. The Board also discusses and deliberates on issues pertaining to risk management, safety performance, and monitors compliance to applicable statutes and norms.

To empower our Board to make an informed decision, apart from financial information, it is apprised on sustainability related details including sustainability agenda of the organisation, resource optimisation, energy efficiency, fatal or serious accidents, significant labour problems and their proposed solutions, and so on. The Board periodically ensures

compliance of all laws applicable to the Company. It is also informed about the materially important show cause, demand, prosecution, penalty notices, non-compliance of any regulatory, statutory nature or listing requirements.

At present, the Board does not rate the sustainability performance of its members according to any defined framework. Nevertheless, there is a continuous effort by members to collectively evaluate the performance of the Company, and thereby the Board's performance also gets evaluated. The members suggest and implement appropriate actions aimed at raising the standards of sustainability performance.

## Exploring Risks & Opportunities

Understanding business risks is required for ensuring timely mitigation and smooth operations. The growth of Indian cement industry has been commendable in the past decade with a compounded growth of about 8%. However, the growth rate has slowed in the recent years. One of the major factors for this is reduced demand from housing sector which attributes to about 67% of the total consumption. The slowdown in construction activities, regulatory delays in infrastructure projects and high interest rates have been other important factors resulting in reduced growth of the cement industry.

Higher operating costs including but not limited to cost heads such as raw materials, energy and freight has been identified a risk factor for future operations. The fluctuation in prices of INR poses risk to the sustainability of our operations.

The trends seen in the industry are also expected to pose risk for availability of training manpower and lack of investment in innovation.

Despite the slowdown observed in cement sector market, the 12th five year plan of the government includes plans to increase

### Competition

The Indian cement sector has become highly competitive with multiple large players operating, result of entry of foreign players and years of consolidation and expansion by domestic companies. While earlier most companies were catering to specific parts of India, now most players are expanding their reach pan-India thus creating greater market competition.

### Fuel availability and prices

Coal is the primary source of fuel for the captive power plants and cement plants. Here shortage of coal supply, quality of coal, and volatility of fuel prices remain a major concern for the sector. Lowest international crude prices have led to increased dependence on Pet coke as a viable option than indigenous coal.

### Bargaining power of the customers

Cement is a commodity business and sales volumes mostly depends on the distribution reach of the Company. However, things are changing and some brands have now started commanding a premium on account of better quality.

### Increase in production cost

There has been severe pressure on the production costs over last year, primarily driven by a rise in costs of raw materials due to levy of DMF provision on limestone.

investment in infrastructure to about US\$ 1 trillion. Considering the future business opportunities available, we are working on tapping them by expanding our country footprint to cater to the increased demand. In this light, we completed the Grey Cement expansion to 10.5 MTPA in FY 2014-15. Our focus is on adopting technological excellence, hiring and retaining competent staff and planning for pan-India presence in order to ensure we are market ready to respond to future demands. We are also planning to strengthen our brand positioning by extensive marketing and strengthening our distribution network. We at J.K. Cement are thus preparing a strong platform for sustainable growth in future.

## Beyond Compliance

The changing regulatory landscape makes compliance a complex business challenge. The laws are challenging us to adopt greater levels of transparency, objectivity and professionalism. Our management understands the requirement of adhering to corporate governance standards and robust compliance management systems.

Our operations and business framework is designed to be adaptive to the regulatory changes in form of taxes, policies and regulations. We strive to achieve compliance to all national and international regulations and take it as a highest priority.

During the FY 2015-16, all the compliance requirements of Listing Regulations with the Stock Exchanges were addressed with the norms and disclosures that had to be made. We are also aware about the impact of our operations on environment and, therefore, continuously work towards reducing the



emissions, effluents, and waste produced. The hazardous solid waste generated at our facilities is stored and disposed by authorised vendors as per the best available environment practices and complying with applicable regulations. 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 2015-16, no fines were levied on us in these regards.

Similarly, during the reporting year, there were no incidents of 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.

### **Stakeholder Relationship**

For J.K. Cement, maintaining relationship with stakeholders is a business imperative. Our business revolves around our stakeholders right from suppliers to customers, shareholders to communities, government to our workforce and contractors. Our shareholders form the spokes of the operational wheel, strengthening of which is our priority. The steering of our operations is supported by our stakeholders and we ensure that their expectations, concerns, suggestions and ideas are discussed freely in a consistent and strategic two-way dialogue with the organisation to ensure smooth operations and sustainable growth.

Stakeholder engagement is the process of connecting, talking and listening to stakeholders who are entities or individuals that can reasonably be expected to be affected significantly by the organisation's activities, products, and/or services; and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

In order to meet our objective of enhancing trust of our stakeholders, we have a streamlined approach which includes sharing timely updates of the Company. We communicate comprehensive information to our stakeholders in a timely manner aimed at providing a clear view of our performance and operations. We are proactive in our approach towards listening and addressing the concerns of our stakeholders. Planning regular two-way interactions with our stakeholders is one such approach. We aim at deep rooting mutual trust and respect, creating deeper understanding of our organisation and understanding and appreciating difference in perspectives.

# Our Stakeholders



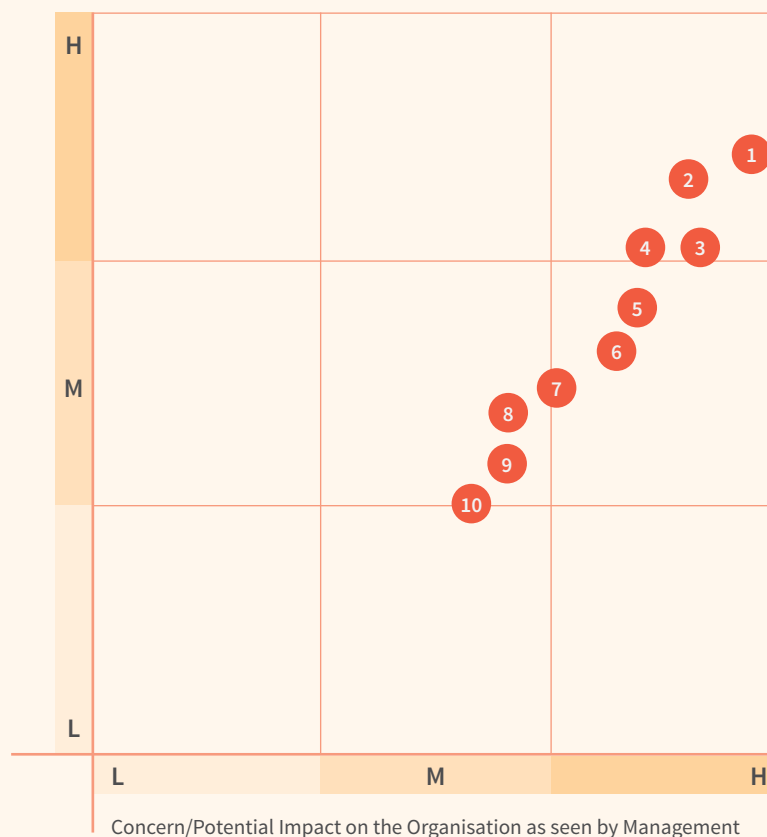
Stakeholders	Engagement Mechanism	Purpose
Shareholders	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual report</li> <li>Shareholder meetings</li> <li>Sustainability report</li> </ul>	Sharing the financial performance, annual performance and disclosing new projects. The reports apprise regarding the changes in governance and triple bottom line performance.
Employees (Permanent & Contract)	<ul style="list-style-type: none"> <li>Training programmes for employee skills upgradation and on occupational health &amp; safety</li> <li>Awards – plant-level reward programmes</li> </ul>	Innovation, improvements, performance, etc. Employee motivation, skill up-gradation and team-building Daily discussion and resolution of issues Prevention of accidents, health-hazards, production losses, etc.
Dealers	<ul style="list-style-type: none"> <li>Dealer-meetings</li> <li>Dealer surveys</li> </ul>	As partners in business, focus on their welfare, growth and creation of wealth Receiving market-feedback
Customers	<ul style="list-style-type: none"> <li>customer care service–for feedback, query, redressal</li> <li>Social-media</li> </ul>	Awareness building on product features, collection of feedback for future product and service improvement and grievance redressal
Regulators & Statutory Bodies	<ul style="list-style-type: none"> <li>Regular compliance reports</li> <li>Statutory audits</li> </ul>	Compliance disclosures on aspects defined by Government of India
Media	<ul style="list-style-type: none"> <li>Media-meets</li> <li>Press-conference</li> <li>Management interviews</li> </ul>	Important announcements meant for mass stakeholders Providing regular, credible progress information for communication to stakeholders
Local Communities	<ul style="list-style-type: none"> <li>Daily informal interactions</li> <li>Regular field survey</li> </ul>	Assessment of social initiatives and their impacts

## Materiality Assessment

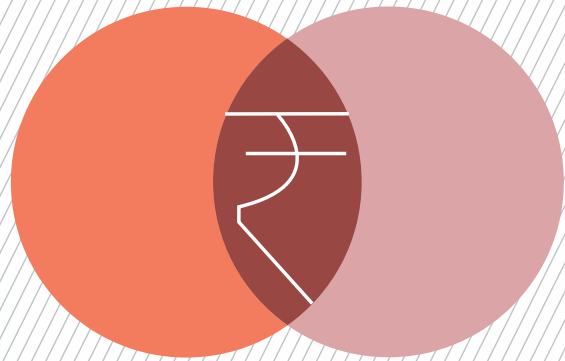
Having a large and diverse set of stakeholders results in a wide range of expectations from organisations. In order to arrive at priority issues from the expectations of different interest groups, it is important to conduct a structured materiality analysis. We conduct materiality assessment periodically wherein we map stakeholder priorities along with organisational risks and opportunities.

J.K. Cement conducted structured stakeholder surveys during 2013. The process was designed to receive feedback from internal stakeholders i.e. employees, spread across manufacturing plants, corporate office and management personnel. The feedback received from the survey was consolidated and analysed to establish the top priority/materiality issues of the internal stakeholder group, employees and management personnel. Top issues were identified as priority areas for our sustainability journey. The mapping and assessment prioritised a set of 10 key converging issues as identified by stakeholders. A review of the materiality assessment conducted during 2013 confirmed the relevance of the assessment for FY 2015-2016. The identified material issues are detailed in the table next page.

Materiality issues	Our Perspective
<b>Energy Consumption and Efficiency</b>	Comprehensively mapping our energy use and various sources, and constantly work towards reducing our energy footprint.
<b>Customer Satisfaction Practices</b>	Effectively communicate and reach out to our diverse customer segments, and comprehensively map and address customer expectations.
<b>Input Materials</b>	Efficiently manage resources being utilised in our business through product and technology innovations such as use of alternate materials.
<b>Revenue Generation</b>	Be a productive and successful business with an ability to provide year-on-year healthy return to our shareholders.
<b>Occupational, Health and Safety</b>	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.
<b>Employee Training and Development</b>	Invest in our employees, implement systems and practices for their continuous skill and career development.
<b>Water Withdrawal and Impact</b>	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.
<b>Waste Generated and Disposed</b>	Manage our waste properly with focus on reduce, reuse and recycle.
<b>GHG Emissions and other Air Emissions</b>	Constantly strive to reduce GHG and other air emissions associated with our industry through innovation in operations, installation of greener and cleaner technologies, and use of alternate fuels with lower emissions impact. These material aspects along with our efforts and performance across these aspects are discussed in the subsequent sections of the Report.



- 1 Energy Consumption & Efficiency
- 2 Customer Satisfaction Practices
- 3 Revenue Generation
- 4 Input Materials
- 5 Occupational Health and Safety
- 6 Employee Training and Skill Development
- 7 Water Withdrawal and Impact
- 8 Waste Generated and Disposed
- 9 GHG Emissions
- 10 Air Emissions



# Generating and Distributing Value





## Economic Overview

Cyclical infrastructure recovery and capex stimulations have catalysed cement demand. The reporting year has registered cement growth of 3% which is lower than last year growth, driven by excess capacity over utilisation and drastic cut down in government spending in infrastructure activity.

However, recent major government initiatives, such as the development of 100 smart cities, are expected to provide a major lift to the sector. In the Union Budget, total outlay for infrastructure sector is pegged at Rs. 221246 crores for FY 2016-17. Besides, Rs 7296 crores has been allocated for development of smart cities as satellite towns of larger cities under Urban Rejuvenation Mission (AMRUT and mission for development of 100 Smart cities). Further, the Government has allocated Rs. 19000 crores for rural road programme called Pradhan Mantri Gram Sadak Yojana. The Government has allocated INR 22,407 crore for executing its vision of providing a 'pucca' house to every household by 2022. Cement demand stood at 284 MTPA against the supply of 384 MTPA during FY 2015-16. If the rate of growth of consumption remains low at 5-6% then the existing capacity would be sufficient to meet the cement demand for five years.

Considering political stability at the Centre, expectations of economic recovery and predicted increase in infrastructure investments and private sector spending, cement demand is likely to remain encouraging, going forward. Decline in crude prices also played a positive role for the industry. We expect demand to



gradually improve in the medium term in line with the recovery in infrastructure, investment cycle and overall economy. We are taking definite steps to build a future-ready organisation and make the most of opportunities as they unfold.

Along with our continuous focus on addressing customer expectations and meeting the market demand, we are also focussing on maintaining our market share position. Our most significant positive contribution to national and local economies is through the business we do with our suppliers, the wages and salaries we pay, the taxes we contribute, and the long-term capital investments we make.

## Outlook

The economic growth will be visible only when series of structural reforms are taken by Central Government & Central Intervention with regard to approval process would be brought under fast track to expedite investment activity with emphasis on fiscal and monetary policy. With 7th pay commission in pipeline and RBI rate cut, the same will allow more money with public leading to generation of demand.

Cement demand growth has largely lagged the expectations during FY 2015-16 due to slow pick up in infrastructure projects as well as lack of demand from rural sector. Cement demand merely grew by 3 per cent in FY 2015-16, compared to 5.6% in FY 2015-16. Low demand coupled with excess capacity resulted in lower capacity utilisation, however the demand and supply gap will exhaust once infrastructure project starts taking off.

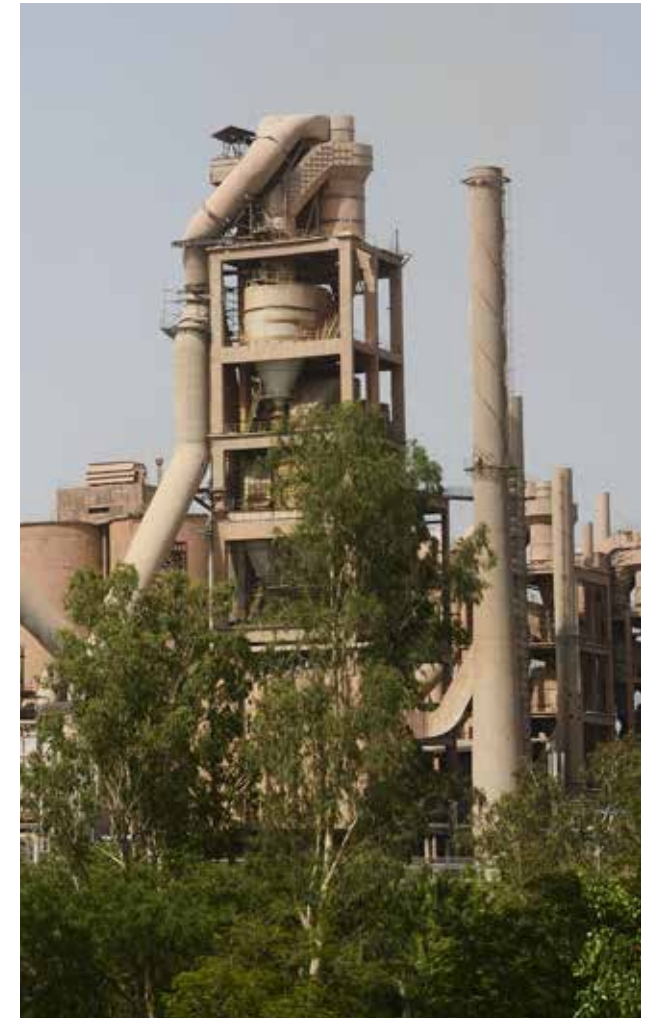
The Cement Industry has grown up with times and has started behaving more mature in all areas including use of innovative technology in manufacturing, use of blended cement, improved efficiency in energy, and last but not least, started using alternate raw material and fuel to pave the path for green sustainable development.

## Economic Performance

Along with our continuous focus on addressing customer's expectations and meeting the market demand, we are also focussing on maintain our market share position. Our most significant positive contribution to national and local economies is through the business we do with our suppliers, the wages and salaries we pay, the taxes we contribute, and the long-term capital investments we make.

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.

From economic performance standpoint, FY 2015-16 witnessed significant growth for J.K. Cement; with our revenues increasing by 6% since the previous year. This performance is highly commendable building upon a disappointing FY 2013-14 where we saw our revenues and profits fall owing to unfavourable market conditions.



The following table illustrates J.K. Cement's standalone economic performance and the value added over a two-year period (FY 2015-16 & FY 2014-15) in terms of economic value generated, distributed and retained by the organisation:

Standalone Economic Value Generated & Distributed (EVG&D)	Units of reporting	FY 2015-16	FY 2014-15
Income from Operations	Lacs INR	361031	340852
<b>Economic Value Distributed</b>			
(A) Cost of Materials Consumed	Lacs INR	66580	55620
(B) Power and Fuel	Lacs INR	74079	79346
(C) Employee Benefits and Wages	Lacs INR	23144	20254
(D) Finance Cost	Lacs INR	26959	21942
(E) Tax Expense	Lacs INR	4159	223
(F) Others	Lacs INR	155957	147775
Economic Value Retained	Lacs INR	10153	15692

## Local Purchasing & Hiring

We believe in the Indian growth story and are contributing directly in terms of taxes and through indirect economic development. With expansions in our existing facilities, we are contributing significantly towards direct and indirect impact on the country's economy by providing more employment opportunities for the local population and creating more business prospects for local businesses as well. We always prefer to source our raw materials, spares and equipment locally i.e. from India. However, if our expectations are not met then we procure materials from other parts of the world. During FY 2015-16, we spent 79% of total procurement budget within India and rest outside India. We follow a similar approach when it comes to hiring and diversifying our workforce. At J.K. Cement, we encourage local employment in the workforce and 100% of our workforce at our manufacturing units across India is locally hired from within the country.

## Environmental Expenditure

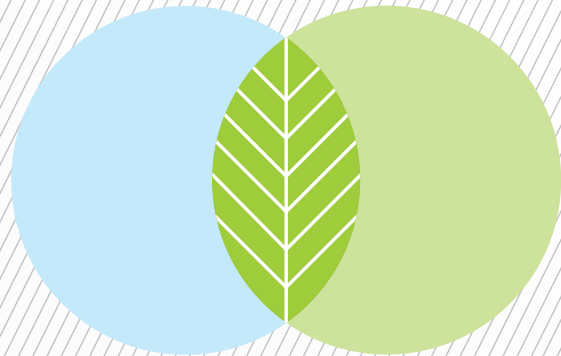
Efforts are needed to be able to pursue ambitious environmental activities. We invest significant sums in process equipment intended for economical use of energy and reducing the impacts. We invest significant sums in process equipment intended for economical use of energy and reducing the impacts. Further, installed state-of-the-art machinery and equipment at our newly commissioned plants for ensuring minimum impact on environment due to our activities. During the reporting year, we spent INR 32.4 crores towards environmental initiatives across our manufacturing plants in India.

## Investments in Inclusive Growth

We are well aware of our responsibility towards development of the communities in and around which we operate. We have been constantly engaging in corporate social responsibility activities in and around its sites of operations, in Rajasthan, Karnataka and Haryana. Our strategies and initiatives have brought smiles to numerous families.

Based on the needs of the communities around our operations, we are working on few focus areas that include education, healthcare, spirituality and community welfare. In this regard, we have built schools, colleges, training institutes, hospitals, temples and other social infrastructure, as a part of our community intervention. During the reporting period, we spent INR 4.64 crore on our CSR efforts.





# Promoting Environmental Sustainability



## Our Approach

The sustainability of the cement and concrete industries is imperative to the wellbeing of our planet and to human development. As Kofi Annan, U.N. Secretary General said in 2002, “We have the human and material resources needed to achieve sustainable developments, not as an abstract concept but as concrete reality”. With increasing population and urbanisation, the demand for natural resources in coming years is expected to increase rapidly. Therefore, organisations involved in the cement and concrete industries have the responsibility to generate lasting innovations to protect the future viability of industries and the health of our environment. It is necessary for those involved in the cement and concrete industries to eliminate waste and take responsibility for the lifecycle of their creations.

With this philosophy in our mind, we constantly seek implementation of practices that satisfy the goals of sustainability in a holistic manner. Producing more and consuming less is our motto, which is characterised by improvement in efficiency across all aspects. We believe that with this approach, we can maintain progress by replacing the currently used resources with the one of an equal or better value without posing a threat to our environment. This will not only benefit our environment but also improve the living standards of our society. It will help the nation’s progress, ensuring that they develop in a rapid yet sustainable manner.

At J.K. Cement, we strive to integrate responsible environmental practices into business operations that can add value in terms of environmental capital and financial profitability. We have taken adequate measures towards the same. We consciously aim to mitigate environmental impacts of our business operations and follow precautionary approach wherever we suspect that the risk of our actions might cause harm to environment. We are aiming for responsible use of natural resources, reduction in air emissions, targeted investments in viable technologies that promise profitable growth and corporate ethics that extend beyond compliance with the law and focus on integrity. We are convinced that, with this approach, we are conducting business in a sustainable manner while building the basis for a successful future for our Company.

For us, the environmental performance improvement remains an important pillar of our business success. We are committed towards Environmental, Health and Safety (EHS) management. We have implemented a fully integrated EHS management system in our manufacturing plants, which are certified by the internationally recognised ISO-9001, ISO-14001 and OHSAS-18001 standards. In addition, we regularly conduct EHS management system audits by third-party certification agencies to maintain the requirements of global standards. We also continuously focus on improving resource efficiency in clinker and cement production by optimizing energy usage, utilising waste in production processes and targeting higher alternative fuel and raw material usage. In the process, we also endeavour to minimise our impact on climate, water and air.



## UDAAN Initiatives

Our top management initiated a manufacturing excellence journey named 'UDAAN'. We adopted methodology for manufacturing excellence through the close guidance of top management; each and every individual actively participated in the event. As a part of this activity, various KPIs were framed like specific thermal energy optimisation, specific electrical energy optimisation and clinker factor optimisation.

To implement this initiative, we formed specific cross-functional teams at plants and conducted various brainstorming sessions during which innovative ideas were generated and compiled. To encourage our teams and employees, we rewarded the teams whose ideas were implemented. Also, inter-plant team visits were made to observe and implement the best practices followed within the organisation from other locations like Muddapur, Jharli, Nimbahera, Mangrol and Gotan.

Through the UDAAN initiative, we were able to achieve specific thermal energy and specific energy efficiency targets. After achievement of these targets, we have now taken new targets. We are deeply committed to achieve new benchmarks in the future. In this journey of manufacturing excellence, the safety of individuals as well as machinery is our topmost priority. Our entire team of Mangrol and Nimbahera is working passionately to ensure the sustainability of environment, natural resources and efficiency.

## Resource Efficiency

Our business practices are guided by our principle of conducting business operations in a responsible manner with minimum environmental impacts. Of all aspects, resource efficiency assumes the highest importance. Apart from helping achieve greater quality output with lesser investments, resource efficiency also helps to conserve scarce natural resources. Therefore, responsible management of natural resources through resource efficiency and conservation practices have been the key focus areas under J.K. Cement's environmental sustainability strategy. In this respect, our plants have a fully equipped laboratory with testing machines to carry out routine and detailed tests of raw materials as well as finished products improvements to our existing processes and systems in order to progress towards greater efficiency in manufacturing.

The primary input materials consumed during the process of cement production comprise – limestone, gypsum, clay and laterite. Amongst these, limestone is the most important raw material and to ensure constant uninterrupted supply of this material, we have invested in limestone mines; and our plants, across the country, are strategically located near limestone-rich areas. This not only ensures the short and long-term supply of the raw material, but also allows us to save on our material transport related footprint. During the current reporting period, FY 2015-16, our manufacturing plants in Nimbahera, Muddapur, Mangrol and Gotan consumed a total of 8619615 MT of limestone.

While making efforts to specially foster our research and development, we are continually encouraging the production of eco-efficient blended cements which do not consume as much raw materials and natural resources as normal OPC. We make efforts to use recycled materials as inputs for our processes, wherever possible and viable. Here, fly ash and slag are two commonly used recycled materials in our manufacturing process. Our focus lies on increasing the use of fly ash and slag in our Grey Cement manufacturing, resulting in increased consumption of these materials on absolute and on per ton of Grey Cement basis. During FY 2015-16, we saw an increase in the use of recycled and alternate raw materials in the manufacturing of Grey Cement.



Besides the input raw materials, we also consume large quantity of packaging bags. In FY 2015-16, we consumed 134351025 (nos.) packaging bags for the Grey Cement category, including those used for PPC, OPC and PSC products.

	FY 2015-16	FY 2014-15
<b>Production</b>		
(A) Grey Cement (MT)	6894890	6302263
(B) White Cement (MT)	501168	489002
<b>Raw Materials</b>		
(A) Limestone (MT)	8619615	7899141
(B) Gypsum (MT)	316060	296295
(C) Clay (MT)	117602	107965
(D) Laterite (MT)	520792	406507
<b>Alternative Raw Materials</b>		
(A) Fly Ash (MT)	1006711	938526
(B) Fly Ash per Tonne of Grey Cement (kg)	146.0	148.9
(C) Slag Cement (MT)	161838	128383
(D) Slag Cement per Tonne of Grey Cement (kg)	23.5	20.4

## Minimising Waste

Today, large volumes of by-product materials are generally disposed in landfills. Due to stricter environmental regulations, the disposal costs for by-products are rapidly escalating.

Recycling and creating sustainable construction designs not only contribute to reduced disposal costs, but also aids in the conservation of natural resources. It is, therefore, necessary for us to minimise waste generation and utilise the same.

At J.K. Cement, we have a strong focus on Waste Dump Management. The generation of waste material alongside the mining of limestone at all our mines, is almost negligible. However, some waste like Interstitial Clay, when generated, is collected separately and dumped at the specified places. These waste dumps are being properly levelled which are then covered with black cotton soil, scraped from other parts of the pits. This arrangement forms the bed for natural plantation and afforestation. The heights of the dumps are strictly kept around 5 to 6 meters. This is with the aim of negating any possibility of destabilisation of these dumps, in the long run.

The waste arising from our manufacturing processes are disposed-off responsibly through means such as selling to recyclers or to authorised third-party vendors. During the reporting period, we generated and disposed various categories of hazardous waste. The disposal was strictly as specified by the Government of India and Pollution Control Board norms of the respective regions. The major hazardous waste categories generated and disposed through our plants included used oil and oil contaminated waste. Similarly, we also generated non-hazardous waste including metal scrap, paper scrap, plastic scrap, wood scrap, empty drums and other waste. These were again disposed through proper scrap vendors.

	Quantity (in FY 2015-16)	Quantity (in FY 2014-15)
<b>Hazardous Waste</b>		
(A) Used Oil (Litres)	42965	74007
(B) Contaminated Oil (Litres)	52716	67035
<b>Non-Hazardous Waste</b>		
(A) Metal Scrap (MT)	1346	1413
(B) Paper Scrap (MT)	125	175
(C) Plastic Scrap (MT)	399	258
(D) Wood Scrap (MT)	64	26
(C) Empty drums (Nos.)	575	682
(D) Other Waste (MT)	163	124

## SPILL MANAGEMENT

We understand that spills can cause massive damage to the environment and pose significant threat to our business from compliance and statutory requirements. To avert the same, we conduct comprehensive inspection and surveillance programmes and have advance equipment installed on site for monitoring of safe storage and transfer of these fuels. We have storage facilities regarding proper storage of our required fuel mix including the furnace oil and diesel. Special care is taken at power plants, pre-heaters and kiln facilities to ensure proper and safe handling of fuels and avoid any instance of spills. No significant spill incident occurred across our plant premises during FY 2015-16 and we were subject to no fines in this regard.



## Energy & Climate Change

It is a known fact that cement plays a key role in economic and social development through its downstream products, providing the society with what it needs in terms of safe, comfortable housing and reliable modern infrastructure. However, cement manufacturing being an energy intensive process is dependent largely on the primary energy sources (direct fuels) and secondary energy sources (grid electricity). At J.K. Cement, we strive to reduce the impact on environment. Our environmental policies focus on reducing carbon footprint through our operations. For many years, we have been focussing on implementing energy efficiency projects, exploring use of alternative fuels, utilizing waste heat recovery and expanding our renewable portfolio to reduce the embedded carbon and energy content.

To meet massive energy demand in our operations, all our plants have captive power facilities except grinding unit at Jharli. In fact, we were the first company in India to install captive power plant in the year 1987. We were also the first cement company in India to install a waste heat recovery power plant to take care of the need of green power. A 13.20 MW plant has been installed in this regard at our Nimbahera manufacturing plant and during FY 2014-15, we have installed 10 MW plant at Mangrol to utilise waste heat for power generation. Now our total waste heat recovery based power generation capacity stands at 23.2 MW or 16.5% of our total captive power generation capacity, and contributes significantly towards reducing our carbon emissions. In FY 2015-16, we have generated 76535 MWh of electricity by utilising the waste gases,

which correspondingly led to the emission reduction of 62759 tonnes CO<sub>2</sub> equivalent (considering grid power as the baseline).

Similarly, the major direct demand of fuels in our industry is towards operating the pre-heater and kiln facilities. The same usually operate at temperature range of 750°-1500° celsius, requiring constant supply of high calorific value fuels. Coal (including Lignite, Petcoke), Furnace Oil, Agro Waste and HSD are the major primary fuels used across our cement manufacturing facilities and captive power plants. The consumption data regarding the same is presented below:

	FY 2015-16	FY 2014-15
<b>Fuel Consumption</b>		
(A) Petcoke, Coal, Lignite (MT)	1074145	1034490
(B) Furnace Oil (MT)	3700	3466
(C) Agro Waste (MT)	2074	3682
(D) HSD (KL)	4866 <sup>1</sup>	8.4*
(E) Others (Charcoal Dust, Carbon Black, Cinder) (MT)	6391	5990
<b>Grid Electricity</b>		
(A) Electricity Purchased (MWh)	186476	102096

<sup>1</sup> HSD consumption data for FY 2014-15 represented HSD consumption at the Corporate Office alone, whereas from FY 2015-16 we are disclosing HSD consumption at our plants as well as the Corporate Office.

The total direct energy consumption from our plants cumulated to 21465838 GJ, whereas the total indirect energy consumption, grid electricity, at our plants during FY 2015-16, was 186476 MWh, corresponding to 663892 GJ.

During FY 2015-16, we took major initiatives for cost reduction and the focus was on reducing power and thermal energy consumption. Our focus area for energy efficiency and conservation were as follows:

- Process Optimisation
- Installation of Variable Frequency drives to improve efficiency and at the same time, reduce power consumption
- Replacement and upgradation of old power consuming system with latest state-of-the-art energy efficient equipment wherever possible

## Process Optimisation

Through process optimisation at all plants, we have saved INR 7.13 crores by reducing 5846654 kWh of electricity and 183854 GJ of thermal energy with mere expenditure of INR 0.12 crores.

## Installation of Variable Frequency Drive

In a process industry, operational conditions keep on changing, depending upon the process variables. Thus, to maintain uniform and smooth running of the system, it becomes essential to control air flow, motor speed, fan speed with the changing conditions. There are various ways to do so and among them the best technology is to have vary the speed according to the demanding situation as it gives maximum saving in power consumption and can be automated. With the installation of variable frequency drive, we saved 1857870 kWh resulting to savings of approximately INR 0.98 crores with an investment of INR 0.82 crores.

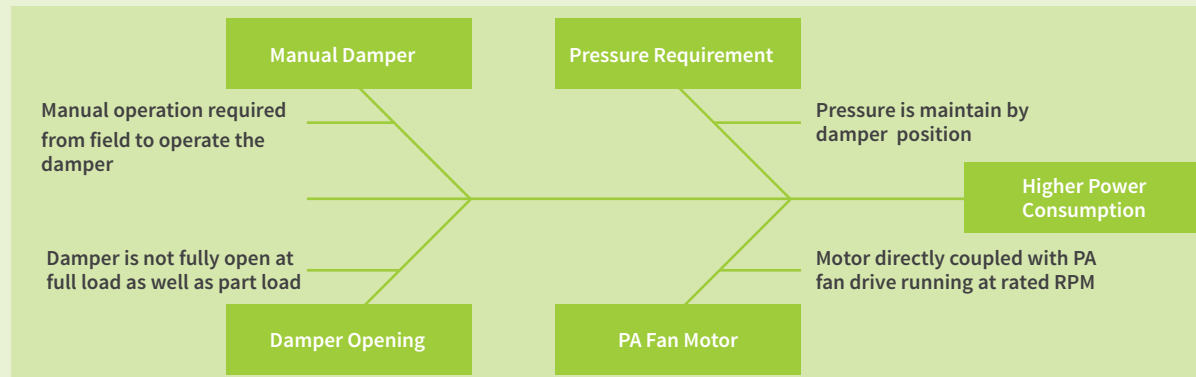
### Installation of VFD at Captive Power Plant- Primary Air (PA) Fan

In a thermal power plant, a primary air (PA) fan supplies high volumes of preheated, primary combustion air to move pulverized coal into the boiler and drive off excess moisture. In our Gotan plant, the PA fan's shaft is directly coupled to the motor (rating of 55 kW, 2960 RPM). A damper, placed at the discharge end of the PA fan was being operated manually and hence, was not synchronised with the boiler's fluctuating load, resulting in power wastage and inefficient boiler operation. Our team used brainstorming sessions, departmental meetings and a root cause analysis tool to analyse the problem. A fishbone diagram was prepared to understand the root cause of the problem.

Fan discharge air pressure and flow requirement were both controlled manually; so the aim of the intervention was to optimise the process by reducing electricity consumption and also removing

manual control. The team thoroughly investigated the situation and decided to install a variable frequency drive (VFD) in the PA fan (drive) so that fan speed could be adjusted to the primary air flow and discharge pressure. The damper on the discharge side was kept fully open because air flow and discharge pressure were controlled by fan speed only. The process was carried out stepwise using an implementation plan structured by the team.

As planned, a trial was conducted in August, 2015 after installing the VFD and observations; and outcomes of the trial resulted in total energy savings of 264 kWh/day. The total amount of money invested in the project was about INR 4.5 lakhs. The monetary benefits achieved were INR 5.7 lakhs per annum. Also, the payback period is short, at 9.5 months, which makes the project attractive for replication.



### Installation of Energy Saving Equipment

During the year, a major drive was taken to replace conventional & CFL lights by LED lights as well as installation of solar panels (green power) at roof top for power requirement of administrative building at our Gotan plant and mines office. This has saved 548581 kWh power consumption offering savings of around INR 0.54 crores.

Our total GHG emissions from our energy consumption during the reporting year was 2200343 tonnes CO<sub>2</sub> equivalent, of which 6.8% contribution, or 150661<sup>2</sup> tonnes CO<sub>2</sub> equivalent, was from indirect energy consumption<sup>3</sup>. Apart from these, the GHG emissions from the calcination process during the clinker manufacturing at our facilities for the year stood at 3270820 tonnes CO<sub>2</sub> equivalent.

### Ozone Depleting Substance

Our operations do not consume a significant 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 489.3 kg, amounting to 26.9 Kg of CFC-11 equivalent.

### Water Conservation

At J.K. Cement, water is of utmost importance to us as both cement production and power generation require a sustainable supply of water. We understand that water is a shared resource with the

<sup>2</sup> CEA CO<sub>2</sub> baseline database for the Indian Power Sector User Guide Version 10.0 - Average for India.

<sup>3</sup> This only includes emissions from our energy consumption. Process emissions are not included in this data.

community in which we operate. To protect this valuable natural resource and as a responsibility towards our stakeholders in our regions of operations, we are consciously taking steps towards reducing our consumption and contributing towards maintenance and recharge of water sources.

The water withdrawal is mainly from the surface sources, including the river water, and groundwater sources. In the reporting year, the total water consumption at our manufacturing plants (including the grinding units) was 2013487 m<sup>3</sup>.

We are also continuously exploring ways to reduce our freshwater consumption and maximise use of recycled water. In this regard, all of our plants are zero water discharge plants and comprehensively treat and reuse domestic and industrial waste water generated on site. We utilise the treated effluent water in dust suppression and for other uses, with no water discharge from premises. Similarly, realising that most of our plants are in dry regions, with water scarcity a major challenge, the focus is on utilisation of available water and minimum possible wastage. During FY 2015-16, we recycled 420799 m<sup>3</sup> of water (~ 21% of water consumption) across our plant sites.

### Sewage Treatment Plant for Water Recirculation

We installed a sewage treatment plant at Nimbahera unit, designed by SGS India Limited, for treating the sewage water coming from our residential colonies to recycle. The treated waste water is used for green belt development within the colony area and in the plant. The objective of sewage treatment plant is to stabilise decomposable organic matter present in sewage so as to produce an effluent and sludge which can be disposed of in the environment without causing health hazards.

Similarly, we also installed a sewage treatment plant, designed by Ion Exchange Ltd., during reporting period at Mangrol unit for treating the sewage water coming from residential colony to recycle and use treated water for development of green belt within the colony area.

### Rain Water Harvesting

We, at J.K. Cement, have been very much concerned about water harvesting even before legislative compulsion came into existence. Our experience of last five years of low rainfall in the areas we operate played an important role in water harvesting programme. To meet our requirements, we have been channelising rainwater through water garlands around the pit and then through check dams. We have made injection wells in plant and colony area along with check bund and water pond. The accumulated rain water in the lower-most bench during the monsoon is being used for plantation & spraying on road for suppressing dust and also used in cement plant during the summer season. Since the rainwater gets accumulated around limestone deposits, it does not get contaminated by any toxic substance in the mineral or effluent. Hence, the mine water does not require any treatment. The water harvested not only fulfils the requirement of the mines and cement plant but also recharges the water table of the surrounding area as the accumulated water is kept in the lower benches for more than 8 to 9 months.

**1** Recharge pond in Mangrol plant area

**6** Injection wells in Mangrol plant area

**1** Check bund in seasonal nala at Maliakhera mine

**1** Water pond in Nimbahera plant

**2** Injection wells in Mangrol colony area

**1** Injection well in Maliakhera mine area

**1** Injection wells in Nimbahera plant & colony area

**2** Check bund on seasonal nala at Tilakhera mine

## Air Emissions

Being a cement industry, the manufacturing process is prone to generate emissions which include stack emissions comprising dust emissions, gaseous emissions and fugitive emissions. We at J.K. Cement, have taken appropriate measures to ensure that such emissions do not impact our local communities and constantly strive to reduce the emissions generated through our operations. We have incorporated various control measures like installation of Electrostatic Precipitators (ESPs), baghouse filters, changing the maintenance practices and other such measures to minimise these emissions on continuous basis. With Continuous Emission Monitoring Systems (CEMS) in place, we are tracking SO<sub>2</sub> and NOx emissions in real time which is helping us take immediate corrective actions on the process to control emissions. It also helps us prepare for the upcoming regulations on SO<sub>2</sub> and NOx emissions. Our plants also track ambient air-quality in and around the plant-premises and the emission levels in FY 2015-16 were found to be below the permissible limits.

The parameters measured as part of continuous monitoring include the sulphur dioxide (SO<sub>2</sub>), oxides of nitrogen (NOx), Carbon Monoxide (CO) and Respirable Particulate Matter (RPM10). In line with this as part of the expansion at Mangrol, the plant is equipped with state-of-the-art machinery and systems for pollution control which will control outlet emission level much lower than the allowed limit of the Central Pollution Control Board in India. Further, we have also installed online stack monitoring system at Gotan and Muddapur for continuous monitoring of the air emissions.

## Protecting Biodiversity

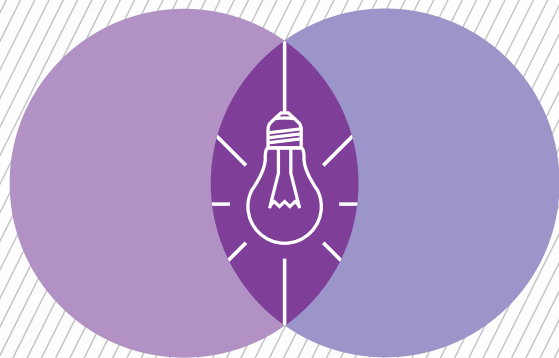
We have always been committed in creating a rich natural environment. To achieve this, we continuously explore opportunities to work with our concerned stakeholders to protect biodiversity. We are achieving this through our environmental management systems and activities designed to achieve continuous improvements in environmental performance. As part of our commitment, we take into consideration the environmental impact of our business activities and comply with all relevant environmental laws, regulations and guidelines as well as with each customer's specific guidelines and requirements.

When we plan to open a new plant or mine, we go through a rigorous preparation process which includes a thorough assessment of the potential impacts of the new plant on local people, nearby ecosystems and habitats, as well as water and soil erosion. We also consult openly and sensitively with our local stakeholders, so that we can achieve a balance between their needs and our own. Once the site becomes operational, we will work in partnership with local community to monitor, manage and protect local biodiversity.

As per our Environment Impact Assessment (EIA) Reports, none of our mining sites are adjacent to the protected areas and areas of high biodiversity value. Insignificant impacts in the form of biodiversity loss due to erosion of top soil, noise disturbance, removal of vegetation and dust among others. are addressed through appropriate measures.

For instance, to feed the required limestone to our Grey Cement plants, we hold mining leases at Ahirpura, Maliakhera, Karunda, Tilakhera, Murlia and Mangrol (132 Hectare) in Rajasthan and Muddapur and Halki mines in Karnataka, where mining is carried out using deep-hole drilling and blasting. A lot of care is taken to negate the ill effects of this ecology affecting activity. To begin with, we have converted the dry drilling into wet drilling, water is sprinkled on the haul roads, dense plantation has been cultivated around the working pit. Besides, we use Sequential Blasting Machine, and down the hole delay technique is being used to reduce noise, vibration and fly rock. Rainwater harvesting is promoted, as water is being collected and kept for use during dry summer months. This practice also helps recharge the ground water table in the region.

Also, plantation is a regular process at J.K. Cement. During these plantation drives, water from our STPs is used extensively. Afforestation programmes have helped transform the barren and dry ambience into lush greenery. In the reporting period, approximately 24,000 trees have been planted under various such programmes.



# Facilitating Employee Wellbeing





## People Potential

At J.K. Cement, we consider our employees as our key assets and the backbone of our success. The dedication and hard work of our people helped us attain this position. We believe that when the people of an organisation are exultant, they display strong work attitude and positive energy which foster business advancement.

In line with our believe, we focus on recruiting the best industry talent and providing them with best-in-class trainings, benefits and facilities to retain the talented workforce that run our businesses.

At J.K. Cement, we endeavour to provide an environment for continuous innovation and improvement by rewarding our employees for their dedicated efforts in achieving the Company's goal. We are committed to providing our employees with a supportive, rewarding and safe work environment with a high degree of engagement and empowerment, enabling them to realise their full potential and creating a high performance work culture.

Based on the belief that human resources are the most important asset for a corporation, we have implemented a variety of personnel, education, and training systems that are designed to develop the character, and creativity of each employee. While we strive to expand our business, we are also focusing on efforts to develop personnel who can play an active role in the global field.



### Oral Cancer Awareness Camp

During the reporting period, at Gotan Unit, we organised an Oral Cancer Awareness Camp. The employees and their families attended the programme. The camp was conducted by a team of doctors from Bhagwan Mahaveer Cancer Hospital Jaipur. Mrs. CP Jhagdawat-VP Commercial and Administration inaugurated the camp on 20th Feb-16. Mr. Jhagdawat, while addressing the audience expressed gratitude towards the doctors' team for extending their support for the divine cause. A team of oncologists consisting of Dr. Priyanka, Dr. Sajal Goyal and Dr. Harish from Bhagwan Mahaveer Cancer Hospital Jaipur conducted the medical examinations for detection.

It was quite an informative programme and an awareness session was also conducted wherein the visiting doctors' team conducted an audio-visual presentation on Cancer Awareness. Dr. AK Saxena, Dr. Ankur Arora and Dr. Umesh Sharma along with the J.K. dispensary team also assisted the visiting team during the programme.

### Breast Cancer Awareness Camp

Similarly, we organised a Breast Cancer Awareness Camp on 23rd and 24th January'16. Women from the J.K. White and LKSEC colony attended the same. The camp was conducted by a team of doctors from Bhagwan Mahaveer Cancer Hospital Jaipur. Mrs. Sushma Arora-VP LKSEC inaugurated the Camp on 23rd January. A team of oncologists consisting of Dr. Priyanka, Dr. Sajal Goyal and Dr. Harish from Bhagwan Mahaveer Cancer Hospital Jaipur conducted the mammography and medical examinations for detection. It was quite an informative programme and an awareness session was also conducted wherein the visiting doctors' team conducted an audio-visual presentation on Breast Cancer Awareness. Dr. AK Saxena, Dr. Ankur Arora and Dr. Umesh Sharma along with the J.K. dispensary team also assisted the visiting team during the programme.



## Diverse Workforce

We at J.K. Cement strongly believe that diversity and inclusion in workforce is an avenue for bringing on board fresh perspectives, experiences and ideas to our business. The diversity in our workforce is enabling an inspiring and innovative environment with opportunities for everyone's growth and enabling them to contribute fully. We work continuously to enhance the professional development of our employees regardless of their race, colour, gender, age, religion, nationality or disability.

As on 31st March 2016, the J.K. Cement family had 2745 employees, of which 1840 employees were based at the cement manufacturing plants and power plants, and 905 employees were based at the Company's Kanpur Headquarter, Delhi Corporate and marketing offices<sup>4</sup>.

The category and gender-wise details of the HO & marketing employees for 2015-16 are presented in the table below:

Head office & Marketing (Workforce during FY 2015-16)	Genderwise bifurcation	
	Male	Female
Senior Management (Nos.)	33	1
Middle Management (Nos.)	114	1
Junior Management (Nos.)	725	15
Workers (Nos.)	5	0
GETs/ PGETs (Nos.)	11	0
Total (Nos.)	888	17
Grand total (Nos.)	905	

<sup>4</sup> This includes the Marketing Personnel

<sup>5</sup> The new hire and attrition data corresponds to the Head Office, Corporate Office and Marketing offices only.

## GROWTH WITH RESILIENCE

## Attrition and New Hires

We at J.K. are continuously working towards making our 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.

We define employee turnover as the number of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service. Our permanent employees are considered for reporting against this indicator. We conduct comprehensive exit interviews with the separating employees. This allows us to assess and improve upon our HR practices and employee retention programmes.

During the reporting period, 215 people joined the J.K. Cement family, while 137 employees disassociated from the organisation<sup>5</sup>.

## Training

J.K. Cement invests proactively to provide its employees with relevant learning and career development opportunities in technical and soft skills. A large amount of learning in our premises and offices takes place on a day-to-day basis, on the job, from everyday experiences and sharing with team mates. Leadership and problem solving sessions were held in tandem with other trainings to enable individuals to drive change in a rapidly evolving company.



### Regional Training Center, Nimbahera: Creating a Legacy In Training

The Regional Training Centre - North is a premier training centre of North India promoted by J.K. Cement with assistance from World Bank, DANIDA and the Government of India as a unique HRD project in cement Industry. It is equipped with modern training aids and caters to the skill enhancement and competency development needs of more than 25 cement plants of northern India. It has trained over 12000 technical and managerial personnel since its inception in June, 1994. The centre has also conducted many tailor-made in-house programmes for cement and other industries in India and abroad including for Oman Cement, Oman and Star

Cement, Dubai and Hama Cement, Syria / EHDASSE Sanat Corp. Iran and National Cement Company, and Yemen, besides many cement plants in India. RTC, Nimbahera has specialised packages / modules in areas like mining, cement process, mechanical and electrical & instrumentation designed and developed by renowned International / national agencies like FLS Denmark, NCCBM, TATA Interactive Systems, VEC, NITTTR, and so on. More than 150 senior line managers from 10 cement plants have been trained at Denmark, NITTTR, Bhopal and Chennai, who act as resource persons for these programmes.



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. Investing in our people remains a priority for us. The continuous development of human resources is considered a catalyst for meeting business goals. As we work diligently towards achieving our aspiration statement for 2020 for becoming a global White Cement brand and premium national Grey Cement brand; we realise that our goal can only be achieved with our people and their commitment. In the coming years, we intent to focus by on strengthening the type of trainings we provide to our employees.

The following table presents total recorded average training man-days spent on training at our manufacturing plants in India during the current reporting year:

EMPLOYEE CATEGORY	AVERAGE TRAINING MAN HOURS	
	FY 2015-16	FY 2014-15
Senior Management	8	11
Middle Management	14	19
Junior Management	12	18
Permanent Workers	8	9

Further, we also conducted training workshops for our employees at our Kanpur Head Office, Delhi Corporate Office and marketing offices on various topics. During the reporting period, the average training man hours for senior management, middle management and junior management were seven man hours, four man hours and five man hours respectively.

## Human Rights

The strategies and aspirations at J.K. Cement are always grounded by the values of integrity, ethics and trust. We continuously work towards providing best working environment for employees and constantly look for ways for improving the quality of life of our employees. We are proud to foster a culture of mutual respect and trust which we achieve by the interactions with elected employee representatives. Our employees have the full freedom to exercise their right to associate, bargain collectively and join or form unions. Trade unions are used as a platform for constructive dialogue in all our plants, except the Muddapur plant.

We at J.K. Cement take due care to ensure that our physical work environment is congenial to the workforce and free from any form of exploitation. We undertake identification, assessing and managing human rights impacts within operations viz. respect for human rights including non-discrimination, prohibition of child and enforced labour. In line with our commitment, no cases of discrimination or harassment were reported by our employees across our manufacturing plants and corporate office, during FY 2015-16.

We have zero tolerance towards illegal labour practices. Exploitation of children and child labour is strictly prohibited at all our plants and offices. Further, we are very careful in making

associations with our suppliers and contractors. J.K. Cement does not associate with any supplier or contractors known to follow unacceptable labor practices such as exploitation of children, physical punishment, female abuse, involuntary

servitude and so on. As a step to ensure our compliance to human rights aspects, all our agreements with contractors have mandatory inclusion of clauses of human rights and child labour (as specified by Government of India and Factory Act).



### SA-8000 Certification at J.K. White Gotan

Social Accountability-8000 (SA-8000) is an international certification standard that encourages organisations to develop, maintain and apply socially acceptable practices in the workplace. The SA-8000 standard addresses domains like forced and child labour, health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, compensation and management systems.

We have sought SA-8000 certification in 2005 and it has made considerable impact on the morale and wellbeing of the employees at J.K. white. It has enhanced company and brand reputation by improving employee recruitment, retention and productivity. This management system has enabled to showcase J.K. white's best practices in a systemised manner and enabled better supply chain management and performance. The certification has given a sense of pride to the workforce that the practices at J.K. White Cement Works Gotan are at par with the global labour best practices. It is reflected in the policy statement, wherein J.K. white declares its commitment and respect towards the International Instruments for Social Accountability. Further, J.K. white declares that the organisation is committed to improve the quality of life of the employees and the communities it serves, respecting the

established practices and customs of the local region with regard for human dignity; and the Company shall Influence its partners in fostering a sense of social commitment for their stakeholders.

SA-8000 has enabled a strong sense of trust and transparency amongst the workforce ensuring the organisation's commitment to a healthy work environment. We have established our unique image in the area owing to our unparalleled efforts of employee care and contributions to corporate social responsibility and industrial health and safety. Over the years, J.K. has ensured a healthy working environment with harmonious relations between the workers/ employees and the management. SA-8000 supports J.K. white's corporate vision and over the years has built and reinforced the loyalty of employees, customers and stakeholders.

### Occupational Health & Safety

Safety is the core operational priority at all our plants and we are committed in creating safe and conducive work environment for all our employees. We are continuously working towards enhancing working conditions by implementing safe workplace practices, establishing safety systems & extensive employee communication, supporting infrastructure and encouraging 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.

We have developed robust safety systems which are aimed at nurturing a safety culture where each employee takes ownership and responsibility for his own safety as well as his team members. We do this by operating a workplace accident prevention programme, improving employee safety measures, and investing in safety education. Every safety incident in the organisation is a learning and an instrument for improving the safety systems within our organisation. Incident-accident recording systems are maintained as per regulatory requirements. All of our manufacturing facilities monitor the injuries (first aid, minor and reportable injuries). We have well established Environment, Health & Safety (EHS) Management systems with designated responsibilities and safety infrastructure, which are under constant supervision and up-gradation to comply with leading international standards.





Root Cause Analysis (RCA) is performed for reported incidents to identify the reasons for the incident and suggest mitigation/avoidance based on the investigation. The learnings from these incidents are shared amongst the employees to prevent any future occurrence. The continuous identification of potential risk factors and improvement activities help us to achieve such success.

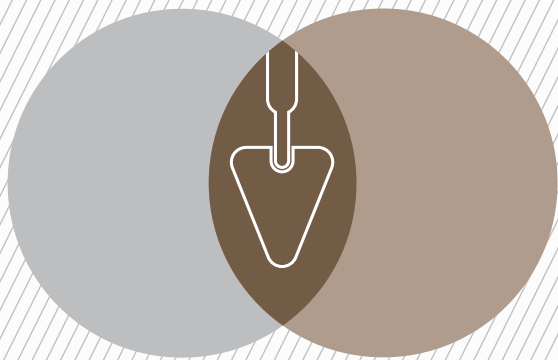
To further instill the safety culture, a safety committee is functional at all our manufacturing plants and is powered by equal participation from management and worker representatives. During the year, we organised various awareness and counselling programmes across our plants covering occupational health and safety aspects, lifestyles diseases and common seasonal diseases, among others.

However, despite our efforts, unfortunately in FY 2015-16, three fatalities occurred at our Mangrol and Nimbahera Unit. Following this accident, an enquiry team was set up to find the root cause and implement actions to avoid such incidents in future.

### General Health Awareness Sessions

There are regular sessions for the employees of the Company on health awareness, organised by the organisation's doctors. In accordance to the statutory requirements, we conduct bi-annual medical check-ups for all the employees and simultaneously medical counseling was provided to the employees. The employees also seek medical assistance and advice during their visits to the dispensary from time to time.

Our medical team keeps conducting awareness sessions on hepatitis B, HIV & blood transfusion diseases, first-aid training, high blood pressure, diabetes, obesity and abnormal lipid profile. Apart from these regular sessions, there are awareness and counseling sessions on the seasonal diseases as well. Apart from awareness and assistance through one-to-one interactions, the medical team also keeps sending e-mails for the related issues.



Establishing Product  
Stewardship and  
Brand Prominence



## Customer Centricity

We understand that, regardless of time, creating customer value and putting customers first, beyond a simple customer focus, generate a long-lasting business value. Today, customers are concerned about the efforts we are taking to understand and meet their requirements.

We believe in constant innovation, and invest immense time and resources in R&D activities towards our constant strive to develop and deliver best quality products to our customers. We have a highly experienced in-house R&D team responsible for product development, who regularly engage with external consultants. We have also developed a tailor-made marketing strategy to effectively communicate and reach out to our diverse range of customers.

Our long-term objective is to establish ourselves as a major global brand in the White Cement segment. Therefore, we adopted a strategy to partner with business associates from across the world. Our distribution network encompasses major segments of market covering industrial customers, distributors, retailers, influencers, architects, builders and contractors.

We, therefore, strive to focus on ensuring ultimate customer experience. In order to provide our customers with such an experience, we take great efforts to understand their psyche, culture, habits to address their actual and future needs. We have also launched our Sales Force Automation Tool (SFA) for better understanding of their needs.

We have a reputation of being one of the best customer service providers in India's cement industry and certainly the best when

it comes to markets in Northern India. This reputation has been hard earned with utmost dedication to meet customer demands through high levels of synchronisation between our marketing, production and logistics teams.



## Product Stewardship

We continuously strive to improve the quality of our products, processes and services. Implementing a systematic approach is the key issue to manage the group processes aiming at satisfying quality requirements, creating value along the lifecycle of products and enhancing relationships with customers and suppliers.

At Nimbahera and Mangrol, our labs are equipped with state-of-the-art process control instrumentation and quality control system.

The testing laboratory is manned by qualified personnel to ensure quality of products comparable to the best available in the market at all times.

Similarly, our Muddapur unit has latest technologies, process control as well as quality control for plant operations with Robo lab and Automatic Blain Analyser. The entire plant is controlled from Central Control Room (CCR) with sophisticated control systems of latest technologies including Fuzzy Operations. Further, as part of our recent brownfield expansion at Mangrol plant, we have installed a fully automatic Robo lab, appointed for quality improvement of raw mix and cement. This will take samples automatically and will check and give corrections for a better quality of products.

All these measures allow us to monitor and maintain quality of our products while ensuring health and safety of our people and the environment. Along with this, we ensure strict adherence to regulatory requirements applicable to our industry including compliance to product labelling and marketing practices. No incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products, product and service labelling and marketing communications were reported during the reporting period.

## Marketing Communications

J.K. Cement follows a tailor-made marketing strategy to effectively communicate and reach out to its diverse range of customers. 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:

1. **Channel Partners:** Stockists and retailers
2. **Specifiers:** Architects, interior decorators, project managers and contractors.
3. **Applicators:** Masons and painters
4. **End Consumers:** Residential, institutional, retail and commercial property owner

J.K. Cement has carved a distinctive niche for its brands through various multifaceted marketing initiatives including 360-degree media campaigns, consumer contact programmes, online promotion, public relations, and so on.

We are enhancing our brand awareness through mass media campaigns, consumer promotions, online support and public relations. At various industry and consumer events our brands enjoy significant exposure. Our continuous efforts and innovative campaigns in developing highly focused and target-specific communications have resulted in the creation of a powerful brand value for us. Extensive campaigns were launched to educate consumers, dealers and retailers about high quality benchmarks; and also receive their insights to further improve the quality of our products.

We segmented the market to identify principal influencers and appropriate promotional activities were planned for key segments. We have positioned ourselves as a premium selling brand in the GCC region on the strength of our consistent quality and top-notch services. To strengthen brand visibility, we also participate in exhibitions and seminars in crucial markets regularly.



### Project Goonj – The Roadshow Campaign For J.K. Super Cement

J.K. Cement launched a unique awareness campaign 'GOONJ' for J.K. Super Cement, to create awareness among masons to increase productivity by focusing on best practices and modern approaches in construction. The campaign was flagged off by Special Executive, Raghavpat Singhania and Business Head, Rajnish Kapur on 30th

### Wall Painting Champion: J.K. Wall Putty

J.K. Wall Putty is the ideal applicant for smoothest and beautiful walls. Due to its White Cement base, it prevents seepage and flaking. With intense competition generating not only from the putty category, but also from non-flaking paints, an ideal that stood out from the clutter had to be created.

The challenge was to move beyond just the paint won't flake promise, to educate the painters, builders and customers about the many advantages of Wall Putty, over other options like POP and chalk mitti. An interesting idea of showing the product winning in a national wall painting was evolved. A TV Commercial (TVC) was created in which Chhutkau painter was shown as the face of the brand. Subsequently, sequels of TVCs were launched with taglines, 'Painting se pehle sirf J.K. Wall Putty' and 'World famous wall painter'.

September, 2015 and covered six states - Rajasthan, Haryana, Punjab, Western U.P., Madhya Pradesh and Gujarat.

A fleet of vehicles with trained brand communicators, supported by customised audio visual ads were sent out for generating awareness and educating consumers on the brand promise and differentiators for J.K. Super Cement. Innovative and customised engagements



were designed keeping in view the local dialect and flavour. Special focus was on empowering masons through Mason Meets. This initiative is yet another pioneering step to ensure that masons, dealers and contractors are a vital part of our growth story.



### Shubhaarambh – The Multicity Launch Of J.K. Primaxx

The multi-city launch of J.K. PRIMAXX, aptly named Shubhaarambh started on the 8th October, 2015. J.K. PRIMAXX is a White Cement based product ideal as a wall dressing, which enhances the quality and coverage of Wall Putty, decorative paints and other acrylic polymer based coatings.



Road shows and interactive sessions with painters and applicators were organised in Gujarat, Uttar Pradesh and Maharashtra. The on-ground activity for the event included a branded canter with a replica of the product, emcee engagement programmes with dealers and applicators for better brand connect, and interactive games for the target audience. The road show team visited



numerous labour chowks, dealer outlets and construction sites to engage with the target group and help them understand the new product. The response to the activation was phenomenal with promising on-spot conversions by the marketing team. The van campaign has been successful in paving the way for a better brand connect and association.

### Annual Dealer Conference – J.K. Super Cement

At J.K. Cement, we have always been passionate about performing at our best and setting new milestones.

Themed 'Yodha', the Annual Dealer Conference for Grey Cement was a grand celebration of the relentless perseverance and the winning spirit of our valued channel partners. Held in Delhi, Jaipur and Hyderabad, the meet covered 1500 channel partners spanning across six days. Top performing dealers were felicitated for their



outstanding contribution in their regions, showing our appreciation for the association and the relationship that we share with them.



The gala evening was a treat for the dealers with some breath-taking performances by Indian and international artists. The grandeur and scale of the event left them spellbound. Our dealers are the superstars of our nation-wide success story. Such meets have been part of a long-standing tradition of recognising our valued dealers, who are the face of our growing network and go a long way in further strengthening our association with them.



#### Annual Business Organisers Meet – J.k. Super Cement

At J.K. Cement, we believe that our channel partners are indispensable pillars of our growth story. Celebrating our partnership and acknowledging their achievements, this year's meet for our business organisers was held in January at the magnificent ITC Grand Bharat, Manesar. The meet not only included discussions on business, but some leisure activities for a memorable time. The

gala evening was an enthralling experience for business organisers and their spouses.

This opportunity helped us further strengthen our bonds of partnership with our channel partners and together we re-determined to achieve higher standards and enable the Company scale new heights of success.



#### Customer Technical Service Centres

Our Customer Technical Service (CTS) offices are located in every state capital of India and all major Indian cities. The team of CTS executives are trained and dedicated to resolving product related customer issues in a prompt manner and have so far conducted more than 13000 different activities for architect, builders, contractors, engineers, masons, painters, applicators, retailers, dealers, stockists and civil & architect students, among others.



### Customer Satisfaction

Being a customer centric company, we believe in resolving consumer grievances related to construction practices and applications of our products. We have a dedicated helpline number - 1800 102 8868, through which consumers can register their product related complaints to us. Consumers can also contact our executives in their respective areas directly by taking their contact details from our website.

Our Customer Technical Service offices are located 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. In this regard, our CTS team conducts regular site visits to meet Individual House Builders (IHBs) and serve them as per their specific needs. For any complaints related to construction, our CTS engineers visit the site and conduct demonstration of our product performance on site. In addition to demonstration, we also share the reasons of the said complaint related to improper construction practices.

Also, in FY 2015-16, we conducted an opinion survey of our business organisers to understand their opinion on various critical subjects which are associated with customer satisfaction such as discount

structure (huge discounts v/s retained profitability), push v/s pull model to sell the material, effectiveness of our CTS events, intra-brand competition etc. Based on the inputs received from our business organisers, we have accordingly defined our action plan for FY 2016-17 in order to achieve high customer satisfaction.

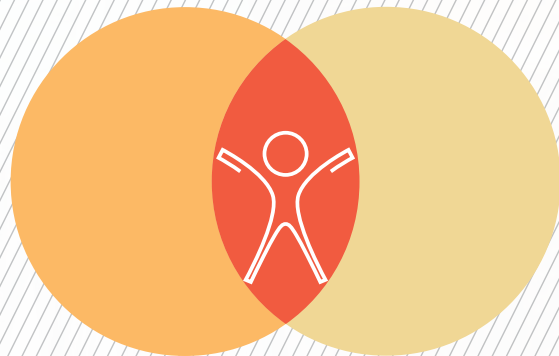
During the reporting period, we have conducted more than 10,000 site visits for helping IHBs and influencers. Also, we received 645 complaints during the year out of which 643, i.e. 99.68% of total complaints received, were resolved successfully. Going forward, we also plan to keep tracking of repeat purchase by the customer who has lodged complaint with us.

Further, in our pursuit for customer experience excellence we have also launched the Sales Force Automation (SFA) tool, which is an android based mobility tool available with over 600 J.K. Cement marketing personnel. The tool is used to capture the customer profiles and attain a better understanding about J.K. Customer and Customer Universe.

Through this SFA system, we record the interaction frequency of the sales person with the customer. Post interaction, an automated message is sent out to the channel partners wherein customer is required to rate the quality of interaction on a number scale.







Encouraging Social  
Development

We, at J.K. Cement, lay special emphasis on CSR initiatives and have made conscious efforts in amalgamating the same as an integral component of our operations. Our aim is to create an environment that supports holistic development of the communities in which we operate. As part of our initiative to give back to our society, we have put serious efforts in upliftment and transformation of the lives of the underprivileged. J.K. Cement has a rich legacy of being a pioneer in social development initiatives. We believe in being a good corporate citizen by helping communities and being instrumental in cultivating their progress. To achieve the same, we have a well-established CSR policy which 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. We are involved in various areas of community development and organise outreach programmes to build engagement. Our mission is to aid in uplifting the local stakeholders and also address the socio-economic issues. We have identified our key thrust areas around which we centre our CSR strategy. They include:

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

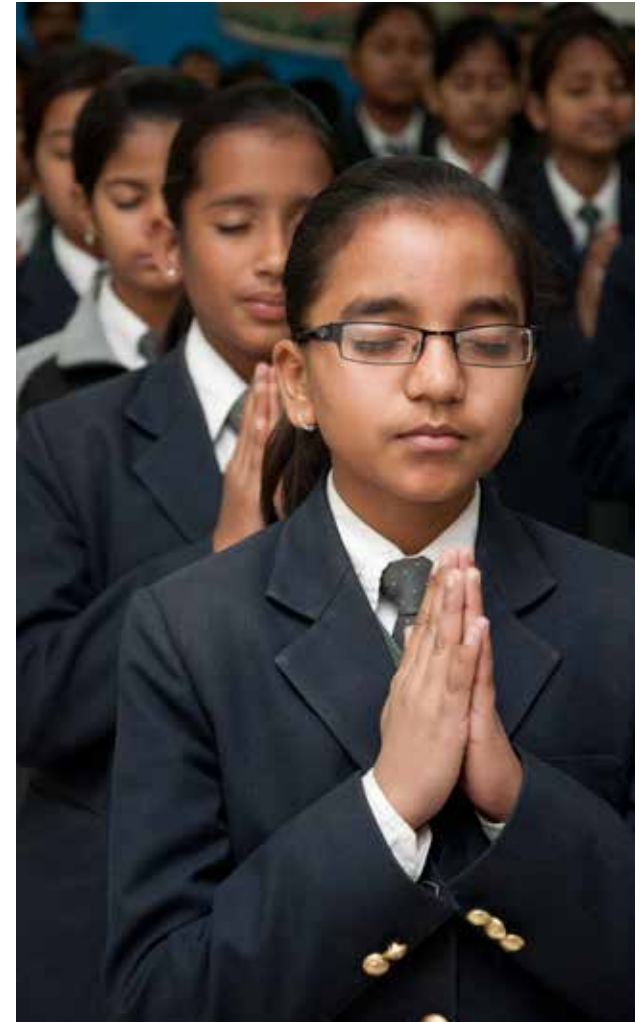
The social initiatives impacted 25,000 people belonging to six gram panchayats and 32 villages situated around our operational plants

and 50,000 people of Nimbahera city. The following list shows our major areas of contribution during FY 2015-16:

CSR Initiatives – FY 2015-16	Total Expenditure (in INR Lakhs)
Infrastructure development	231
Livelihood support	53
Education	101
Community Healthcare	28
Environmental protection	10
Miscellaneous (healthcare services, medical aid and services, sports promotion, donations)	41
<b>TOTAL</b>	<b>464</b>

## Education

Education is an essential building block which leads to a better quality of life and a key factor in the development of the community. By propagating the need to be educated and helping provide access to better quality education, we believe that poverty across the country can be eradicated. We take up multiple initiatives in the field of education such as providing infrastructure, organising workshops and awareness camps to bring a positive change across the nation. Institutes founded by J.K. Cement, namely Sir Padampat Singhanian University, Udaipur & L.K Singhanian Education Centre are actively contributing in promoting literacy and shaping the future on the youth.





Along with our own educational institutes, we have also been supporting the educational cause in the local communities through organizing educational awareness talks, distributing of books, clothes and arranging transport for local children.

In FY 2015-16, J.K. Cement adopted secondary and higher secondary schools of five villages and supported the construction of 2 new rooms in Government School, Bamania village. We also provided furniture to Government schools in Nimbahera. We support in payment of guest faculty in Government school of Karunda and provided school uniform and books in Government primary schools of Mangrol.

In order to facilitate and encourage the meritorious students in the Government schools, we distributed medals to all students achieving more than 65% in board exams.



## Community Healthcare

We at J.K. Cement, believe that good health is one of the foundations of a great nation and we believe it is our responsibility to bridge the gap for individuals and communities who do not have access to effective and efficient healthcare services. We reach out to our communities and try to understand issues at an individual level as well as conduct generic health camps and awareness workshops for everyone in the village/community.

We propagate good practices in terms of health and hygiene, prevention and cure as well as help provide services for individuals to understand and cure their illness.

J.K. Cement regularly organises blood donation camps which see active participation from our employees and their family members. Such events also focus on community talks and lectures on the importance of practicing general hygiene and ways of maintaining a healthy lifestyle.

Mentioned below is a list of initiatives taken in FY 2015-16:

- Mega Health Checkup Camp for 7-days at Government College, Nimbahera through Shree Seva Sansthan
- Free Medical Camps in nearby villages of Nimbahera Sub Division
- Eye Camp at Government Referral Hospital, Nimbahera

## Infrastructure Development

The role of infrastructure is key to the development of an economy as it directly impacts the pace of economic growth. India being a labour surplus developing economy, the role of good infrastructure for the development of the nation is even more crucial. By enhancing access to available infrastructure facilities as well as bringing in new and innovative facilities,

we at J.K. Cement believe in being active players in modernizing and developing the nation. Additionally, as part of our focus on helping the underprivileged maintain a sustainable standard of living, we have been actively pioneering the concept of community hygiene in areas close to our plants. During 2015-16, we supported the construction of cement concrete roads in the villages of Malaikhara, Tilakhara, Arniya Joshi, Mangrol, Karunda and Pipliya villages in public private model of operation. We have supported the construction of community centre in Phacher Ahiran, Ahirpura Village and Charliya Village.

### Building of J.K. Institute Of Technology (New I.T.I - Green Building)

At our Nimbahera region, we identified the need to expand an institute capacity to accommodate increasing number of students. To achieve this objective, we planned to construct buildings in a manner that will minimise or eliminate the adverse impact of environment, economy, personal health and productivity, and enhance positive impacts.

In this regard, the concept of green buildings was applied to ensure that waste is minimised at every stage during the construction and

operation of the building, resulting in low costs. The building was designed to reduce the overall impact of the built environment by efficiently using energy, water and other resources and reducing waste generation, pollution and environmental degradation. The following initiatives were taken at the site as part of green building concepts:

- Use of recycled material in construction of building
- Local material used in construction of building
- Increased use of natural sunlight
- Heat resistant elevation and terrace

- Use of low VOC (volatile organic compound) and weather proof wall paint
- Recycled water for gardening and flushing purpose
- Water harvesting structures
- Separate facility for handicapped person in lavatory block
- Concrete road used in place of bitumen road







### Vocational Training & Livelihood Promotion

The role of infrastructure is key to the development of an economy as it directly impacts the pace of economic growth. India being a labour surplus developing economy, the role of good infrastructure for the development of the nation is even more crucial. By enhancing access to available infrastructure facilities as well as bringing in new and innovative facilities, we at J.K. Cement believe in being active players in modernizing and developing the nation. Additionally, as part of our focus on helping the underprivileged maintain a sustainable standard of living, we have been actively pioneering the concept of community hygiene in areas close to our plants. We have supported the construction of community centre in Phacher Ahiran, Ahirpura Village and Charliya Village.

### Sanitation

In line with the Government's focus on improving sanitation throughout the country, J.K. Cement has supported the construction of 350 toilets under the 'Swachh Bharat Abhiyan' of the Government during FY 2015-16.

### Tree Plantation Drive

J.K. Cement has always been at the forefront of uplifting the communities in and around its operations, both socially and environmentally. We have always been proactive in providing our support towards reducing the impact of our operations on the environment.

Our plantation drives in and around our operations have resulted in the plantation of 24,000 new plants during the FY 2015-16.

### Cattle Breed Improvement Programme

Our Jharli unit launched livestock development programme in Jhajjar district under the umbrella of J. K. Trust Rural Development Plan. The programme began with the opening of Livestock Development center at Mohanbari on August 12, 2015. The Centre was inaugurated in Mohanbari Panchayat building by Dr. Anshaj Singh, honorable Deputy Commissioner, Jhajjar.

The five-year project is funded by us to establish Integrated Livestock Development Centre in the vicinity of the villages of our plant to provide animal breeding services for improving the livelihoods of rural livestock farmers of this area. Through this new Livestock Development Programme, various centres became operational in Jhajjar district with each centre covering 5 to 7 villages. All centres will work for artificial insemination of cows and buffaloes, and cattleman will be informed about proper maintenance of the animals.

# Performance Overview



## Total Installed Capacity

FY 2015-16

Grey Cement	10.5 MTPA
White Cement	1.2 MTPA (incl. 0.6 MTPA at Fujairah)
Wall Putty	0.7 MTPA
Power	140.7 MW

0.2 MTPA Commissioned in May'16.



## Standalone Economic Footprint

FY 2015-16

FY 2014-15

Net Sales (in INR lacs)	353104	333731
EBITDA (in INR lacs)	51901	46381
PAT (in INR lacs)	10153	15692



## Environmental Footprint

FY 2015-16

FY 2014-15

Direct Energy Consumption (in GJ)	21259023	20857671
Fly Ash Consumption (MT)	1006711	938526
Slag Consumption (MT)	161838	128383
Percentage of water recycled (in %)	21	31



## Social Footprint

FY 2015-16

FY 2014-15

Total Workforce at Manufacturing Plants	2745	2470
Number of Fatalities	3	0
CSR Expenditure (in INR crore)	4.64	5.15

# Assurance Statement



Ernst & Young LLP  
22, Connaught Street  
5th Floor, Block 'B'  
Kolkata-700 016  
India



The Management and Board of Directors  
JK Cement Limited,  
Kamla Tower,  
Kanpur 208001, Uttar Pradesh, India

#### Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by JK Cement Limited (the 'Company') to provide independent assurance on its Sustainability Report 2015-16 (the 'Report') covering the Company's sustainability performance during the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

The development of the Report based on the Global Reporting Initiative (GRI-G4) Guidelines; 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 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016. We conducted review and verification of data collection/ measurement methodology 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 as well as between the report and source;
- Verification of the sample data and information reported at the following units/ locations:
  - Gotan (Rajasthan)
  - Nimbahera (Rajasthan)
  - Mangrol (Rajasthan)
  - Corporate office at Kanpur (Uttar Pradesh)
- 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;
- Review of the Company's plans, policies and practices, pertaining to their social, environment and sustainable development, so as to be able to make comments on the fairness of sustainability reporting.

#### Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016);
- 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;

#### 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 Indian and international 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 Accountants. EY's independence policies and procedures ensure compliance with the Code.

#### Observations and opportunities for improvement

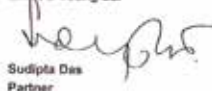
During our review process, we observed that:

- The Company has developed the Report as per the 'in accordance-core' criteria of GRI G4 Sustainability Reporting Guidelines of the Global Reporting Initiative;
- The Company may improve the accuracy and completeness of reporting on certain indicators, viz. energy (EN3), waste disposal (EN23), and training (LA9);
- The Company may improve on maintaining consistency across aspect boundary set for reporting data.
- The Company may further strengthen the data monitoring and compilation systems to improve the reliability and completeness of the sustainability data.

#### 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 sustainability issues relevant to its business.

Ernst & Young LLP

  
Sudipta Das  
Partner

Dated: 26<sup>th</sup> July, 2016

Place: Kolkata, India

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**J.K. SUPER  
CEMENT**



**JK  
PrimaxX™**  
White Cement Based Wall Dressing



**JK Cement LTD.**

**Registered and Corporate Office**

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