



JK CEMENT LIMITED

**SUSTAINABILITY
REPORT 2013-14**



PEOPLE'S ORGANIZATION

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Statement from Managing Director and CEO



Dear Stakeholders,

I am delighted to share with you our maiden public sustainability report. This adds another feature in our sustainability journey as we open ourselves to greater transparency and accountability. The sustainability reporting exercise commenced in 2012-13, as we prepared our maiden sustainability report for the internal stakeholders. The inputs received from internal stakeholders were incorporated and worked upon to develop this year's sustainability report.

The report reiterates our commitment to our stakeholders who are the pillar of our collective success as an organization. We believe that this partnership is a critical part of a sustainability journey which we are, together, embarking on. A journey, towards being a "People's Organization", that requires a clear roadmap based on vision, values, and milestones as the key guiding principles.

With every coming year, we strive to improve our performance against economic, environmental and social parameters, this year was no different. During FY 2013-14, we participated in a variety of community development activities encompassing education, healthcare, infrastructure, and vocational training. Here, education initiatives lie at the core of our CSR initiatives, beside others. Today, our educational institutions comprise of Sir Padampat Singhanian University at Udaipur, L.K. Singhanian Education Centre (CBSE-affiliated co-educational school) at Gotan, K-12 schools and technical institutes. These institutions have played a key role in helping shape the country's knowledge potential especially in the rural areas.

Our CSR initiatives revolve around the philosophy of Caring for the society, sensitivity towards community's culture and tradition, and responsibility towards our society and country at large. With respect to environment, we aim to reduce our impact on environment especially from our associated emissions. We also continue to upgrade the technologies of our facilities to reduce emissions, manage effluents, and improve energy efficiency. We have also taken up several plantation drives across our sites with over 2,00,000 saplings planted so far.

To have a retrospective view of the economic aspect, it can be termed as a year of struggle. The growth of the cement sector remained subdued during FY 2013-14 primarily due to the weak demand. Contrary to our expectations where FY 2013-14 was expected to be a year of recovery, demand from infrastructure and real sector remained low. In addition to this, we also faced the pressure of rising input prices. However, we continue to stay optimistic and hopeful for the future.

We would continue to invest in further expanding our production which would provide us the strategic advantage and at the same time improve our overall competitiveness. We would also ensure that this growth does not come at the cost of environment and society and would seek to improve our performance on the triple bottom line parameters. With this message, I present to you JK Cement's sustainability report 2013-14 titled 'People's Organization'.

Sincerely,

Yadupati Singhania
(MD & CEO)

Statement from the Special Executive



Dear Readers,

Welcome to our sustainability report for FY 2013-14. This report is our effort to share with you our triple bottom line performance for FY 2013-14. Besides environmental, economic and community initiatives, we have highlighted upon various initiatives and plans underway at JK Cement from talent management, stakeholder engagement and product stewardship aspects.

We believe people are our biggest strength, and hence our focus is on their continuous learning and growth. FY 2013-14 saw us invest more time and energy into devising systems and processes for better talent management and employee engagement. We are now taking plant wise

targets for specific man-days of trainings for employees. Here our HR department engages with various in-house departments for assessing current learning and development practices and identifying future behavioral and functional training areas. We work with leading research and training institutes across the country for organizing trainings for our employees and inviting faculties. Regional Training Institute, Nimbahera, which is supported by our Nimbahera Cement Plant is one example of such collaborations. Further, we are working towards developing an internal knowledge platform for enabling our employees to indulge in a continuous learning experience.

On another aspect, our continuous efforts are on leveraging technology for reaching out to our various stakeholders. For the ease of internal operations and increasing the efficiency of our employees we have now invested in a companywide SAP system implementation. SAP system is well integrated in key functions such as payroll, marketing and inventory management. Here, SAP implementation has been done across board in of the company's marketing depots as well. Further, the marketing and sales force is undergoing automation, equipped with mobile apps for logging distributor / customer queries and interactions in real time. SLAs are defined for resolution of query resolution, while any default is flagged to the senior management for immediate action. We aim to develop a real time system for customers and distributors where they can log orders / queries / complaints and can monitor status in real time.

From product stewardship perspective, JK Cement is working hard to understand customer requirements and deliver high quality safe products to its customers. In this regard we have established a unique brand name for ourselves in the industry, offering diverse product portfolio to our customers including grey cement products, white cement, wall putty product and water proofing solutions. From safety and quality perspective we ensure our products meet the highest standards in India and internationally. Our Gotan plant laboratory is accredited with the NABL-National Accreditation Board for Testing and Calibration Laboratories, a first in India for a Cement sector company. Further, J.K. White Cement Works, Gotan has been certified by the

prestigious Lloyds Register for Quality Assurance since the year 1993. It was not only one of the few Cement plants which was certified with ISO 9000, but also among the very few whose Marketing department is also included in the scope of certification. J.K. White Cement also carries the CE Mark (Mark of European Conformity as per European Construction Products Directive)

Going forward we will continue to build upon these initiatives to take brand JK Cement to new heights. This report touches upon these aspects and more in detail.

Sincerely,

Raghavpat Singhanian

(Special Executive)

Statement from the Special Executive



Dear Stakeholders,

This report is our effort to share with you your company's sustainability performance for FY 2013-14. The report highlights upon company's environmental and social performance besides economic, and shares initiatives and case studies as undertaken by our plants and people during the year.

FY 2013-14 was a challenging year for the Cement industry, in line with which we at JK Cement also saw our profits drop. The major impact was because of the rising fuel prices, which impacted the production and distribution costs and hence the overall productivity.

However, we remain committed to our mission of being one of the leading cement manufacturer and premium brand in India market by 2020. In this regard we took various initiatives during the year from people, environment and technology perspective, all of which will allow us to manage changing business scenario in the coming years and maintain our profitability in the longer run.

From people's perspective we are investing enormous time and energies towards improving the competencies and knowledge of our people. From energy and raw materials perspective, we are exploring renewable options for our plants while working towards commissioning new Waste Heat Recovery units at our manufacturing plants. Company is also looking to increase its reliance on Alternate Fuels and Raw Materials (AFR), to offset need for virgin materials and fuels. In this regard our plants are already working with alternate fuels in Kilns, such as agro waste and tire chips. Going forward we aim to increase on this amount, with our plants now taking individual targets for AFR consumption.

From technology perspective we have been working towards modernizing our manufacturing processes. Further, our new plants are all being commissioned with the latest technology. Our most recent plant, i.e. Muddapur, is amongst the leading energy efficient plant in South India.

Besides upgrading technology across our manufacturing processes, we are also leveraging upon technology's ability to ease our stakeholder's lives. We are transitioning to SAP based ERP system which would allow for seamless integration of company's operations, pan-India and in UAE as well. Further we have completed GPS enablement and RFID tagging of our sales fleet for up to date information based on real time tracking and monitoring. We are further working towards launching a central procurement system for the company. Central procurement capability will enable us to centrally coordinate relations with our pan-India vendors while allowing us to benefit financially on account of mass procurement contracts. We are already applying this concept for procuring raw fuels, and are seeing tangible results.

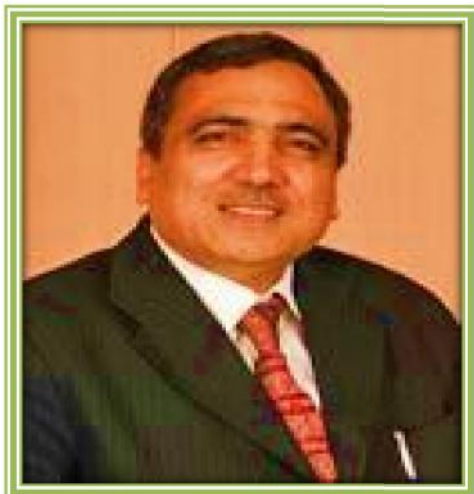
All these and many more company initiatives and performance parameters have been covered in the FY 2013-14 sustainability report.

Sincerely,

Madhavkrishna Singhania

(Special Executive)

Statement from President (C.A & CFO)



Dear Readers,

Welcome to the JK Cement's maiden public sustainability report for FY 2013-14.

FY 2013-14 was a relatively tough year for JK Cement, in fact was a relatively tough year for most of the players in the industry. We were affected by the slowness in the economy, including the infrastructure projects. As a result, the overall Indian cement industry, of around 360 MnTPA, saw lower than average utilization compared to the past.

We, however, decided not to sit idle and wither the storm, but worked towards identifying and leveraging new opportunities to strength our foundations and provide momentum for the future. New project was commissioned by us in Fujairah, UAE, with first batch released in March 2014. With this international expansion, JK Cement is now strongly positioned to leverage on the Middle East and African geographies and the growth potential. On similar lines, we have identified potential for growth in the Northern India markets around Haryana and Punjab. To address the same, your company is undertaking a brownfield expansion at the Mangrol plant of 3MnTPA with a split grinding unit at Jhajjar, Haryana. The new strategic grinding unit in Jhajjar, Haryana near to source of raw materials, i.e. fly ash, and consumption, i.e. markets, will give us raw material and logistics advantage. The plant will be ideally situated to cater to the growing demand seen from the region. Despite the tough year and seeing drop in profits, we are confident that our planned decisions will make the company stronger and will start paying dividends in the coming years. Also, taking the opportunity of lower capacity utilization at our plants, we invested time and energy towards identifying and undertaking other projects from environmental and operational efficiency perspective. We recently completed a detailed feasibility study regarding installation of a Waste Heat Recovery (WHR) plant at our Muddapur plant. Here we plan to install our third WHR plant of up to 8MW capacity in the coming years, following a 13.2 MW plant at Nimbahera and proposed 10MW plant at Mangrol. Further we are now actively exploring renewable opportunities for our plants. Already our Muddapur plant has secured a long term 4MW contract with a regional producer, while we are also exploring installation opportunities. The company has done feasibility study for installation of 1 MW ground mounted Photo Voltaic Solar Power Plant which can be connected to grid for clean / green energy supply to plant in order to meet the Renewable Power Obligation (RPO) as per regulation by CERC / State Electricity Regulatory Commission.

On people front, we have been performing as strong as ever before. We are constantly working towards improving our practices and policies with the aim that each and every employee, who

joins us is treated as part of JK Family. In this regard we are regularly evaluating and improving our learning and developing, employee feedback and performance evaluation processes beside others. Also, we have significant focus on inclusive growth of our neighboring communities. We have identified education as an effective tool for reaching out to the masses and improving community's lives for the better. Here, we have invested significant time and resources towards building leading institutes of junior, middle, senior and college education around our areas of operations.

The report is our effort to discuss all the above mentioned aspects in detail and to highlight upon our key achievements and efforts in our frame of business going beyond financial performance. We hope you would enjoy reading and learning about your organization.

Sincerely,

A. K. Saraogi

President (CA & CFO)

About the Report

'People's Organization' is JK Cement's second effort at a Sustainability Report. Our primary report titled 'Building Sustainable Foundations' was developed for internal review and circulation. Equipped with the learning from our maiden reporting exercise, we have worked towards improving our systems and have tried to develop a more comprehensive report for FY 2013-14, which we present for your reference.

This report documents the economic, environmental and social performance of JK Cement in the fiscal year 2013-14. The report boundary covers our cement manufacturing plants situated in India, at Nimbahera, Mangrol, Gotan and Muddapur, and our Captive Power plant facilities. Except for the environmental data, which pertains to our manufacturing plants including the captive power plants, the remaining data and information is for the entire organization except where mentioned specifically. The Report is developed in line with the GRI G3.1 guidelines.

Performance of our subsidiary companies including the JK Cement (Fujairah) FZC, holding company of JK Cement Works (Fujairah) FZC, have not been included in this year's report.

To represent a collective picture of where the Company stands, we have presented the indicator specific data in a consolidated manner. However, adequate references have been given to individual plants and offices as and wherever applicable. 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 applied World Business Council for Sustainable Development (WBCSD) Cement Sustainability Initiative (CSI) formulae for compiling our calcination process emissions.

The report aims to enhance the transparency and accountability of the organization amongst our various stakeholders. Through this report we aim to illustratively present our performance across aspects including stakeholder engagement and materiality, environmental performance, human rights, employee welfare, and community initiatives, beside others.

About the Organization

Evolution of the Brand



Commercial production started at Company's first cement plant in Nimbahera

Grey Cement plant commissioned in Mangrol

Commercial production began in Muddapur plant in Karnataka. Company's first venture in South India

Leading Indian Industrial Group with over three decades of experience in cement manufacturing;

India's second largest manufacturer of White Cement

1975

1984

2001

2008

2009

2013

2014

White Cement plant commissioned in Gotan

India's first Waste Heat Recovery Power Plant by a Cement company installed in Nimbahera

Company's first international plant in Fujairah, UAE, focusing on Middle East & African geographies

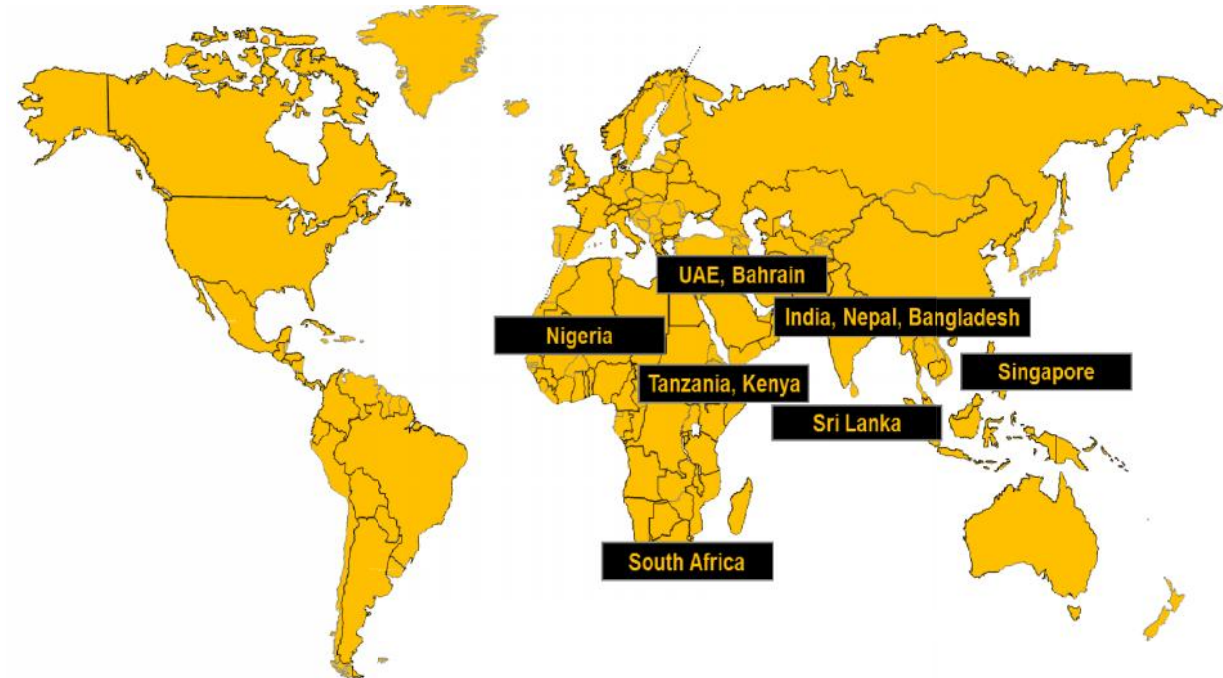


We are an affiliate of the multi-disciplinary industrial conglomerate JK Organization which was founded by Lala Kamlapat Singhania. For over three decades, we have partnered India's multi-sectoral infrastructure needs on the strength of our product excellence, customer orientation and technology leadership. We have over three decades of experience in cement manufacturing. Our operations commenced with commercial production at our first grey cement plant at Nimbahera in the state of Rajasthan in May 1975.

Subsequently the Company also set up 2 more units in Rajasthan at Mangrol and Gotan. In the year 2009, the Company extended its footprint by setting up a green-field unit in Muddapur, Karnataka giving it access to the markets of south-west India. Today, JK Cement is India's second largest White Cement and Wall Putty manufacturer. Some of our leading product brands include the JK Sarva Shaktiman, JK Super Cement, JK White Cement, JK Wall Putty, JK Super Grip and JK Water Proof.

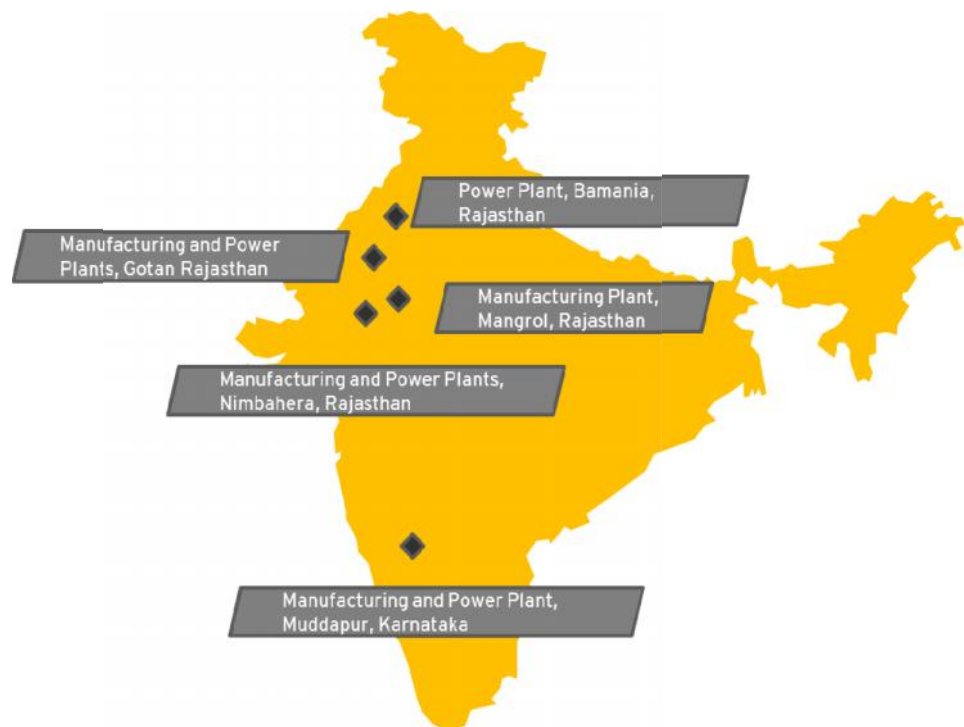
Most recently, company has expanded its footprint in the international market. Our new plant in Fujairah, UAE has been commissioned in 2013-14 period, and it promises to open many new opportunities for us in the Middle East and African geographies. With 0.6 MnTPA of White Cement plant in Fujairah, JK Cement has become one of the five largest White Cement players in the world. Further, we are in the process of setting up a brownfield expansion at our Mangrol plant expanding capacity to 3 MnTPA, with a split grinding unit at Jhajjar, Haryana.

Plant locations:



JK Cement's Key Manufacturing, Power Plant and Market Locations:

Company's Manufacturing Plants and Power Plants are in India and UAE geographies.



Currently we have an installed grey cement capacity of 7.5 MnTPA, making us one of the leading manufacturers in the country. Further we have now expanded our manufacturing footprint in the International market as well, with the recent commissioning of the Fujairah, UAE plant. This green-field dual process white cement-cum-grey cement plant in the free trade zone at Fujairah, U.A.E will cater to the Gulf Cooperation Council (GCC) and African markets. The commissioned plant at Fujairah has the capacity of 0.6 MnTPA annum for White cement with flexibility to change over its operation to produce up to 1 MnTPA of Grey Cement.

Our current product portfolio includes around 55.7% Portland Pozzolana cement (PPC), 40.9% Ordinary Portland cement (OPC), and 3.4% Portland Slag cement. Our grey cement is currently sold in 13 states in India (Delhi, Punjab, Haryana, Uttaranchal, Uttar Pradesh, Rajasthan, Gujarat, Madhya Pradesh, Goa, Maharashtra, Karnataka, Himachal Pradesh, and Kerala), with major market in Rajasthan, Haryana, Delhi, Uttar Pradesh, Maharashtra and Karnataka states. Similarly, our white cement product has seen huge demand within the country, besides being exported to nearly 24 countries across the world, spanning across Asia, Middle-East, Africa and Asia-Pacific geographies.

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 innovations. In this regard, we launched a new product, 'Super Grip', with superior Granite fixing properties. Besides, we also collaborate with universities and students across the country for engaging them in practical R&D projects. Besides in-house R&D expenditure, in FY 2013-14 we made contribution of INR 42 lacs, slightly less from INR 42.51 lacs in 2012-13, to research institutes for carrying out research and development work related to our products.

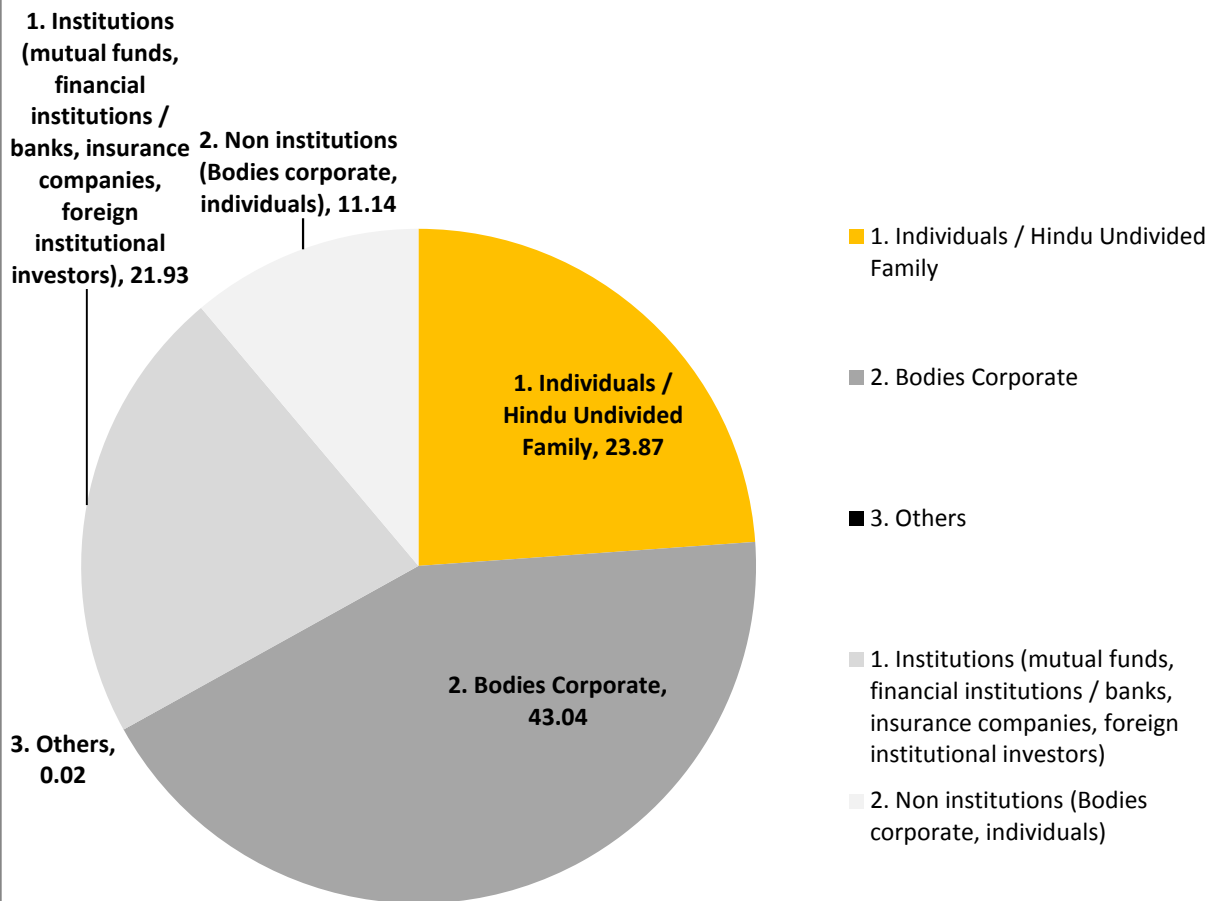
With our state-of-the-art technology, access to the best quality raw materials and highly skilled manpower against the backdrop of India's infrastructural needs, we are upbeat about the future. Superior products and a strong brand name, an extensive marketing and distribution network and the technical know-how provides our organization with a strong platform for further expansion and growth in the near-future.

We are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Our shareholding pattern, as on 31 March 2014, was as following:

Category of Shareholder	Total shareholding as a % of Total No. of Shares
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(A) Shareholding of Promoter and Promoter group	
1. Individuals / Hindu Undivided Family	23.87
2. Bodies Corporate	43.04
3. Others	00.02
Total (A)	66.93
(B) Public Shareholding	
1. Institutions (mutual funds, financial institutions / banks, insurance companies, foreign institutional investors)	21.93
2. Non institutions (Bodies corporate, individuals)	11.14
Total (B)	33.07
Total (A) + (B)	100

Total shareholding as a % of Total No. of Shares



Awards received

Last few years have seen JK Cement achieve commendable performance in the areas of operations, Environment, Health and Safety (EHS) and human resources. Some of these achievements were recognized by external agencies and industry associations. Listed below is a snapshot of some of the key awards received by JK Cement in past few years:

Year	Received from	Award Title/Description
2014	14th MEMCW 2014 of Udaipur Region	<p>Kanthariya clay mine, Chittorgarh won following prizes in Manual Mines area.</p> <ul style="list-style-type: none"> • Afforestation - Second • Waste Dump Management - First • Scientific Development of Mineral Deposit - First • Overall Performance - Second
2013	Bhamashah Award	<p>Shri S.K. Gupta, Sr. General Manager (P. & L.) receiving Bhamashah award from Hon"ble Education Minister, Govt. of Rajasthan Shri Brij Kishore Sharma</p> 
2012	Mine Safety Award	<p>Overall performance: First Open cast working places & plans: First Publicity & propaganda: First Transport, Road & Dust Suppression: First Welfare Amenities Protective Equipment & VT: First</p>
2012	Best Employer Award 2011	<p>Awarded by Shri Rajendra Pareek, Minister of Industries, Govt. of Rajasthan at Hotel Clark Amer, Jaipur on 6.11.2012 on behalf of The Employers' Association of Rajasthan, Jaipur</p>



2012 National Award for
Excellence in Cost
Management 2011

Awarded by Dr. M. Veerappa Moily, Union Minister of Corporate Affairs, Govt. of India at Vigyan Bhawan, New Delhi on 17.7.2012 on behalf of The Institute of Cost Accountants of India

2012 Citation for Assistance in
Family Planning
Programme

Ms. Girija Vyas presenting trophy & citation to Shri B.K. Upadhayay, Dy. G.M. (Personnel) for assistance in family Planning Programme by JK Cement.



Opportunities and Risks

India is the second largest cement market after China, accounting for 7-8% of the total global production with an installed capacity of around 360 MnTPA. According to the Indian Cement Industry Report, the housing sector constitutes the major chunk of cement consumption in India accounting for nearly two-thirds or 64% of the total consumption, followed by infrastructure (17%), Commercial & Institutional (13%) and Industrial segment (6%) sectors.

Increased urbanization and rapid development has increased the demand for cement in the housing sector significantly. Further, the Government's commitment of pumping USD 1 trillion into infrastructure development puts pressure on the cement industry to grow tremendously over the next few years to meet the expected rise in demand. While on one hand these trends ensure sustained growth in the demand of grey cement, the market has also seen a spurt in the demand of white cement and wall putty, primarily driven by the middle and high income group. Here, the white cement is positioned as an aspirational product, used as a base work for interior and exterior applications for the housing sector.

Given the above scenario, the market is fast expanding and presenting immense opportunities for us. We feel the right planning and approach can lead to exponential growth in our production and sales numbers. However, at the same time we are also conscious of the challenges that pose risks for our operations and growth, and to the growth of the Indian cement industry, and Indian industrial sector at large. A snapshot of some key risks, as identified by us, is presented below.

Execution delays

- A significant portion of cement demand is driven by the infrastructure projects, any delays in execution of these projects and/or slow investments by the government over the next few of years may result in low demand for cement and impact the sector adversely.

Adverse demand-supply mismatch

- India's cement industry has a capacity of about 360 MnTPA which is about 30% higher than the current demand. This gap is bound to increase further with further capacity addition in both large and mid-sized segment. This creates a scenario where the excess production may result in downward trend in prices in absence of absorption of this oversupply.

Increase in production cost

- There has been severe pressure on the production costs over the past years, primarily driven by a rise in costs of raw materials, fuel, power, and freight costs which approximately forms 70% of our overall costs. Of these factors, power and fuel forms the most significant aspect which can impact total operating cost by about 26%. Unavailability of coal in the local market has led to a dependency on pet coke and imported coal at higher prices. This is further affected by volatility in foreign exchange rates.

Despite the challenges, we are focusing on the growth opportunities. The demand of white cement in the domestic market increased by 8% per annum and with JK Cement being one of the only two national players, we expect full capacity utilization by 2015-16. We are also anticipating growth from Wall Putty perspective. In this regard, we have increased the capacity of Wall Putty production at our Gotan unit to 5 lacs tonnes in September 2013. To further supplement the supply of Wall Putty, we are also planning to set up another Wall Putty plant at Katni in Madhya Pradesh with a capacity of 2 lac tonnes in Phase I.

With this year's report weaved around the concept of "People's Organization", we would also like to highlight the fact that while we operate in an industry which has a relatively high attrition rate, employee attrition rate at JK Cement is well within acceptable standards. This bears testimony to our endeavor to provide favorable working conditions to our employees. We have also put in place performance management system for identifying technical and behavioral competencies of the workforce.

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. The Company does not make any monetary or in-kind contributions to political parties or religious groups either.

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 best practices information sharing. Some of these associations include:

- **JK Organization**

JK Organization, founded over 100 years ago, is an eminent Indian Industrial Group with interests in sectors including tyres, cement, seeds, pulp and paper and insurance beside others. JK Cement is an active member of the Organization, with its Chairman, Dr. Gaur Hari Singhania, unanimously elected and serving as the President of the Organization effective from 2013. Dr. Singhania has long been serving as the interface between the industry and the government. He serves as a Director in various government bodies such as Pradeshia Industrial Investment Corporation of Uttar Pradesh, Uttar Pradesh State Industrial Development Corporation and Uttar Pradesh State Sugar Corporation.

- **Federation of Indian Chambers of Commerce and Industry (FICCI)**

FICCI is the largest and oldest apex business organization in India, and JK Cement has had a long and constructive relation with it and its members in form of knowledge sharing and as a platform for discussions on the best practices.

- **Cement Manufacturer's Association (CMA)**

Established in 1961, CMA is the apex body representing large cement manufacturers' in India. JK Cement is an active member of the association contributing across various topics / issues based on its vast sectoral expertise. Our contribution ranges from participation in discussions to knowledge papers to framing policies for cement sector.

Anti-Competitive Behavior

Competition Commission of India (CCI) has issued an order alleging cartel in the cement industry and levied penalty on 11 cement manufacturers. JK 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. The company has deposited 1285 lacs in the form of fixed deposit favoring COMPAT.

Based on expert legal advice, company believes that it has fair chances before COMPAT and accordingly no provision has been made in accounts.

Corporate Governance

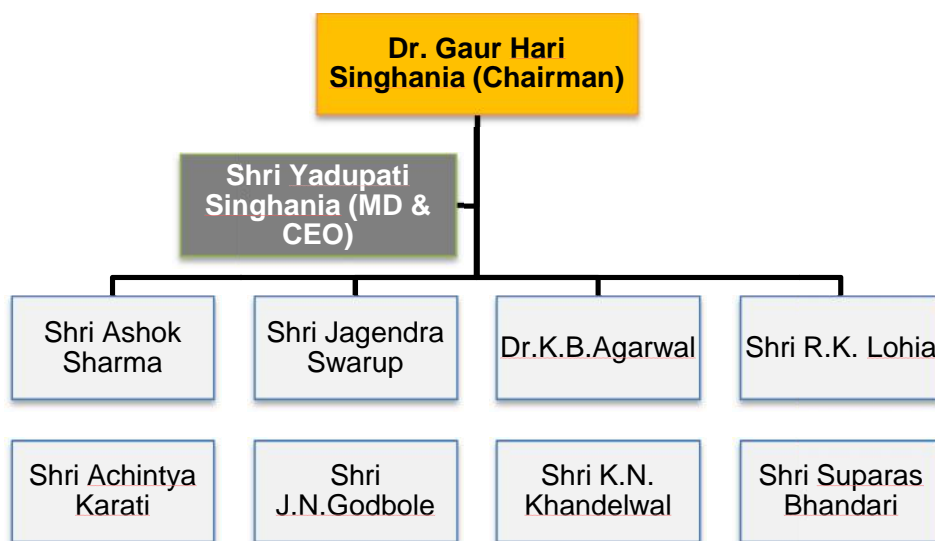
Our philosophy on Corporate Governance is to enhance the long-term economic value of the Company, deliver sustainable returns to our stakeholders and to work in-sync with the society by adopting superior corporate practices in a fair and transparent manner. In this regard, our constant effort is to align our interests with that of our shareholders and other key stakeholders. We go beyond mere compliance and the checklist approach to corporate governance; it is instead an ongoing measure at our Company. Every stage of our project lifecycle is underpinned by clear business ethics and responsibility, which makes us what we are today.

We have a detailed Code of Ethics and Business Conduct that expresses our commitment on conducting business in accordance with the applicable laws, rules and regulations with the highest standards of business ethics. The Code of Conduct intends to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. All members of the organization including the Directors, Members of the Senior Management Team and Company Secretary are expected to comply with the letter and spirit of the Code.

Our Board is headed by the Non-executive Chairman, Dr. Gaur Hari Singhania. The Independent Directors on the Board 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.

As on 31st March, 2014 the composition of the Board of Directors was as highlighted below:

One Promoter, Non-Executive, Non Independent Director (Chairman)	One Promoter, Executive, Non Independent Director (MD & CEO)	One Non- Executive, Non Independent Director	Seven Non Executive, Independent Directors
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Board of Directors:

Other than Shri K.N. Khandelwal, all the other directors (barring Chairman and MD & CEO) are Non-Executive, Independent Directors of the Company.

Committees of the Board

Audit Committee	Remuneration Committee	Shareholders Grievance Committee
<ul style="list-style-type: none"> • Shri Ashok Sharma (Chairman) • Shri A. Karati • Dr. K. B. Agarwal • Shri K.N. Khandelwal • Shri R.K. Lohia 	<ul style="list-style-type: none"> • Shri Raj Kumar Lohia (Chairman) • Shri A. Karati • Shri J. N. Godbole • Shri Suparas Bhandari 	<ul style="list-style-type: none"> • Dr. K.B. Agarwal (Chairman) • Shri K.N. Khandelwal • Shri Raj Kumar Lohia • Shri Jagendra Swarup

Shri Shambhu Singh, Company Secretary, acts as Secretary of all the above Committees.

Audit Committee

The audit committee reviews the matters falling in its terms of reference and addresses larger issues and examines those facts that could be of vital concerns to the company. The terms of reference of the audit committee constituted by the board, in terms of section 292A of the

companies act, 1956 and the corporate governance code as prescribed under clause 49 of the listing agreement, which broadly includes matters pertaining to adequacy of internal control systems, review of financial reporting process, discussion of financial results, interaction with auditors, appointment and remuneration of auditors, adequacy of disclosures and other relevant matters.

Remuneration Committee

The company's remuneration policy is based on the principles of (i) pay for responsibility (ii) pay for performance and potential and (iii) pay for growth. Keeping in view the above, 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. The committee also reviews and decides the policy on specific remuneration package of managing director and non-executive chairman of the company and decides the terms of remuneration of non-executive directors of the company.

Shareholders Grievance 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 no complaints during the 2013-14, with no complaint pending as at 31st March, 2014.

Transparency and accountability

The Shareholders' Grievance Committee as mentioned earlier specifically looks into the redressal of shareholders' and investors' complaints. Further, the Annual General Meeting provides a platform for our shareholders to interact with the members of the Board and share relevant feedback. The Board meets at least once a quarter for its functioning and the same was followed strictly during the reporting period without any defaults. The grievance redressal system is a formal channel for our employees and other stakeholders to share their opinions and concerns with the management.

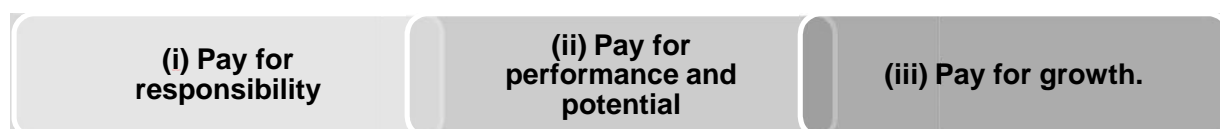
Conflict of interest

During FY 2013-14, there were no transactions with related Parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest. JK Cement recognizes and respects that employees may take part in legitimate financial, business and other activities outside their jobs. However, such activities must be lawful and free of

conflict with employee responsibilities towards JK Cement. Employees must not misuse JK Cement's resources or influence, or discredit JK Cement's name and reputation in such interactions. The effectiveness of this policy depends in large part on the cooperation of all employees in disclosing any situation that may be contrary to the intent of the Policy and the standards of conduct that it expresses.

Executive compensation

The Company's remuneration policy is based on the following principles:



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 the 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.

Code of Conduct

The Board has already adopted the Code of Ethics & Business Conduct for the Directors and Senior Management Personnel as mentioned earlier in this chapter. The same is a comprehensive code applicable to all Executives as well as Non-executive Directors, and members of the Senior Management. A copy of the Code is available on the Company's website: www.jkcement.com.

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by each individual.

Commitment to Integrity

Controllanship: Controllanship comprises of four factors that are vital to JK Cement's unyielding commitment to transparency that enhances share owner's value: integrity of records, strict adherence to business processes, integrity in communications and preservation of documents and records.

Payments: JK Cement employees should not offer anything of value to customers, governmental authorities or any person or party in order to obtain any advantage in selling goods and services, conducting financial transactions, or representing JK Cement's interests. JK Cement must not authorize, involve itself in, or tolerate any business practice that does not follow this Policy. In addition to disciplinary action, any violation of this Policy can result in severe civil and criminal penalties.

Insider Trading/Dealing and Stock Tipping: JK Cement is committed to the principles of fair and open markets for publicly traded securities throughout the Indian markets where everyone has an equal chance to succeed. This Policy establishes standards of conduct for employees and others who obtain Inside Information through their work for JK Cement. Insider trading, insider dealing and stock tipping are criminal offenses in India and most countries where JK Cement does business.

Sustainability performance evaluation

The Board reviews and approves the annual plans prepared by the business units. Decisions on all strategic matters related to capital expenditure, revenue, etc. 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.

As per the processes currently in place in the Company, the Board does not rate the sustainability performance of its members according to a defined framework. Nevertheless, there is a continuous effort by the 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.

Zero-tolerance stance towards corruption

We have a zero-tolerance approach to tackling corruption. Thorough checks and due diligence systems are in place across our plants and offices for ensuring strict compliance. As a result, there were no cases of corruption reported or observed during the reporting period. Aspects of zero tolerance to corruption are included in our Code of Conduct and Business Ethics guidelines. However, we do not provide formal trainings to our employees in this regard. 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.

Legal compliance

As far as compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges is concerned, the Company is in full compliance with the norms and

disclosures that have to be made. All laws pertaining to environment and product responsibility are adhered to. During FY 2013-14, no fines were levied on us in these regards.

Stakeholder Engagement and Materiality Analysis

Stakeholder engagement

We realize that engagement with stakeholders is an integral part of the entire sustainability and reporting strategy process that enables understanding of the priority issues and reasonable expectations of different interest groups. The process helps in ensuring effective and responsive management of identified concerns that in turn drives sustainability performance.

During the FY 2012-13 period, we conducted our first structured stakeholder survey that involved seeking feedback from internal stakeholders. These included the managerial employees spread across the head office in Kanpur, marketing office in Delhi, and our manufacturing locations in India, i.e. Muddapur in Karnataka and Gotan, Nimbahera and Mangrol in Rajasthan). For this year's reporting, we are continuing with the same set of material issues.

The feedback received from this survey was consolidated and analyzed to establish the top concerns of the employee stakeholder group. These top concerns are thus assessed to be the priority areas for our sustainability reporting and subsequent sustainability strategy in the future.

Materiality analysis

Materiality is defined as the threshold at which an issue becomes sufficiently important that it should be reported/ tackled appropriately. While the issues which concern our stakeholders are all high on our list of priorities for us, a basic materiality analysis was done in order to map our Board's key sustainability concerns against those of our internal stakeholders. In the reporting period, we conducted a structured stakeholder survey moderated by a third party that involved seeking feedback from internal stakeholders such as our employees and management staff.

The feedback received from this survey was consolidated and analyzed to establish the top concerns. We adopted the following methodology for identifying and prioritizing the key material issues amongst the various issues raised during the stakeholder consultation.

- Identifying the issues prioritized and ranked by participants as "Very high" under the survey, and comparing the frequency of occurrence for each issue.
- Short listing the top few (12-15) issues based on the percentage of participants who ranked these issues as "Very high" importance.

Upon conducting the exercise, the following key material issues have emerged as identified by our employees and management stakeholders.

Economic:

- Revenue generation
- Distribution of wealth among stakeholders

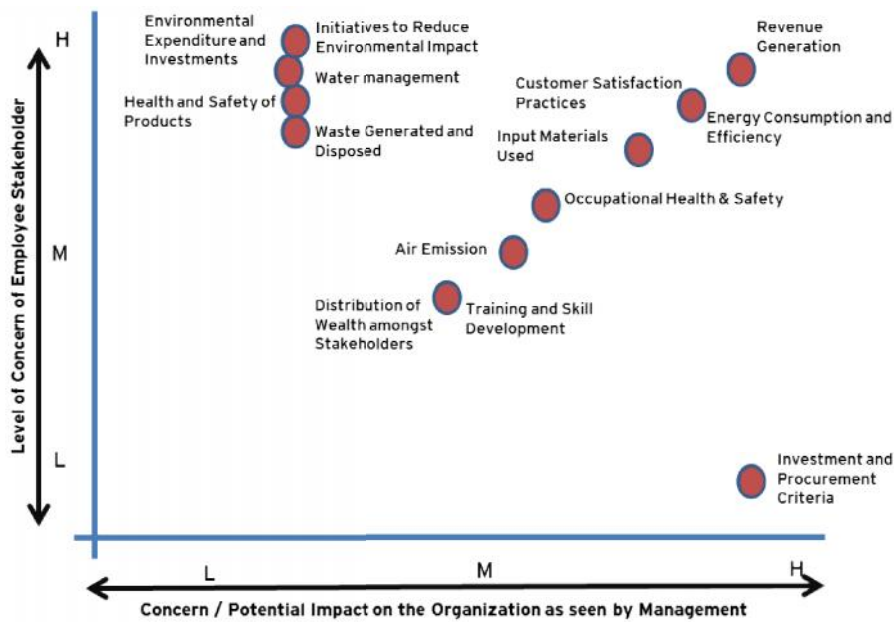
Environment:

- Input materials used
- Energy consumption and efficiency
- Environmental expenditure and investments
- Initiatives to reduce environmental impacts of product and services
- Air emissions
- Waste generated and disposed
- Water management

Social:

- Customer satisfaction practices
- Employee training and skill development
- Occupational health and safety
- Health and safety of products
- Investment and procurement criteria

Converging the key issues identified by both employee and management stakeholders, the following Materiality Matrix has emerged from this year's stakeholder engagement and materiality exercise:



Going forward we aim to extend this exercise to cover both our internal and external stakeholders. This will allow us to extensively and comprehensively map the material issues as viewed by various stakeholders.

Economic Footprint

Financial performance

The cement market has continued to grow sluggishly during 2013-14, marking it a below average year for the industry in terms of revenues. Owing to lack of purchasing power, lack of capacity utilization and the increase in production costs, primarily due to the increase in the price of raw material, most importantly coal, the Company recorded reduction in profits compared to the previous year. We saw a decrease of around 4% in revenue and 58% in profit after tax (PAT) in FY 2013-14 compared to FY 2012-13. The following table illustrates the JK Cement's standalone economic performance for FY 2013-14 - economic value generated, distributed and retained by the organization:

Economic Value Generated & Distributed (EVG&D)	Units of reporting	FY 2012-13	FY 2013-14
1. Income from Operations	Lacs INR	291196	279584
2. Economic Value Distributed (EVD) (Key heads)			
a. Cost of materials consumed	Lacs INR	42066	46233
b. Power and Fuel	Lacs INR	71399	67390
c. Employee benefits and wages	Lacs INR	15788	16779
d. Finance costs (Net)	Lacs INR	13981	15259
e. Tax Expense	Lacs INR	10708	3924
3. Economic Value Retained	Lacs INR	23355	9703

Investment in Environment Friendly Technologies

We are yet to evaluate the risks and opportunities of climate change in financial terms, however, we do allocate funds for environmental protection and investment. In the reporting period, costs have been incurred for treating wastewater, ESP maintenance, pollution certificates, annual calibration charges of air pollution monitoring equipment etc. across sites. A collective amount of INR 1428.0 lacs was spent on environmental protection initiatives in the FY 2013-14.

Indirect Economic Impacts

Further, we are a true believer in the Indian growth story and are contributing, besides direct contribution in terms of taxes, through indirect economic impacts such as supporting local

industries, i.e. suppliers and service providers, and employment opportunities to the country's eligible labor force. Majority of our workforce (almost all), are locally employed. We consider local as from within India.

Investments in Inclusive Growth

We are well aware of the economic impact we have on development of the society in which we operate. The Company has engaged in pro-bono infrastructure development in and around its sites in Rajasthan and Karnataka. We have contributed to the society through educational initiatives and institutions, by improving accessibility, setting up medical camps, better drinking water facilities, temples, and undertaking overall rural development initiatives. INR 311.95 lacs¹ were spent on the above mentioned activities in the reporting year.

¹ Figure includes 17.05 lacs spent on CSR activities at our upcoming Jhajjar grinding unit in Haryana. The plant is still under commissioning and does not form part of reporting scope for FY 2013-14 report.

Environmental Footprint

The Cement industry forms a part of the backbone of any economy. The demand for cement is linked to the economic activity in the country. It can be categorized in the demand for the housing construction (homes, offices, etc.) and infrastructure creation (ports, roads, power plants, etc.). The real driver of the cement demand is the creation of the infrastructure, thereby; the demand in the emerging economies is much higher than the developed countries.

At the same time, the industry has a huge impact on the environment, much larger than some other traditional industrial sectors. This is primarily due to the calcination phase during the clinker production, which is highly a CO₂ emissions intensive process. A 2009 roadmap paper released by World Business Council for Sustainable Development (WBCSD) highlighted that the Cement industry alone accounts for some 5% of the global man-made CO₂ emissions. However, the paper also realistically acknowledged that there are no viable substitutes to the material, and that Cement will continue to fuel urban development in the coming years. Here, operational efficiency and product innovation by the Cement industry leading to reduced resource consumption and emissions presents the best way forward.

We, at JK Cement, understand this situation and are constantly striving to reduce our environmental impact. While keeping our deep commitment to environment protection and the responsible utilization of natural resources, the environment performance of our units is benchmarked to stringent norms and regulations.

This section portrays of our environment performance for FY 2013-14 period and highlights upon some of the unique and environment friendly initiatives taken by our various sites.

Responsible resource utilization

The primary input materials consumed during the process of cement production comprise – limestone, gypsum, clay and red ochre. Apart from these we also utilize the recycled and alternate raw material comprising slag and fly ash. 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 FY 2013-14, our manufacturing plants in Nimbahera, Muddapur, Mangrol and Gotan consumed a total of 6417284 MT of limestone, producing a total of 5337808 MT of Grey cement and 475558 MT of white cement.

The respective consumption figures of the raw materials are presented in the table below.

Raw Material	FY 2013-14 (MT)
Limestone	6417284
Gypsum	242168
Clay	32871
Red Ochre	364735

We are constantly striving to incorporate and promote the use of recycled materials in our production process, as and where feasible. Here, flyash and slag are two commonly used recycled materials in our manufacturing process.

Recycled, Alternative Raw Material	FY 2013-14 (MT)
Fly Ash	780925
Slag	83679

Besides the input raw materials, we also consume large quantity of packaging bags. In FY 2013-14, we consumed around 103292952 (nos.) of packaging bags for the Grey Cement category.

Energy and emissions

Energy

Cement production is an energy-intensive process, depending massively on the primary energy sources (direct fuels) and secondary energy sources (grid electricity). To meet this massive energy demand all of our manufacturing plants have captive power facilities. We were the first Company to install captive power plant in the year 1987, and today, across our various locations, we have a captive power generation capacity of ~ 105.7 MW. The breakup of the same is presented below.





Further, we were also the first cement Company 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.

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 degree 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 our captive power plants. The consumption data regarding the same is presented below.

Fuel consumption	FY 2013-14
Petcoke, Coal, Lignite (MT)	880504
Furnace Oil (m3)	3824
Agro Waste (MT)	6419
HSD (m3)	3

The total direct energy consumption from our plants cumulated to 17504081 GJ, whereas the total indirect energy consumption, grid electricity, at our plants during FY 2013-14, was 201573 MWH, corresponding to 725663 GJ.

Energy efficiency and conservation are particularly critical issues for a company like ours. Our strategy to achieve energy efficiency is to foster innovation and process improvements. The important energy efficiency initiatives implemented at our cement plants during the reporting period includes installation of VFDs in coal filter fan and bag filter fans, CFD implementation in

kilns, ESP pulse optimization, raw mill circuit modification, installation of Pfister pump in calciner, installation of CFLs and LEDs across plants amongst others.

Emission management

Total GHG emission from our energy consumption was 1839992 tons CO₂ equivalent, of which 9% contribution, or 165290² tons CO₂ equivalent, was from indirect energy consumption.³

Apart from these, the GHG emissions from the calcination process during the clinker manufacturing at our facilities for the year stood at 2627513 tons CO₂ equivalent.

Utilizing waste heat

Keeping in view of our commitment towards the environment, our waste heat recovery power plant (13.20 MW plant at Nimbahera) have helped reduce the GHG emissions through utilization of waste hot gases released from our cement manufacturing process. In FY 2013-14, we have generated 55095 MWh of electricity by utilizing these waste gases, which correspondingly led to the emission reduction of 45178 tons CO₂ equivalent (considering grid power as the baseline).

Our plants track ambient air-quality in and around the plant-premises and the emission levels in 2013-14 were found to be below the permissible limits. No fines were levied in 2013-14 in this regard on any of our manufacturing units.

The parameters measured as part of continuous monitoring include the sulphur dioxide (SO₂), oxides of nitrogen (NO_x), carbon monoxide (CO) and respirable particulate matter (RPM10). However, we are currently not recording the cumulative NO_x, SO_x and particulate matter emissions during the year. Going forward we plan to comprehensively track these parameters.

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 524.23 kg, amounting to 28.83 Kg of CFC-11 equivalent.

Water consumption

Our sources of water are varied, depending largely on the availability of water at the location of our manufacturing plants. 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 1600408 m³. We are aware of our footprint and are consciously taking steps towards reducing our consumption and contributing towards maintenance and recharge of water sources. During the reporting year, no water sources were significantly affected as an impact of our operations.

² CEA CO₂ baseline database for the Indian Power Sector User Guide Version 9.0 - Average for India.

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

Waste-water treatment

We realize that water is a highly precious resource. Working on conserving this natural resource, all of our plants are zero water discharge plants and comprehensively treat and reuse domestic and industrial waste water generated on site. We utilize the treated effluent water in dust suppression and for other uses, with no water discharge from premises.

Recycling and reuse of water

Realizing that most of our plants are in dry regions, with water scarcity a major challenge, the focus is on maximum utilization of available water and minimum possible wastage. In FY 2013-14, we recycled 361500 m³ of water (~23% of water consumption) across our plant sites.

Waste Management Practices

Waste generation and disposal

We have a constant endeavor of reducing our generated waste by bringing greater level of operational efficiency in our processes and looking for opportunities to recycle and reuse the generated waste. In this regards, we are the first cement Company in India to install a waste heat recovery power plant for effective waste management. A 13.20 MW plant has been installed and is operational at our Nimbahera plant.

Waste Dump Management

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 de-stabilization of these dumps, in the long run.

In the reporting period FY 2013-14, 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, Contaminated Oil, Batteries, etc.

Hazardous Waste Category	Quantity
Used Oil / Contaminated Oil (Litres)	127058
Batteries (Tons)	13.07

Non-hazardous waste

Besides, our plants also generate non-hazardous waste including Metal Scrap, Paper Scrap, Plastic Scrap, MS Scrap, Aluminum Scrap, Wood Scrap, Castable Scrap, Empty Drums and Other Waste. These were again disposed through proper scrap vendors. The quantities of Non-Hazardous waste generated and disposed in FY 2013-14 include:

Non-Hazardous Waste Category	Quantity
Metal Scrap (MT)	2692
Paper Scrap (MT)	206
Plastic Scrap (MT)	262
MS Scrap (MT)	105
Aluminum Scrap (MT)	980
Brass Scrap (MT)	135
Wood Scrap (MT)	13
Castable Scrap (MT)	1177
Empty drums (MT)	264
Empty drums (Nos.)	357
Other Waste (MT)	122

Spill management

We have storage facilities regarding proper storage of our required fuel mix including the Furnace Oil and Diesel. Here, we identify 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 programs and have advance equipment installed on site for monitoring of safe storage and transfer of these fuels. 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 the FY 2013-14 period and we were subject to no fines in this regard.

Biodiversity

None of our plants are situated in or adjacent to protected areas. Still being a responsible organization, we are constantly taking measures from our side to reduce our impact.

To feed the required limestone to our cements plants, we hold mining leases at Ahirpura, Maliakhera, Karunda, Tilakhera and Mangrol in Rajasthan and at Muddapur and Halki 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, 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.

Conserving Biodiversity

We have always been committed in creating a rich natural environment. 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.

A list of our major ongoing initiatives is provided below:

Plantation Drive

Plantation is a regular process at JK Cement. We have planted more than 2 lacs plants across our sites through the reporting period. During these plantation drives, water from our STP's is used extensively.

Year Book

The 2013 Year Book has been printed on recyclable and eco-friendly Forest Stewardship Council (FSC) certified paper in accordance with JK Cement's constant endeavor to conserve our environment and safeguard the future of our planet. FSC is an independent, non-governmental, not-for-profit organization established to promote the responsible management of World's forests. Through the course of this reporting period, the organization has printed one lac copies of the year book.

Green Manufacturing Facilities

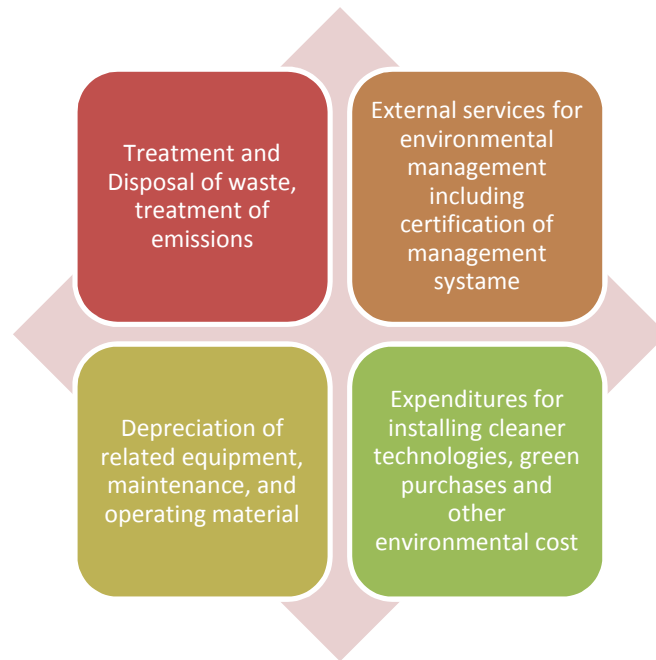
JK Cement has a stringent eco-friendly policy in place including regular technology updations for emission reduction, effluent management and energy efficiency. The first waste heat recovery power plant in the Indian Cement Sector was set up by us in Nimbahera, Rajasthan.

Waste Management

We segregate our waste across our offices and plants for natural resource conservation while continuing our efforts in minimizing office wastes and increasing recycling. Moreover, we are continuing to reduce our paper usage and electricity consumption across our offices.

Environmental expenditure and compliance

We regularly invest towards environmental initiatives across our manufacturing plants in India. During the FY 2013-14, we invested around INR 1428.0 lacs towards environment friendly initiatives. Significant areas of environmental expenditure were:



People Performance

Our employees are our key asset and the force behind our progress. We invest heavily into recruiting the best talent and provide them the best in class training, benefits and facilities to retain the talented workforce that run our businesses. We believe that when the people of an organization are happy, they exude a tremendous positive energy for business advancement and socio-economic transformation. 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 realize their full potential and creating a high performance work culture.

At JK Cement, we endeavor to provide environment for continuous innovation and improvement by rewarding for their dedicated efforts in achieving company's goal. We believe whatever we achieved from where we started our journey long back is the result of our people efforts. So, we consistently aim to provide a sustainable environment for learning right from the stage of recruitment to retention. We have also drawn up a long-term strategy to nurture human potential within organization by retaining and grooming them and by attracting requisite talent from outside to focus on filling gaps across all level of the organization.

As on 31st March 2014, the JK Cement family had 2390 employees associated with it, of which 993 employees were based at the cement manufacturing plants and power plants, and 200 employees were based at the Kanpur Headquarter and Delhi Corporate office. The details of the same are as following:

Cement Manufacturing Plants

Age Group	<30		30-50		>50		Total
Level	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
Senior management	0	0	1	0	12	0	13
Middle management	0	0	48	1	144	0	193
Junior management	322	12	262	5	157	0	758
GETs/MTs/DETs	26	0	3	0	0	0	29
TOTAL							993

Head office & Delhi office

Age Group	<30		30-50		>50		Total
Level	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	
Senior management	2	0	8	0	6	0	16
Middle management	3	0	33	1	24	0	61
Junior management	29	7	60	4	19	0	119

GETs/MTs	3	1	0	0	0	0	4
						TOTAL	200

We also continue to engage contractual labor for our plant operations, housing-keeping and as security staff. During the year, we had employed an average of around 2300 contractual employees on daily basis across our plants⁴.

Employee turnover

We define employee turnover as the number of employees who leave the organization voluntarily or due to dismissal, retirement, or death in service. Our permanent employees are considered for reporting against this indicator.

In FY 2013-14, 158 people joined the JK Cement, while 107 employees disassociated from organization⁵.

Our people's philosophy ensures that the following principles are followed within our organization:

We are committed to ensuring that our work places are free from all forms of discrimination or harassment on the basis of age, caste, sex or religion;

Complying with all applicable laws and regulations within our areas of operation;

Meeting all our responsibilities and HR obligations as a direct and indirect employer and respecting the human rights of all of our employees and contractors;

Have robust processes and systems in place for leadership development, training and growth to deliver value to the organization and society;

Creating a conducive atmosphere where performance is recognized and rewarded in a fair and transparent manner;

Engaging with employees to encourage feedback and address concerns;

⁴ This number corresponds to the contractual employees employed as on 31 March 2014. The daily figure may be varying as per plant operational requirements.

⁵ The new hire and attrition data corresponds to the Head Office and Marketing offices only.

Generating local employment and providing support and resources for long-term skill building.

Labor/Management Relations

The vital role played by employees in the creation of value is recognized and clearly articulated in our strategy. The attraction and retention of top- class people is considered as strategic and is reflected in employment conditions and practices across the group. To foster a culture of mutual respect and trust, we engage with elected employee representatives. We endeavor to provide best working environment for employees and constantly look for ways for improving the quality of life of our employees. Our employees have the full freedom to exercise their right to associate, bargain collectively and join or form unions.

Apart from the Muddapur plant, all the other plants have dedicated trade unions, namely, either, INTUC or BMS or both. These trade unions are used as a platform for constructive dialogue. The exact count of workers under each union is maintained at the concerned union offices.

Occupational Health and Safety

We consider Health and Safety as fundamental values to be integrated into all our activities. Enhancing our working conditions to enable high standards of safety for our workplace is instrumental for business success. Keeping this philosophy in mind, we consider every single incident as a source of learning and an opportunity for improving our existing systems. We have various practices and policies in place for ensuring work-place safety and safeguarding employees against events related to work-place related serious disease and fatalities. All our offices and sites have 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. A thorough root cause analysis (RCA) is done which identifies the reasons for the incident and recommends the corrective actions. The learnings from these incidents are shared amongst the employees to prevent any future repeat occurrence.

Incident-accident recording systems are maintained as per regulatory requirements. All of our manufacturing facilities monitor the injuries (first aid, minor and reportable injuries). The following table presents the details of these injuries and the fatalities from our manufacturing plants during FY 2013-14:

Parameter	No. of incidents
Injuries	358
Fatalities	1

During the year we have organized various awareness and counseling programs on Health and Safety aspects across our plants. Going forward our focus will be on continued efforts towards embedding and strengthening the competencies of our people across all regions and businesses. Our manufacturing plants also celebrated the National Safety Week from 04 March to 10 March 2014, which included various safety related mock drills and activities.

Launch of Corporate Wellness Program

A Corporate Wellness Program (CWP) was launched in Kanpur by JK Cement's Corporate Wellness Program (CWP). The defined tagline for the product was "Your Health is Our Concern". The program aimed to improve employee productivity. Some of the key topics discussed during the CWP include building awareness on lifestyle diseases and inculcating the importance of having a work-life balance.

Learning and Development

A high performing workforce thrives on equally competent learning and development interventions. Learning takes place in many different ways, with structured learning taking place via formal programs, workshops and trainings. 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. The combination of strong learning programs and our work culture makes learning a way of life for our employees. Leadership and problem solving sessions were held in tandem with other trainings to enable individuals to drive change in a rapidly evolving company.

Trainings for 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.

The comprehensive tracking of the training data was initiated this year and the following table presents total recorded average training man-days spent on training at our manufacturing plants in India during FY 2013-14⁶:

Employee category	Average training manhours
Senior Management	7
Middle Management	19
Junior Management	18
Permanent Workers	10
GETs/PGETs	115

Diversity and Equal Opportunity

We are an equal opportunity employer and make no discrimination based on caste, community, region, race, tribe and gender. However due to the nature of our business and remote locations of our operating units, we do face difficulty in consistently maintaining the gender balance.

We regard diversity as a management concept that relies on teamwork and the incorporation of various cultures, talents and experiences to achieve a workforce composition that reflects our presence on international markets, our customer structure and our business environment. The goal is to promote and recruit employees with excellent qualifications who are prepared to provide top performance and apply their various social and professional skills to contribute to the business success of our company. Our entry level wages are above the minimum defined

⁶ This data excludes the performance from our Muddapur plant.

wages at any of our locations of operation. Our salary scales are purely competence and skill dependent.

Employee welfare

We continuously aim to provide safe and comfortable working environment for our employees. Be it the freedom to perform and assume progressively greater responsibilities, or provide amenities that are comparable to the best-in-class in any industry, we are committed to facilitating a better quality of life, and an all-round career development for our employees.

To provide our employees with a secure and enriching experience, we have contribution and benefit policies that safeguard their interests. These policies are:



Defined Contribution Plans:

- These plans included Employer's Contribution to Provident Fund, Employer's Contribution to Superannuation Fund and Employers Contribution to Family Pension Fund.



Defined Benefit Plans:

- We provide Defined Benefit plans to our employees, the liability of which is determined on the basis of an actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur.

Further, our leave structure is designed considering the Factory Act regulations, with provision for employees to avail earned, sick and maternity leaves. During the year, no employee had availed the maternity leave.

Human Rights

At JK Cement, upholding the fundamental rights of our people is core to our business. We are determined to contribute to the promotion and protection of Human Rights. We are committed to using international best practices and our approach is guided by international standards. We are working hard to grow our business and to support economic development in the regions in which we operate and this cannot come at the expense of compromise on the human rights of people, our employees and community at large. While we are committed and obliged to comply with local regulations around human rights, we are also committed to aligning our practices with international best practices.

We believe that the business sector must commit to strong affirmative action to promote diversity and inclusivity at the workplace. We are an equal opportunity employer and all employees will be treated with respect and dignity and judged solely on their performance irrespective of their religion, caste, gender, age, disability, HIV/AIDS status, and any other characteristic. Moreover, we respect and preserve the culture and heritage of local communities, including socially vulnerable groups which are impacted by our operations, and work towards developing a constructive relationship with such groups and local communities, seeking broad-based support for our operations.

Furthermore, our operations are based on zero tolerance for any form of forced, compulsory or child labor directly or through contracted labor. We recognize and respect employee rights to associate freely and to collective bargaining. We promote fair working conditions as guided by international conventions wherever applicable.

Human Rights Training

We do not have a separate human rights related training program for our employees. However all our employees are undergo induction training during the time of joining the company which includes awareness session on human-rights issues and activism in preventing any such violations. During the training, employees are made aware on compliance related- requirements and our policies on fair employment.

Our third party work agreements include required clauses in compliance with Factory and Labor Acts. Beyond the agreement and physical verification on our plant sites, we currently do not engage with our suppliers and contractors on screening them for human rights issues and violations. Considering that we engage with a large number of suppliers and contractors, the same represent a major exercise for us. We will internally review the same before embarking on this exercise.

At our end, our security personnel belong to reputed agencies and are trained on aspects of human rights. Further, they are given clear guidelines by the site level operating leaders on how to manage any disputes like fight, harassment, theft or similar incidents. These guidelines include how they should behave, who to contact to report the incident, etc. This helps us prevent any human rights violations. While these operating procedures are managed on a day-to-day basis, we currently do not provide any specific human rights training to our security personnel. Considering the measures in place, we believe all our operations are well protected against incidents of child, forced or compulsory labor and human rights abuses. In the reporting period, no cases of discrimination or harassment were reported by our employees across our manufacturing plant sites and Head Office.

Fair employment practices

We are committed to Fair Employment Practices and consider it as an essential cornerstone of our practices with the requirement that all employment decisions be made on merit. Our organization is committed to observing all applicable labor and employment laws wherever we operate. These include observing those laws that pertain to forced, compulsory and child labor, and laws pertaining to the elimination of any improper employment discrimination. Irrespective of the region we operate in, we follow the following principles:

We do not tolerate nepotism or adverse bias

Merit, qualifications (for example, education, experience, or skill sets) and other job-related criteria are the sole basis for all employment related decisions affecting employees and applicants

No allowances are entertained regarding any discriminatory practices regardless of what cultural practices may persist in the wider society

Our goal is to maintain a congenial and productive working environment conducive for all. Further, With respect to providing a minimum notice period regarding specific operating changes, we act in accordance to the regional regulations and ensure the provided time-period is sufficient for employees to adapt to the revisions being made.

Child Labor and Compulsory Labor

We strictly prohibit all forms of forced, compulsory and child labor either directly or through contractors. We endeavor to ensure that the age criteria as per law are met not only by the company, but also by the contractors we hire.

Every employee as a mandatory company policy has to undergo background check to ensure that their date of birth is verified. For vendor employees, date of birth proof is taken during the point of admission. None of our operations are adjacent to indigenous people communities, and in the reporting period no rights were violated or complaints raised.

Freedom of Association

We recognize that employees have freedom of association, and we follow the employment laws of all region in which we do business. We do not prevent any employee from exercising the right to freedom of association or collective bargaining.

Investment Screening

Before we take a decision to acquire a company or a stake in it, we conduct a thorough due diligence process. This includes checking for statutory compliances, employee welfare benefits, human resource compensation and benefits, leave policy, bonus policy and policies related to salary increases etc.

Discrimination and Harassment

We promote and practice that all employment related decisions be based on merit. The organization prohibits basing any employment decisions on religion, sex, caste, sexual orientation, national or regional origin, or any other characteristic protected by law. Our policy is to use merit, qualifications and other job-related and HR sanctioned criteria as the sole basis for all employment-related decisions.

Where harassment occurs as a result of an act or omission by any third party or outsider, we have procedures and practices in place to address the same in a systematic and just manner. Violation penalties are strict, and may result in suspension/termination of the guilty.

We Care: Community initiatives

Relationship with the local communities

Community engagements

Community engagement is central to our business strategy and we holistically participate in the development of communities in which we operate. We have a rich legacy of social development, taking care of our stakeholders and protecting the interests of communities. Our community development agenda reflects our ideals, our passion and our inherent belief in the improvement of people through opportunities for growth. Our strategies and initiatives have brought smiles to numerous families. We have built schools, colleges, training institutes, hospitals, temples and other social infrastructure, as a part of our community intervention.

Driven by the solid vision of philanthropic enterprise of its founding fathers, JK Cement stands firmly committed to its obligation towards the society, stakeholders and the environment.

Any successful commercial operation is an agglomeration of a large number of factors. And each of these factors is driven by different individuals with diverse interests. At JK, caring for each and every stakeholder is part of our DNA. Of course, a new business and a remote location make the upholding of stakeholder interests all the more imperative. We therefore aim to add meaningful value to the communities in which we operate the lives of our employees and to every other stakeholder. Given that a significant percentage of our business has operations in socio-economically disadvantaged regions, we recognize that real development is needed. JK as an organization has a strong Indian heritage, the majority of our assets and people are based in developing regions and, accordingly, our commitment to being a part of the sustainability solution is even greater. Community needs are assessed on a periodic basis to identify the key areas for our interventions. The areas that we focus on are enhancing employability, conserving the environment, promoting healthcare and imparting education.

Given below is a brief snap-shot of the CSR activities conducted by us:

Go green initiative

Committed to successful enterprise in partnership with nature, JK Cement has a stringent eco-friendly policy in place. Besides regular technology updations for emission reduction, effluent management and energy efficiency, the company also undertakes afforestation and plantation drives around its plants. JK Cement Ltd. is also a member of the prestigious Indian Green Building Council.



Tree plantation (Gotan)



Tree Plantation Initiatives (Nimbahera)

Education

We have always believed that quality education and knowledge dissemination are critical pillars for a nation to prosper. We have been prominent in the nation's educational landscape for decades. Our educational institutions comprise K-12 schools, universities and technical institutes, at various places across the country. Sir Padampat Singhanian University at Udaipur and L.K. Singhanian Education Centre (CBSE-affiliated co-educational school) at Gotan have played a key role in helping shape the country's knowledge potential.



LK Singhanian Education Center
(Gotan)



Sir Padampat Singhanian University (Udaipur)

Healthcare

Concerned about acute lack of modern medical facilities in remote areas, dynamic measures have been taken to bring healthcare within the reach of general public. Initiatives like free eye checkup, annual blood donation camp etc. is taken up from time to time. We also joined hands with Medanta - The Medicity to launch a three day free health checkup camp in Nimbahera where around 2000 patients were checked and given medicines.



**Wheelchair distribution drive
(Gotan)**



Medical camp (Nimbahera)

Vocational Training

Creating employability for the country's youth is a vital cog in the community development vision of JK Cement Ltd. The company's vocational training institutes are creating promising career avenues for many. These institutes develop human resources that will contribute to the nation development on the technological and infrastructure front.

JK Centre for Technician Training (Kanpur)



JK Institute of Technology (Nimbahera)

Community welfare

At JK Cement, we participate in the holistic development of the communities in which we operate. Special care has been taken to enrich lives by initiating significant infrastructural projects for the development of areas around the plants. These include RO water supply, sewage plant, road development and biogas plant. The Company is setting up a community center in the village Fatcharahiran, Nimbahera, to improve the basic facilities for the people living in and around the area.



RO water supply (Gotan)



Sewage treatment plant (Gotan)

Spirituality

Driven by the religious ethos of JK Organisation, JK Cement Ltd manages temples, providing places of worship at Kanpur and its plants at Nimbahera and Gotan. Religious festivals are celebrated with fervour and enthusiasm in these holy precincts.



Radha Krishna Temple (Nimbahera)



Ram Mandir (Gotan)

Our total CSR expenditure during the year on above mentioned activities stood at INR 311.95 lacs.

Product Stewardship

Product responsibility: Giving customers our best

We are committed to and 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 life cycle of products and enhancing relationships with customers and suppliers.

Our business associates and customers have remained committed and built firm bridges of trust and loyalty. Our growing business performance over the years, excellent product quality and robust product demand has in turn transpired into their growth, thus enabling them to build a long-term relationship.

Today, a reasonably good number of business associated are committed to the company for over 25 years. During the reporting year, there were no incidents of fines levied on us or non-compliance with respect to the regulations or voluntary codes concerning health and safety impacts of products and services, product related marketing communications, and product information disclosure and labelling.

“We have built a trustful 40-year old relationship with JK Cement. The numerous projects awarded by JK Cement have paved way for us to bag various other orders and hold a stronger position in the Indian cement market.” – FLSmidth Technical Partner, associated with the Company since 1970.

“Immense popularity and superior products have been the hallmark of JK Cement and this is one of the reasons for our association with the company. The organizational support has tremendously increased our confidence and all our issues are resolved by the local representatives in a swift manner. Operating in a demanding environment, the company has always aimed for customer delight” - Mr. Laxmi Lal Jain (Kanhaiya Lal & Sons), Dealer, associated with the Company since 1980.

Customer Health and Safety

The supply chain in the cement sector is vast and diverse involving mining operations, logistics, cement production, grinding, distribution and marketing. We have nevertheless, carefully mapped out life cycle stages in order to assess the health and safety impacts of our products and services and are continuously working towards reduce this impact.

Marketing Communications

JK Cement follows a tailored made marketing strategy to effectively communicate and reach out to its diverse range of customers. In order to communicate effectively with its clientele, the

organization 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:

Channel Partners – Stockists and retailers

Specifiers – Architects, interior decorators, project managers and contractors.

Applicators – Masons and painters

End Consumers – Residential, institutional, retail and commercial property owners

The organization also holds continuous training programs on customer handling skills, some of these listed below:

Excellence in Customer Service – *Topics included:* Internal and external customer service, meeting customer expectations and needs, delivering quality service, achieving excellence in customer service and building customer loyalty.

Building Customer Relations - *Topics included:* Communicating face-to-face or on the telephone, building relationships with different types of people - overcoming barriers, understanding and managing customer demands.

Taking Ownership of Customer Satisfaction – *Topics included:* Adding personal value and surpassing expectations, enjoying the challenge and remaining customer-focused.

Communicating Positively with Customers – *Topics included:* Successful telephone techniques - the do's and don'ts, sounding clear and concise, dealing appropriately with different situations and awkward customers.

Defusing a Difficult Situation – *Topics included:* Turning complaints into opportunities, turning negative situations into positive outcomes - the value of feedback, demonstrating empathy and gaining the customer's respect.

JK Cement discloses basic information on health and safety and environmental issues related to market products. These product information sheets are available in local languages and describe relevant properties of cement and recommendations for its proper storage, transport, handling etc.

Customer Grievance

Being a customer centric company, we believe in resolving consumer grievances related to construction practices and application of our product. We have a dedicated helpline number - 1800 102 8822, through which consumers can register their product related complaints with us. Consumers can also contact our executives in their respective areas directly by drawing their contact details from our website.

Creating a national footprint

Our marketing activities include a door-to-door approach in order to reach every corner of our country to interact with current and prospective customers. These challenges have helped us learn the intricacies of a marketing strategy and enhanced our customer satisfaction. We have supplemented these efforts by constructing a Customer Technical Service (CTS) unit in Udaipur.

Our Customer Technical Service offices are located in every State Capital of India and all major Indian cities. These offices serve as a one stop for contacting our executives. The team of CTS executives are trained and dedicated to resolving product related customer issues in a prompt manner.

GRI Application Level

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	Disclosures on Management Approach OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* Indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

* Sector supplement in final version

** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

Our sustainability report for year FY 2013-14 is declared to be in compliance with Application Level A+.

Assurance Statement

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