




Fulfilling Responsibilities with **Care**

Sustainability Report 2014-15



JK *Cement* LTD.



“In 2020, J.K. Cement will be a global White Cement brand and a premium national Grey Cement brand with a total capacity of 20 Million Tonnes per Annum (MnTPA). We will continue to be an innovative and ethical Company which ensures sustainability and inclusive growth across its businesses.”

As evident from our Aspirational Statement, at J.K. Cement, social and environmental commitment is a part of our corporate philosophy. The essence of sustainable development has driven us from the time of our inception, four decades ago, and we believe that we can only succeed in our endeavour to become a global brand by managing our holistic triple bottom line performance – i.e. taking into account and being responsible for our impacts on the environment, on society and the economy at large, beyond our own financial performance.

Staying true to our belief, FY 2014-15 was another successful year where your Company made significant progress across the triple bottom line impact areas. With an eye on expanding our production capabilities and achieving healthy financial performance, we worked rigorously in the areas of environmental friendly technologies and initiatives, focused on the learning and development needs of our people, strengthened our health and safety practices, and worked towards enhanced automation of our systems for better data management and disclosure. Also, we continued our focus on our Corporate Social Responsibility (CSR) thematic areas with same enthusiasm as we had begun on this journey four decades ago.

This report is our effort to share our initiatives and progress with you, to highlight how your Company has been constantly working towards fulfilling its triple bottom line responsibilities towards its various stakeholders.



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About the Report

This is J.K. Cement Limited's second public Sustainability Report¹, and it discloses Company's performance across economic, social, and environmental aspects for the FY 2014-15. The reporting boundary for this year's report covers our cement manufacturing plants situated in India, at Nimbahera, Mangrol, Gotan and Muddapur, our grinding unit at Jharli and our Captive Power plants within the country. Except for the environmental data, which pertains to our manufacturing plants, grinding units, and the captive power plants, the remaining data and information pertains to the entire organisation, except where mentioned specifically. This report is developed in line with the GRI G4 guidelines and discloses the performance as per 'in-accordance – Core' option.

Performance of our subsidiary companies including the J.K. Cement (Fujairah) FZC, holding company of J.K. Cement Works (Fujairah) FZC, and mining operations have not been included in this year's report. We have applied to 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 for World Business Council for Sustainable Development (WBCSD) Cement Sustainability Initiative (CSI) formulae for compiling our calcination process emissions.

To ensure credibility, the report has undergone third party assurance review providing external opinion on the transparency and content. For the same we have sought services of Ernst & Young LLP, to provide limited assurance on the environmental and social data in the report. The assurance is in accordance with the principles of the International Standards on Assurance Engagements ISAE 3000. The assurance approach, methodology, and observations are presented in the issued assurance letter, from Ernst & Young LLP, attached at the end of this report.

We welcome any comments and / or suggestions on the report content and flow. Please send your comments to sustainability@jkcement.com.

¹ **Maiden sustainability report for FY 2013-14, was published last year.**



"The need of the hour is to assess performance from a holistic view and take into account impacts on the environment, on society and the economy at large."

Message from the Chairman

At J.K. Cement, FY 2014-15 witnessed significant growth. While, our revenues increased since the previous year, our post-tax profit also surged considerably. This was on account of additional volumes and contribution from all our individual products i.e. Grey Cement, White Cement and Wall Putty.

Having said this, the global concerns and widespread awareness regarding the climate change and human rights issues have highlighted the range of challenges a company may face, besides the financial uncertainties alone. The need of the hour is to assess performance from a holistic view and take into account impacts on the environment, on society and the economy at large. The responsible business enabled sustainable development is very much the current requirement, with not only governments and regulators pushing for the cause, but also civil society and an internal realisation by businesses. Clearly, sustainability is no longer a soft issue, to be considered only after financial returns and expectations are met.

Sustainability, as we see it, has always been, consciously or unconsciously, a part of our daily business. It is on this note that J.K. Cement had embarked upon the path of sustainability performance analysis and reporting in FY 2013-14, and we continue on that path with our second

sustainability report for the period FY 2014-15. This exercise has not only helped us to improve internally, to objectively analyse our performance and close gaps, but has also allowed us to reach out to our stakeholders, on a more transparent level. Inclusive growth and corporate social responsibility remain our key thrust areas. We believe working harmoniously with our stakeholder communities is the only way for us to operate successfully and succeed in our ambitions of becoming a leading brand and responsible organisation in India and globally. In our efforts we have identified communities in and around our manufacturing facilities and have established a formal process of engagement with them. Our areas of focus include education, healthcare, skill development and environment.

As we continue on this journey, we take the opportunity to thank each one of you for your continued support and trust in us, and hope to hear from you with honest feedback on our performance.

Sincerely,
Yadupati Singhania
Chairman & Managing Director



Message from the President



Dear Stakeholders,

We welcome you to J.K. Cement's second sustainability report for FY 2014-15. FY 2014-15 was another tough year for Cement sector, however, the sector saw some recovery from previous year after witnessing an all-time low demand and profitability. The uncertainty stems from a general slowdown in demand and varying macroeconomic trends. As a result, the overall Indian cement industry saw lower than average utilisation compared to the past. Despite this, our Company persevered through the tough market conditions and delivered better than expected performance.

During FY 2014-15, not only did we focus on reading market developments and taking proactive decisions, but also continued with our emphasis on improving operational excellence, and developing and leveraging on our marketing

and distribution networks. FY 2014-15 was also the year of commissioning of our planned projects, which were initiated in the past years. These included commissioning of 1.5 MnTPA split grinding unit in Jharli, Haryana, brownfield expansion of Mangrol plant to 1.5 MnTPA integrated capacity and commencement of commercial production at our first overseas project at Fujairah, United Arab Emirates (UAE). With the beginning of commercial production at Fujairah, we are now the second largest White Cement producer in the world.

On people front, employee career development and safety are our topmost priority areas. We invest proactively and provide our employees with excellent learning and career development opportunities in technical and soft skills areas. We are also working towards developing a zero tolerance culture towards unsafe behavior and have taken multiple steps in this regard. It is our constant endeavour to strengthen existing safety systems, thereby ensuring safety of our people and make sure that safety forms a part of everyone's life.

As an organisation we wish to grow our extended family and enrich the lives of our employees, communities, partners and customers. We would be grateful to hear from you, with any feedback and suggestions that you may have, to help better our performance.

Sincerely,
A. K. Saraogi
President (Corporate Affairs) & Chief Financial Officer

Messages from Special Executives



Being amongst the leading cement sector companies in the country, we are committed to build a leading global enterprise and continue our journey of becoming a sustainable organisation.

Here, besides manufacturing excellence, our people and product stewardship remain the key focus areas for us. On people front we are constantly working towards improving our practices and policies, regularly evaluating and improving our learning and developing, employee feedback and performance

evaluation processes beside others. From product stewardship perspective, J.K. Cement is working hard to understand customer requirements and deliver high quality safe products to its customers. We believe customer-centric approach is critical to our business success and long term sustainability. For ensuring ultimate customer experience we have developed and follow a tailored made marketing strategy to effectively communicate and reach out to our diverse range of customers. In this regard, our Customer Technical Service offices are located in every State Capital and all major Indian cities. Further in our pursuits, we have launched the Sales Force Automation tool, which is an android based mobility tool now available with over 600 J.K. Cement marketing personnel allowing them to capture customer profile and serve them better.

The sustainability report is our effort to discuss and share with you all the mentioned aspects in detail. We hope it will further build your trust in our organisation.

Sincerely,
Raghavpat Singhania
Special Executive



In line with our commitment to become a leading cement manufacturer and premium brand in Indian market by FY 2020, we remain steadfast on our path of increasing our manufacturing capabilities, improving our processes and efficiency, investing in our people, communities and other stakeholders, enhancing experience of our customers, and building a responsible brand.

The opportunities and challenges that sustainability presents are not going to diminish and it is critical

that the Company has a Sustainability Vision to drive our performance through uncertain times across not just economic but also environmental and social aspects. Here, we believe that our sustainability reporting efforts would help us establish the baseline sustainability performance for our business and embark on the journey of continuous improvement.

Following this belief, your company has already started investing in modern technology and state of the art plants. All our manufacturing plants are now ISO 9001, ISO 14001 and OHSAS 18001 certified. Further the latest expansion and capacity addition has been done considering the environment friendly technologies and latest automation based systems and processes, such as the advanced emission control equipment, Robo-Labs and IT enablement.

Details on all these and other environment, social and economic aspects are covered in detail in the report.

Sincerely,
Madhavkrishna Singhania
Special Executive





About the Company – J.K. Cement Limited

Legacy Spanning over 125 Years

J.K. Cement Limited is an affiliate of the industrial conglomerate JK Organisation, which was founded by the Late Lala Kamlapat Singhanian, and has been in business since the early 1900s. All activities of the group come under the banner of JK Organisation founded in the year 1954. Today, the JK Organisation has a leading presence in diverse industries, ranging from cement, paper, tyres, textiles, and many more. The JK Organisation represents the highest ideals of corporate governance and a rich value system which resonate across each of its area of business presence. The JK Organisation is renowned for pioneering various initiatives and technological breakthroughs in the Indian industry, and is one of the foremost participants in India's industrial growth. It is also renowned for its role as a responsible corporate citizen through a significant contribution to society, creation of public infrastructure, health initiatives and founding and supporting many educational institutions.

The JK Organisation is renowned for pioneering various initiatives and technological breakthroughs in the Indian Industry, and is one of the foremost participants in India's industrial growth.

Premium Indian Grey Cement Brand

J.K. Cement has partnered India's multi-sectoral infrastructure needs on the strength of its product excellence, customer orientation and technology leadership. The Company has over four decades of experience in cement manufacturing, having its head office (registered and corporate office) at Kamla Tower, Kanpur, Uttar Pradesh, India. 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 two 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.

During FY 2014-15, the Company further expanded its Grey Cement capacity in the northern India. During the year, Company successfully completed its ongoing Brownfield expansion projects, and dedicating new state-of-the-art manufacturing facilities to the nation, thus actively contributing towards nation building.

The 1.5 MnTPA brown field cement plant at Mangrol was commissioned in September 2014. The unit is located at a distance about 12 km from J.K. Cement Works, Nimbahera having a capacity of 5000 Tons per day (TPD). The plant employs latest technology

including a fully automatic Robotic lab, appointed for quality improvement of raw mix and the cement. The Mangrol unit is equipped with a newly commissioned 10 MW waste heat recovery power plant and a 25 MW coal based thermal power plant.

The Company also commissioned a split grinding unit of 1.5 MnTPA at Jharli, Jhajjar, Haryana, which, has started commercial production with inputs coming from both internal and external sources. Fly ash is being sourced from nearby power plants and clinker for grinding is sourced from Nimbahera and Mangrol plants. This site is very well connected by rail and road, and is strategically located to cater to major markets like Delhi, Haryana and Punjab more effectively and logistically.



▶ Jharli, Haryana



▶ Mangrol, Rajasthan

J.K. Cement now has an installed Grey Cement capacity of 10.47 MnTPA, making it one of the leading manufacturers in the country.

Leading Global White Cement Brand

Going beyond Grey Cement, the Company is the leading manufacturer of White Cement globally, with an annual capacity of 1.2 MnTPA. With the advent of commercial production from Fujairah plant, UAE, J.K. Cement Limited has now become the second largest White Cement Producer in the World.

The Company has made its first international foray with the setting up of a green-field dual process White Cement-cum-Grey Cement plant in the free trade zone at Fujairah, UAE to cater to the Gulf Cooperation Council (GCC) and African markets. The plant at Fujairah has a capacity of 0.6 MnTPA for White Cement with a flexibility to change over its operation to produce upto 1 MnTPA of Grey Cement. The commercial production from Fujairah plant started from September 2014.

J.K. Cement is also the second largest producer of Wall Putty in India with an existing annual installed capacity of 0.5 MnT. As a part of our new initiatives, the Company plans to increase the production capacity of Wall Putty to keep pace with the rising demand. In this direction, the Company plans to set up a 0.6 MnT Wall Putty plant at Katni in Madhya Pradesh in phases. The first phase of 2 lacs tonnes will come up by next fiscal year.

Plant Locations

J.K. Cement has four decades of experience in cement manufacturing. From modest beginning in the year 1974 with a capacity of 0.3 MnT at

Nimbahera in Rajasthan, today J.K. Cement has an installed Grey Cement capacity of 10.47 MnTPA and White Cement capacity of 1.2 MnTPA, making it one of the leading manufacturers in the country and globally.

Grey Cement Plants

The following are the locations of J.K. Cement's Grey Cement plants:

- J.K. Cement Works, Nimbahera, Rajasthan, India
- J.K. Cement Works, Mangrol, Rajasthan, India
- J.K. Cement Works, Muddapur, Karnataka, India
- J.K. Cement Works, Jharli, Haryana, India (Split Grinding Unit)
- J.K. Cement Works, Gotan, Rajasthan, India

White Cement Plants

The following are the locations of J.K. Cement's White Cement plants:

- J.K. Cement Works, Gotan, Rajasthan, India
- J.K. Cement Works, Fujairah, UAE

Captive Power Capacity

J.K. Cement was the first company to install a captive power plant in the year 1987 at Bamanian, Rajasthan. J.K. Cement is also the first cement company in India to install a waste heat recovery power plant to take care of the need of green power. Today at its different locations, the company has captive power generation capacity of 140.7 MW which includes 23.2 MW waste heat recovery power plants.

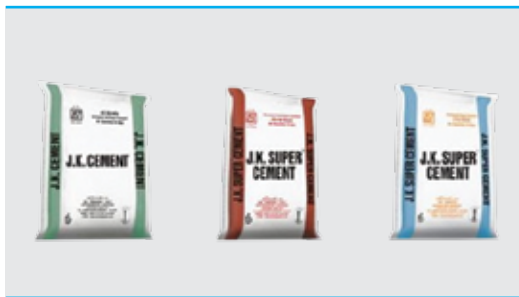
Production Portfolio

J.K. Cement produces Portland Pozzolana Cement (PPC), Ordinary Portland Cement (OPC) and Portland Slag Cement (PSC) product lines. Our production portfolio for FY 2014-15 included 54.7% PPC, 41.1% OPC, and 4.2% PSC.

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 29 countries across the world, spanning across Asia, Middle-East, Africa and Asia-Pacific geographies.

Grey Cement



White Cement



Product Innovation

We believe in constant innovation, and invest immense time and resources in R&D activities towards our continuous strive to develop and deliver best quality products to our customers. We have a

highly competent in-house R&D team responsible for product innovations. Besides, we also collaborate with universities and students across the country for engaging them in practical R&D projects.

Stock Listing and Shareholding Pattern

J.K. Cement is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Company's shareholding pattern, as on 31st March, 2015, was as following:

Category of Shareholder	Total shareholding as a % of Total No. of Shares
(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)	20.46
2. Non institutions (Body corporate, individuals)	12.61
Total (B)	33.07
Total (A) + (B)	100



► Mangrol Plant view

Corporate Governance



Recognising that sustainability is a journey rather than a final state, we strive to embed its aspects into everything we do to help deliver increased value to our stakeholders.

Driven by a passion for process innovation and operational excellence, we undertake continuous efforts towards improvements and rigorously monitor all key business aspect areas.

Our strong internal systems and processes also help us address these issues in a structured and effective manner, and focus on improving the measures on an ongoing basis.

Rajnish Kapur
Business Head – Grey Cement

At J.K. Cement, we view corporate governance in its widest sense, almost like trusteeship. The Company's philosophy on Corporate Governance is to enhance the long-term economic value of the company, its stakeholders i.e. the society at large by adopting better corporate practices in fair transparent manner by aligning interest of the Company with that of its shareholders/other key stakeholders. Corporate Governance is not merely compliance and not simply creating checks and balances, it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality.

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 recognising 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 organisation 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 our Chairman & MD, Shri Yadupati 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, 2015 the composition of the Board of Directors was as highlighted below:



COMMITTEES OF THE BOARD

CSR COMMITTEE

- Smt Sushila Devi Singhania
- Dr. K.B. Agrawal
- Shri J.N. Godbole
- Shri Suparas Bhandari

RISK MANAGEMENT COMMITTEE

- Dr. K.B. Agrawal
- Shri J.N. Godbole
- Shri Paul Hugentobler

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 177 of the Companies act, 2013 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.

Nomination & 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 Relationship Committee

The Committee specifically looks into the redressal of shareholders' and investors' complaints such as transfer of shares, non-receipts of shares, non-receipt of dividend declared, annual reports and to ensure expeditious share transfer process and to review the status of investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. The company received no complaints during the FY 2014-15, with no complaint pending as at 31st March, 2015.

Corporate Social Responsibility Committee

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy', observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary. The Board has also empowered the Committee to look into matters related to sustainability and overall governance.

Risk Management Committee

Business Risk Evaluation and Management is an ongoing process within the organisation. The Company has a risk management framework to identify, monitor and minimise risks as also identify business opportunities. The Committee reviews risks, trends, exposure, potential impact analysis and mitigation plan.

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 2014-15, there were no transactions with related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the company's interest. J.K. Cement recognises 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 J.K. Cement. Employees must not misuse J.K. Cement's resources or influence, or discredit J.K. 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:

i) Pay for Responsibility

ii) Pay for Performance and Potential

iii) Pay for growth

The Remuneration Committee is vested with all the necessary powers and authorities to ensure appropriate disclosure on remuneration to the Managing Director including details of fixed components and performance linked incentives. As for the Non-executive Directors, their appointment on the Board is for the benefit of the company due to their vast professional expertise in their individual capacity. In 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

■ **Controllership:** Controllership comprises of four factors that are vital to J.K. 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:** J.K. 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 J.K. Cement's interests. J.K. Cement must not authorise, 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:** J.K. Cement is committed to the principles of fair and open markets for publicly traded securities throughout the Indian markets where everyone has an equal chance to succeed. This Policy establishes standards of conduct for employees

and others who obtain Inside Information through their work for J.K. Cement. Insider trading, insider dealing and stock tipping are criminal offenses in India and most countries where J.K. 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 any 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

The Company has 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 2014-15, no fines were levied on us in these regards.

Business Opportunities and Risks

Indian cement industry has grown at a commendable rate in the past decade with a compounded growth of about 8%, however the growth has slowed down to ~4% in the recent years. The housing sector is the biggest demand driver of cement in India, accounting for about 67% of the total consumption. The other major consumers of cement include infrastructure at 13%, commercial construction at 11% and industrial construction at 9%². In FY 2014-15, India's cement industry grew by ~5.6% year-on-year. This lethargy in growth can mainly be attributed to slowdown in the construction activities, regulatory delays in the infrastructure projects and high interest rates. The industry also witnessed high operating costs including cost heads such as raw materials, energy and freight. Further, steep depreciation of the rupee and hike in freight and diesel prices further aggravated the concerns³.

Here, although several key business aspects can pose risk for our operations including availability of training manpower and lack of investment in innovations, some imminent focus areas for our business includes:

² **IBEF**, <http://www.ibef.org/industry/cement-india.aspx>

³ **EquityMaster**, <https://www.equitymaster.com/research-it/sector-info/cement/Cement-Sector-Analysis-Report.asp>

Industry Risk Areas⁴

Competition	The Indian cement sector has become highly competitive with multiple large players operating, result of entry of foreign players and years of consolidation and expansion by domestic companies. While earlier most companies were catering to specific parts of India, now most players are expanding their reach pan-India thus creating greater market competition.
Fuel availability and prices	Coal is the primary source of fuel for the captive power plants and cement plants. Here shortage of coal supply, quality of coal, and volatility of fuel prices remain a major concern for the sector. With dwindling production of domestic coal supplies, coal linkages for cement companies is expected to decline further on account of coal linkages being offered to power producers (India, being power deficient country) and for the new capacities, coal linkages are likely to be minimal.
Bargaining power of the customers	Cement is a commodity business and sales volumes mostly depends on the distribution reach of the company. However, things are changing and some brands have now started commanding a premium on account of better quality.
Increase in production cost	There has been severe pressure on the production costs over 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.

Sustainability Risks⁵

CO₂ and climate protection	Approximately 5% of total global man-made CO ₂ emissions is caused due to cement production. As the demand for cement is forecasted to continue increasing worldwide, particularly in emerging economies where housing and infrastructure boosts development, CO ₂ emissions pose a significant concern.
Employee health and safety	Considering the nature of work involved in cement manufacturing process, ensuring health and safety of the employees and other stakeholders is a top priority for cement companies.
Local community and environmental impacts	Cement industry poses a significant negative impact on local community in the form of air emissions and noise pollution. Further, limestone mining activities impacts the natural landscape of the place and affects the regional biodiversity.
Water impact management	Cement production requires water for cooling heavy machinery and exhaust gases in emissions control system and for operating the captive power plants, etc. As cement plants are often located in remote areas, they draw water from community sources which can create potential conflict with the communities.

⁴ **Equity Master**, <https://www.equitymaster.com/research-it/sector-info/cement/Cement-Sector-Analysis-Report.asp>

⁵ **WBCSD**, <http://www.wbcdcement.org/>

However, irrespective of the slowdown observed in the cement sector in India in the previous few years, as per the 12th Five Year Plan, the Government plans to increase investment in infrastructure to the tune of US\$ 1 trillion. This stimulus by the Government, along with the recent Make in India investment commitments made by many developed countries, is expected to provide resurgence for the cement sector by addressing the demand-supply gap.

In light of the same, we at J.K. Cement are focusing on the future growth opportunities. We are busy expanding our footprint across the country and are adding new capacities to be able to cater to

the expected future demand. In this regard, we completed our Grey Cement capacity expansion of 3 MnTPA from 7.47 MnTPA in FY 2013-14 to 10.47 MnTPA during FY 2014-15.

With our state-of-the-art technology, strategic pan-India presence, and competent workforce against the backdrop of India's anticipated infrastructural needs, we are upbeat about the future. These, coupled with a strong brand name and an extensive marketing and distribution network, provides our organisation with a strong platform for sustainable growth in the future.



View of Jharli plant

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 Organisation
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Cement Manufacturer's Association (CMA)

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. J.K. Cement is amongst the 11 companies named in the case. The order was released by CCI post investigating a complaint filed by the Builders' Association of India, a lobby group of engineering and construction contractors. We strongly deny any such cartel activity on our part and are in the process of appealing against the CCI order.

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

J.K. Cement Limited filed two appeals i.e. Appeal No.112 of 2012 and 128 of 2012 respectively before the Competition Appellate Tribunal (COMPAT).



PASSED
61%


IDEAS
99%

CHALLENGE
49%

CLIENT
72%

DEVELOPMENT
62%

BUSINESS



Stakeholder Engagement & Materiality Analysis

Engagement with stakeholders is an integral part of the entire sustainability reporting and strategy process that enables understanding the priority issues and reasonable expectations of different interest groups.

Stakeholder engagement is the process of connecting, talking and listening to stakeholders who are “entities or individuals that can reasonably be expected to be affected significantly by the organisation’s activities, products, and/or services; and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives⁶”.

Engagement with stakeholders is an integral part of the entire sustainability reporting and strategy process that enables understanding 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.

Stakeholder Engagement

In the reporting year FY 2014-15, J.K. Cement conducted structured stakeholder surveys that involved seeking feedback from internal stakeholders i.e. employees, spread across the manufacturing plants, corporate office, and management personnel.

The feedback received from the survey was consolidated and analysed to establish the top priority / material issues of the internal stakeholder

⁶ GRI Guidelines

group, employees and management personnel. These top issues are the priority areas for J.K. Cement sustainability journey, future reporting and strategy benchmarking and roadmap exercise.

Priority Issues Identified by J.K. Cement Employees

Structured materiality survey questionnaire was developed and circulated amongst employees across manufacturing plants at Nimbahera, Mangrol, Gotan, Muddapur, Jharli and corporate office,

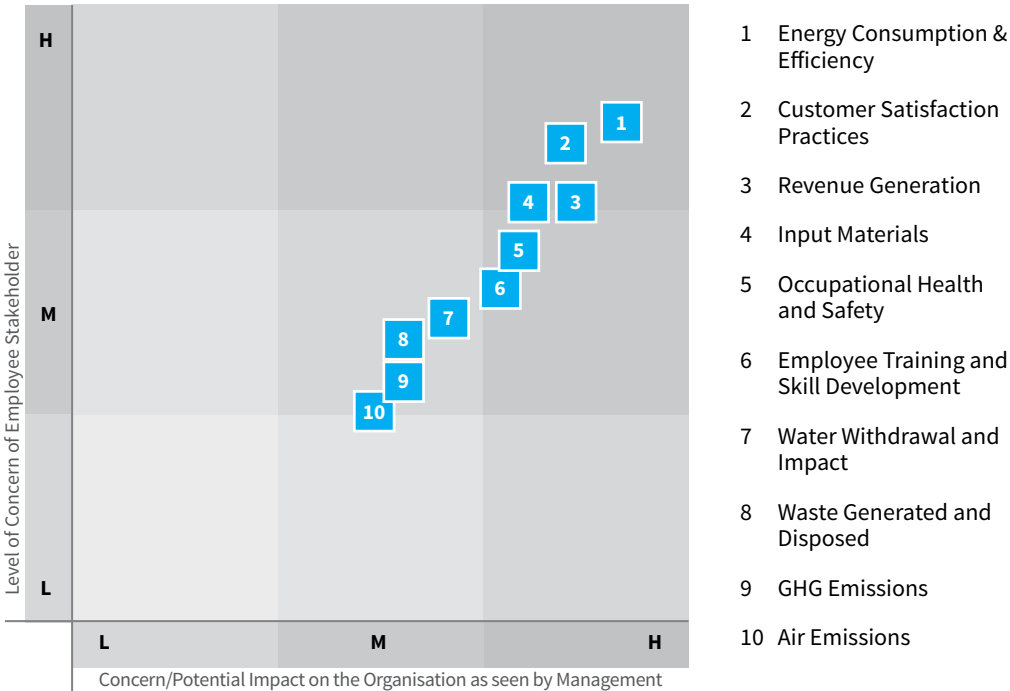
Kanpur. Responses were then evaluated based on the weighted average methodology.

Priority Issues Identified by J.K. Cement Management

Aspects from the sustainability survey questionnaire were used to analyse J.K. Cement’s management opinion on the sustainability aspects they deem most important for the continued growth and success of the company.

Material Aspects

By mapping the prioritised set of issues identified by the management stakeholder against the prioritised issues as seen by the employee stakeholders, 10 key converging issues have emerged as most material from J.K. Cement perspective. The same are represented below:



Material aspects for J.K. Cement Limited:

Energy Consumption & Efficiency

Comprehensively map our energy use and various sources, and constantly work towards reducing our energy footprint.

Customer Satisfaction Practices

Effectively communicate and reach out to our diverse customer segments, and comprehensively map and address customer expectations.

Input Materials

Efficiently manage resources being utilised in our business through product and technology innovations such as use of alternate materials.

Revenue Generation

Be a productive and successful business with an ability to provide year-on-year healthy return to our shareholders.

Occupational Health & Safety

Provide a safe and healthy working environment for our employees and other stakeholders. Constantly work towards making our operations safer and becoming a zero accident organisation.

Employee Training & Skill Development

Invest in our employees – implement systems and practices for their continuous skill and career development.

Water Withdrawal and Impact

As our operations are mainly in dry and water scarce areas, work towards reducing our water footprint and generating awareness amongst our stakeholders regarding judicious use of water.

Waste Generated and Disposed

Manage our waste properly with focus on reduce, reuse and recycle.

GHG Emissions and Other Air Emissions

Constantly strive to reduce GHG and other air emissions associated with our industry through innovation in operations, installation of greener and cleaner technologies, and use of alternate fuels with lower emissions impact.

These material aspects along with our efforts and performance across these aspects are discussed in the subsequent sections of the Report.

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

केन्द्रीय सरकार द्वारा प्रत्याभूति
GUARANTEED BY THE CENTRAL GOVERNMENT



The renewed performance of the company can be attributed to additional volumes and contribution from all our individual plants and products i.e. Grey Cement, White Cement and Wall Putty, and on account of capacity expansion projects realised by us during the year.

Economic Performance

From economic performance standpoint, year FY 2014-15 witnessed significant growth for J.K. Cement. While, our revenues increased since the previous year, 19.98%, our post-tax profit also surged considerably, 61.7%. This performance is highly commendable building upon a disappointing FY 2013-14 where we saw our revenues and profits fall owing to unfavourable market conditions. The renewed performance of the Company can be attributed to additional volumes and contribution from all our individual plants and products i.e. Grey Cement, White Cement and Wall Putty, and on account of capacity expansion projects realised by us during the year.

The following table illustrates the J.K. Cement's standalone economic performance and the value added over a three year period (FY 2014-15 & FY 2013-14) in terms of economic value generated, distributed and retained by the organisation:

Economic Value Generated & Distributed (EVG&D)	Units of reporting	FY 2014-15	FY 2013-14
1. Income from Operations	Lacs INR	340852	284378
2. Economic Value Distributed (EVD)			
a. Cost of Materials Consumed	Lacs INR	55620	46233
b. Power and Fuel	Lacs INR	79346	67390
c. Employee Benefits and Wages	Lacs INR	20254	16779
d. Finance Cost	Lacs INR	21942	15260
e. Tax Expense	Lacs INR	223	3924
f. Others	Lacs INR	147775	125089
3. Economic Value Retained	Lacs INR	15692	9703

Actively sharing its financial profits with its stakeholders, the Company has announced the equity dividend of ₹ 4 per share for its shareholders, with total dividend outflow equalling ₹ 33.67 crore. Further, company invested significantly towards the growth and development of its employee stakeholders. During the year ₹ 202.5 crore were spent on employee learning and development, wages and salaries related aspects, an increase of 20.7% compared to FY 2013-14. Also, during the year Company invested towards environment management and impact mitigation at its plants with interventions and initiatives such as wastewater treatment, sewage treatment plant, rainwater harvesting system, ESP maintenance, pollution certificates, annual calibration charges of air pollution monitoring equipment etc.

Local hiring and procurement ⁷

The Company encourages local employment in the workforce and 100% of our workforce at our manufacturing units across India is locally hired from within the country.

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. In this regard, during the year Company completed its ongoing Greenfield and brownfield expansion projects and successfully dedicating new state of the art manufacturing facilities to the nation. Company completed the brownfield expansion of 1.5 MnTPA integrated unit at Mangrol, Rajasthan along with a split grinding unit of 1.5 MnTPA in Jharli, Haryana, and with these

⁷ We define 'local' as from within India.

expansions, Company contributed significantly towards increasing its direct and indirect impact on the country's economy, providing more employment opportunities for the local population and creating business prospects for local businesses as well.

Environmental Expenditure

During the reporting year, we spent considerable amount towards environmental initiatives across our manufacturing plants in India. 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.

Further, we ensured state-of-the-art machinery and equipment was installed at our newly commissioned plants for ensuring minimum impact on environment due to our activities. In this regard equipment at our Jharli plant is procured from renowned cement machinery manufacturer M/s Thyssen Krupp. Similarly, as part of the brownfield expansion of our Mangrol plant, we employed state-of-the-art machinery and systems, allowing the plant to be energy efficient and less polluting. Here, advanced pollution control equipment has been installed allowing for outlet emission level < 50 mg /Nm³, much less than the allowed limit of the Central Pollution Control Board.

Investments in Inclusive Growth

We are well aware of our responsibility towards development of the communities in and around which we operate. The Company has been constantly engaging in Corporate Social Responsibility activities in and around its sites of operations, in Rajasthan, Karnataka and Haryana.

We have contributed to the society through educational initiatives and institutions, by improving healthcare services accessibility by setting up medical camps, better drinking water facilities, temples and other infrastructure development, and undertaking overall rural development initiatives. During FY 2014-15 we spent ₹ 5.15 crore on our CSR efforts, up 66% compared to FY 2013-14 when we had spent ₹ 3.12 crore.

Of this total amount spent on CSR initiatives, ₹ 2 crore was donated to the Sir Padampat Singhania University, around ₹ 1 crore was spent on other education related education initiatives, around 58 lakhs were spent on rural development initiative, and remaining around 1.57 crore were spent on miscellaneous activities such as organisation of medical camps at our various locations and infrastructure work as per the requirement raised by the communities.





Environmental Performance

The cement industry is a vital part of Indian economy, providing employment to more than a million people, directly or indirectly. Ever since it was deregulated in 1982, the Indian cement industry has attracted huge investments, from both Indian and foreign investors, making it the second largest in the world. The industry is currently in a turnaround phase, trying to achieve global standards in sustainability.

India has a lot of potential for development in the infrastructure and construction sector and the cement sector is expected to largely benefit from it. Some of the recent major government initiatives such as development of 100 smart cities are expected to provide a major boost to the sector.

While keeping our deep commitment to environment protection and the responsible utilisation of natural resources, the environment performance of our units is benchmarked to stringent norms and regulations.

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

This section portrays of our environment performance for the current reporting period FY 2014-15 period and highlights upon some of the unique and environment friendly initiatives taken by our various sites.

Material consumption - Use of alternate materials

The primary input materials consumed during the process of cement production comprise – limestone, gypsum, clay and laterite. Amongst these, limestone is the most important raw material and to ensure constant uninterrupted supply of this material, we have invested in limestone mines and our plants, across the country, are strategically located near limestone rich areas. This not only ensures the short and long term supply of the raw material, but also allows us to save on our material transport related footprint. During the current reporting period, FY 2014-15, our manufacturing plants in Nimbahera, Muddapur, Mangrol and Gotan consumed a total of 7899141 MT of limestone, producing a total of

6302263 MT of Grey Cement and 489002 MT of White Cement.

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

Raw Material	FY 2014-15 (MT)	FY 2013-14 ⁸ (MT)
Limestone	7899141	6961731
Gypsum	296295	260071
Clay	107965	116076
Laterite	406507	364735

Although Limestone, Gypsum, Clay and Laterite remain the primary raw materials in our business, the use of alternate and recycled materials is slowly increasing substituting dependence on virgin materials. 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. FY 2014-15 saw J.K. Cement increase its use of recycled and alternate raw materials in the manufacturing of Grey Cement. Company's focus lied on increasing the use of Fly Ash and Slag in our Grey Cement manufacturing, resulting in increased consumption of these materials on absolute and

6302263 MT

Total Grey Cement produced

489002 MT

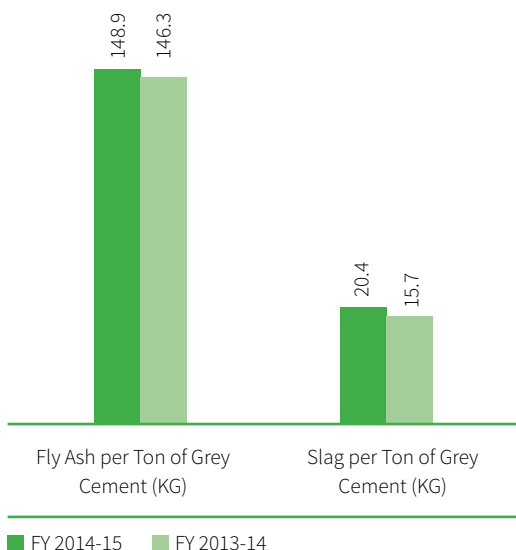
Total White Cement produced

⁸ The raw material consumption reported for FY 2013-14 in the previous Sustainability Report (FY 2013-14) does not include the relevant raw material consumption for White Cement production.

on per ton of Grey Cement basis. The same is highlighted in the table and chart below:

Cement Material	FY 2014-15	FY 2013-14
Grey Cement (MT)	6302263	5337808

Recycled, Alternative Raw Material	FY 2014-15	FY 2013-14
Fly Ash (MT)	938526	780925
Fly Ash per Ton of Grey Cement (KG)	148.9	146.3
Slag (MT)	128383	83679
Slag per Ton of Grey Cement (KG)	20.4	15.7



Besides the input raw materials, we also consume large quantity of packaging bags. In FY 2014-15, we consumed 121745314 (nos.) packaging bags for the Grey Cement category, including those used for PPC, OPC and PSC products.

Energy Usage

Managing energy use effectively enhances business efficiency and conserves natural resources. Reducing fossil fuel combustion improves air quality, decreases fine particulates that contribute to adverse health effects, and reduces greenhouse gas (GHG) emissions.

As the 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 our plants have captive power facilities except grinding unit at Jharli. Infact, J.K. Cement was the first company in India to install captive power plant in the year 1987. Today at its different locations, the company has captive power generation facilities of over 140.7 MW including Waste Heat Recovery of 23.2 MW.

S. No.	Plant	Capacity
1	Bamania	15 MW
2	Nimbahera	20 MW
3	Mangrol	25 MW
4	Gotan	7.5 MW
5	Muddapur	50 MW
6	Nimahera (WHR)	13.20 MW
7	Mangrol (WHR)	10 MW
Total		140.7 MW

J.K. Cement was also the first cement company in India to install a waste heat recovery power plant to take care of the need of green power. A 13.20 MW plant has been installed in this regard at our Nimbahera manufacturing plant and in the current reporting year, we have installed at 10 MW plant at the Mangrol plant to utilise waste heat for power generation. Now Company's total waste heat recovery based power generation capacity stands at 23.2 MW or 16.5% of our total captive power generation capacity, and contributes significantly towards reducing our carbon emissions.

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 2014-15
Petcoke, Coal, Lignite (MT)	1034490
Furnace Oil (MT)	3466
Agro Waste (MT)	3682
HSD (KG)	8400
Others (Charcoal Dust, Carbon Black, Cinder) (MT)	5990

The total direct energy consumption from our plants cumulated to 20490127 GJ, whereas the total indirect energy consumption, grid electricity, at our plants during FY 2014-15, was 102096 MWH, corresponding to 367544 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:

- Use of alternative fuels such as Carbon Black and Agro Waste
- Reduction in Thermal Energy of Kiln by operational modifications & improvements
- Installation the Variable Frequency Drives
- Replacement of Metal halide lights by LED lights
- Replacement of DC motor & DC drive with high efficiency AC motor & VFDs
- Replacement of old motors with new high efficiency motors
- Installation of PIDs and SPRS, etc.

Emissions Management

Total GHG emission from our energy consumption during the reporting year was 2044471 tons CO₂ equivalent, of which 4% contribution, or 83718⁹ tons CO₂ equivalent, was from indirect energy consumption¹⁰.

Apart from these, the GHG emissions from the calcination process during the clinker manufacturing at our facilities for the year stood at 2975265 tons CO₂ equivalent.

⁹ CEA CO2 baseline database for the Indian Power Sector User Guide Version 10.0 - Average for India.

¹⁰ This only includes emissions from our energy consumption. Process emissions are not included in this data.

UTILISING WASTE HEAT

Keeping in view of our commitment towards the environment, our waste heat recovery power plants (13.20 MW plant at Nimbahera and 10 MW plant at Mangrol) have helped reduce the GHG emissions through utilisation of waste hot gases released from our cement manufacturing process. In FY 2014-15, we have generated 52,025 MWh of electricity by utilising these waste gases, which correspondingly led to the emission reduction of 42,661 tons CO₂ equivalent (considering grid power as the baseline).

Ozone Depleting Substances

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 401.61 kg, amounting to 22.09 Kg of CFC-11 equivalent.

Other Air Emissions

Our plants track ambient air-quality in and around the plant-premises and the emission levels in FY 2014-15 were found to be below the permissible limits. No fines were levied in the current reporting period 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 for all the plants. Going forward we plan to comprehensively track these parameters. In line with this as part of the expansion at Mangrol, the plant is equipped with state of the art machinery and

systems for pollution control which will control outlet emission level to < 50 mg /Nm³ - much lower than the allowed limit of the Central Pollution Control Board in India. Further, the Board has also approved the installation of online stack monitoring system at Gotan and Muddapur for continuous monitoring of the air emissions.

Biodiversity Management

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

To feed the required limestone to our Grey Cements plants, we hold mining leases at Ahirpura, Maliakhara, Karunda, Tilakhara, Murlia and Mangrol (132 Hectare) in Rajasthan and Muddapur and Halki mines in Karnataka, where mining is carried out using deep-hole drilling and blasting. A lot of care is taken to negate the ill effects of this ecology affecting activity.

To begin with, we have converted the dry drilling into wet drilling, water is sprinkled on the haul roads, dense plantation has been cultivated around the working pit, 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 J.K. 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 2014 Year Book has been printed on recyclable and eco-friendly Forest Stewardship Council (FSC) certified paper in accordance with J.K. Cement's constant endeavor to conserve our environment and safeguard the future of our planet. FSC is an independent, non-governmental, not-for-profit organisation established to promote the responsible management of World's forests. Through the course of this reporting period, the organisation has printed one lac copies of the year book.

Green Manufacturing Facilities

J.K. 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. Looking at the success of the same, we have installed another 10 MW WHR power plant at Mangrol unit in the current reporting period.

Water Consumption, Reuse and Discharge

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 (including the grinding units) was 1668478 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.

Waste-water Treatment

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

Recycling and Reuse of Water

Realising that most of our plants are in dry regions, with water scarcity a major challenge, the focus is on maximum utilisation of available water and minimum possible wastage. In FY 2014-15, we recycled 517526 m3 of water (~ 31% of water consumption) across our plant sites.

Waste-Management

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. With the intent of utilising the waste heat, we have installed a 10 MW WHR power plant at Mangrol plant in the current reporting year.

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 destabilisation of these dumps, in the long run.

In the reporting period FY 2014-15, we generated and disposed various categories of hazardous waste. The disposal was strictly as specified by the Government of India and Pollution Control Board norms of the respective regions. The major hazardous waste categories generated and disposed through our plants included Used Oil and Oil Contaminated Waste.

Hazardous Waste Category	Quantity
Used Oil (Litres)	74007
Oil Contaminated Waste (Litres)	67035

Non-hazardous Waste

Besides, our plants also generate non-hazardous waste including Metal Scrap, Paper Scrap, Plastic Scrap, Wood Scrap, Empty Drums and Other Waste. These were again disposed through proper scrap vendors. The quantities of Non-Hazardous waste generated and disposed in FY 2014-15 include:

Non-Hazardous Waste Category	Quantity
Metal Scrap (MT)	1413
Paper Scrap (MT)	175
Plastic Scrap (MT)	258
Wood Scrap (MT)	26
Empty drums (Nos.)	682
Other Waste (MT)	124

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 2014-15 period and we were subject to no fines in this regard.

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.





We have constant focus on the quality and health and safety aspect in our operations, with all our manufacturing plants certified with Quality Management System as per ISO 9001 and Health & Safety Management System as per OHSAS 18001.

Social Performance

We believe that our continued success is dependent on our relations with our various stakeholders and our ability to engage and operate harmoniously with them. In this regard we have been working constantly to engage with our key stakeholders and identify material areas which require our imminent and continuous focus.

Here, our people are our biggest strength and a key factor for ensuring our success. At J.K. Cement we endeavour to provide our people with an environment for continuous innovation and improvement, and believe in rewarding our people for their dedicated efforts towards achieving company's goal. We have constant focus on the quality and health and safety aspect in our operations, with all our manufacturing plants certified with Quality Management System as per ISO 9001 and Health & Safety Management System as per OHSAS 18001. Further, in the last few years we have put significant effort into developing a learning and development model for our employees that takes care of their job related skill requirements and fosters personal growth as well. We are now tracking training performance of all our employees, in Head office, Corporate office, plants and marketing locations, and continuously striving to improve our performance year on year.

From customers perspective, our focus is on ensuring ultimate customer experience. We have developed and follow a tailored made marketing strategy to effectively communicate and reach out to our diverse range of customers. Our Customer

Technical Service (CTS) offices are located in every State Capital of India and all major Indian cities. The team of CTS executives are trained and dedicated to resolving product related customer issues in a prompt manner and have so far conducted more than 13000 different activities for Architect, Builders, Contractors, Engineers, Masons, Painters, Applicators, Retailers, Dealers, Stockist, Civil & Architect Students beside others. Further, in our pursuit for customer experience excellence we most recently launched the Sales Force Automation (SFA) tool, which is an android based mobility tool now available with over 600 J.K. Cement marketing personnel. The tool is used to capture the customer's profile and provide a better understanding about JK Customer and Customer Universe.

We have very cordial and long association with our neighbouring communities. We have established our plants on their land, we employ people from these communities to run our operations and we depend on community based businesses to provide associated services to support our plant operations such as transport logistics. Hence we own a great deal to our associated communities and hold a responsibility towards their growth as our company grows. In this regard Corporate Social Responsibility (CSR) and public service are deeply embedded in our cultural fabric. At J.K. Cement, we participate in the holistic development of the communities in which we operate. 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. Continuing with our legacy, in FY 2014-15 we spent ₹ 5.15 crore towards corporate social responsibility and charitable activities. Our major focus areas during the year included education, healthcare, promotion of sports and rural infrastructure development.





At J.K. Cement, we endeavor to provide environment for continuous innovation and improvement by rewarding for their dedicated efforts in achieving Company's goal.

People Performance

We believe that the key to our success lies with the motivation, skills and commitment of our employees. We focus on empowering our employees to drive sustainable growth and productivity and strive to provide them fulfilling careers with the opportunity for constant development and learning, allowing them to achieve their utmost potential. Our focus is on attracting and retaining the best talent. We strive to provide them with best working environment and support infrastructure to perform their responsibilities.

At J.K. 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 organisation by retaining and grooming them and by attracting requisite talent from outside to focus on filling gaps across all level of the organisation.

As on 31st March 2015, the J.K. Cement family had 2470 employees associated with it, of which 1593 employees were based at the cement manufacturing plants and power plants, and 877 employees were based at the company's Kanpur Headquarter, Delhi

Corporate and marketing offices¹¹. The category and gender-wise details of the HO & Marketing employees are as following:

Category	Unit	FY 2014-15	
Designation	Head office & Marketing	Male	Female
Senior Management	Nos	45	0
Middle Management	Nos	102	1
Junior Management (Executive)	Nos	674	16
GETs/PGETs	Nos	38	1
Total	Nos	859	18
Grand Total	Nos	877	

Employee Turnover

We define employee turnover as the number of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service. Our permanent employees are considered for reporting against this indicator. During the reporting period, 197 people joined the J.K. Cement family, while 121 employees disassociated from the organisation¹².

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

- 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 organisation and society;
- Creating a conducive atmosphere where performance is recognised and rewarded in a fair and transparent manner;
- Engaging with employees to encourage feedback and address concerns;
- Generating local employment and providing support and resources for long-term skill building.

Labour 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.

Human Rights

We are determined to contribute to the promotion and protection of Human Rights. We intend to

¹¹ This includes the Marketing Personnel.

¹² The new hire and attrition data corresponds to the Head Office, Corporate Office and Marketing offices only.

support human rights within our operational geography. We also take due care to ensure that our physical working environment is congenial to the workforce and free from any form of exploitation.

We respect the human rights of our employees and encourage fair practices. We are committed to provide equal opportunities at all levels, safe and healthy workplace and protecting human health and environment.

In the reporting period, no cases of discrimination or harassment were reported by our employees across our plants or the corporate office.

Against Child Labour and Compulsory Labour

We strongly oppose illegal labour practices. Exploitation of children and child labour is strictly prohibited at all our plants and offices. We do not work with any supplier or contractor known to operate with unacceptable labour practices such as the exploitation of children, physical punishment, female abuse, involuntary servitude or any other form of unacceptable behaviour. The agreements with contractors and suppliers also, mandatorily include necessary clauses on human rights and child labour as specified by the GoI and Factory Act regulations.

In the reporting period, there were no reported instances regarding child labour, forced or compulsory labour at any of our plants or the corporate office.

Learning and Development

We invest proactively and provide our employees with excellent learning and career development opportunities in technical and soft skills areas. 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 following table presents total recorded average training man-days spent on training at our manufacturing plants in India during the current reporting year:

Employee Category	Average Training Man-hours (FY 2014-15)	Average Training Man-hours (FY 2013-14)
Senior Management	11	7
Middle Management	19	19
Junior Management	18	18
Permanent Workers	9	10

From FY 2014-15, we started tracking the training man-hours spent by our Kanpur Head Office, Delhi

Corporate Office and marketing office employees as well, the details of which are as following:

Employee Category	Average Training Man-hours (FY 2014-15)
Senior Management	9
Middle Management	68
Junior Management	2

Regional Training Centre – North

The Regional Training Centre (RTC) – North, situated at our Nimbahera plant, is a premier training centre of North India promoted by J.K. Cement with assistance from World Bank, DANIDA and Govt. of India as a unique HRD project in Cement Industry. It is equipped with modern training aids and caters to the skill enhancement and competency developmental needs of more than 25 cement plants of northern India. It has trained over 12000 technical and managerial personnel since its inception in June, 1994. The centre has also conducted many tailor-made in-house programs for cement and other industries in India and abroad including for Oman Cement, Oman and Star Cement, Dubai and Hama Cement, Syria / EHDASSE Sanat Corp. Iran and National Cement company, Yemen besides many cement plants in India.

RTC, Nimbahera has specialised packages / modules in areas like Mining, Cement Process, Mechanical and Electrical & Instrumentation designed and developed by renowned International / National agencies like FLS Denmark, NCCBM, TATA Interactive Systems, VEC, NITTTR, etc. More than 150 senior line managers from 10 cement plants have been trained at Denmark, NITTTR, Bhopal and Chennai, who act as resource persons for these programs. Besides,

OEMs and management experts of national repute are invited for various technical and management programs to make them effective and gainful experience for the participants.

Health & Safety

Our principal operational priority is the safety of our employees and contractors. 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.



Regional Training Centre, Nimbahera

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.

Incident-accident recording systems are maintained as per regulatory requirements. All of our manufacturing facilities monitor the injuries (first aid, minor and reportable injuries). During the year, all the manufacturing plants managed the non-reportable injuries internally as 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.

Further, there were no fatalities this year across all our manufacturing plants.

To further instil the safety culture, a safety committee is functional at all our manufacturing plants and is powered by equal participation from management and worker representatives. During the year, we have organised various awareness and counseling programs on Health and Safety aspects across our plants covering occupational health and safety aspects, lifestyles diseases and common seasonal diseases beside others.

Further, now besides our Gotan plant, Nimbahera, Mangrol and Muddapur plants have also received OHSAS 18001-2007 certification which became effective from 3rd August 2014 onwards.







Product Stewardship

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.

In this regard, all our plants are certified with Quality Management System as per ISO 9001. Further, our JK White Cement carries the CE Mark as well which is the Mark of Conformity as per European Construction Products Directive.

At Nimbahera and Mangrol, our labs are equipped with State-of-the-art Process control instrumentation and quality control system. The testing laboratory is manned by qualified personnel to ensure quality of product comparable to the best available in the market at all times.

J.K. Cement Works, Muddapur is equipped with high efficiency dust filtration systems, which are installed for the main manufacturing process as well as at various transfer points to avoid dust emission to the atmosphere. Thus the plant has latest technologies, process control as well as quality control for plant operation with Robo lab and Automatic Blain Analyser. The entire plant is controlled from Central Control Room (CCR) with sophisticated control systems of latest technologies including Fuzzy Operations.

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

Further, as part of our recent brownfield expansion at Mangrol plant, we have installed a fully automatic Robo lab, appointed for quality improvement of raw mix and cement, will take samples automatically and will check and give correction for a better quality of the product.

All these measures allow us to monitor and maintain quality of our product while ensuring health and safety of our people and the environment. Along with this we ensure strict adherence to regulatory requirements applicable to our industry including compliance to product labeling and marketing practices.

No incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products, product and service labeling and marketing communications were reported during the FY 2014-15 period.





Marketing Communications

J.K. 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 organisation directs its marketing communications and branding strategies by breaking down its customers into the following segments and using mass media, personal communication and professional forums as platforms for communications:

- ▶ 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 owner

J.K. Cement has carved a distinctive niche for its brands through various multifaceted ATL and BTL marketing initiatives including 360 degree media campaigns, consumer contact programs, online promotion, public relations etc. The company conducted the following innovative campaigns during the FY 2014-15:

a. Road Show Campaign – J.K. Cement Works, Jharli

In line with the launch of the Company's new grinding unit in Jharli (Haryana), a road show campaign was conducted to strengthen the Brand's presence in existing areas and also to reach out to new markets.

A high pitch on-ground roadshow activation was carried out across Haryana for 60 days to increase the Brand recall value and make a

strong connect with the end consumer through a customised and out of the box campaign. Around 177 villages and towns were covered through the campaign with over 14892 people contacted with approximately 2600 leads generated.

This initiative helped to create a buzz in the market and generated a lot of interest among existing and prospective dealers, end users and applicators.



▶ Road Show Campaign – J.K. Cement Works, Jharli

b. Uphaar – Painters' Loyalty Program – Wall Putty Token Scheme

Painters or applicators are major influencers in the customers' decision to decide on a particular brand. With a view to establish connect with the painter fraternity, a loyalty program christened 'Uphaar' was conceived. Genesis of this program lay in encouraging the painter fraternity to adopt and recommend our product to the customers, explain them the benefits and get them to 'experience' JK Wall Putty.

An online portal has been developed to facilitate redemption of points and rewards for the painters. The company has been able to induct over 20,000 painters into this loyalty programme in a span of six months which has resulted in incremental sales and growth of Wall Putty in our markets.

c. Road Show Campaign – Kerala (Wall Putty)

A Road Show campaign was conducted in Kerala to create awareness about the Wall Putty Token Scheme and strengthen the brand presence of JK Wall Putty. Spread across 30 days, the focus of the campaign was on enrolling the applicators for the scheme and helping them redeem the token. The activity covered 11 districts and the team interacted with over 500 painters and conducted 52 Counter Service Meets. Besides this, a telecaller contacted 1658 painters across Kerala during the campaign and briefed them about the token scheme. Following this activation, the Brand was able to derive a lot of mileage on the awareness and sales conversion front.



▶ Road Show Campaign – Kerala (Wall Putty)

Customer Technical Services:

Customer Technical Service (CTS) 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.

CTS team has conducted more than 13000 different activities for Architect, Builders, Contractors, Engineers, Masons, Painters, Applicators, Retailers, Dealers, Stockist, Civil & Architect Students and also run innovative campaigns to create distinct brand image of for J.K. Cement in public at large.

We have also participated in 56 different Exhibitions/ Trade Fairs on pan India basis and many visitors have shown interest in our products.

Our mobile service van has covered 277 different markets with 5415 touch points which further enhanced product awareness among customers and channel partners.

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 8868, 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. We have received 795 customer complaints out of which we have given satisfactory solutions to 784 customers with the satisfaction ratio of 99%.

New Initiatives:

Sales Force Automation (SFA), an android based mobility tool, implemented in J.K. Cement. More than 600 marketing team members are using this application. The application is used for beat planning and adherence and capturing secondary sales information for further analysis and planning. It is also used to capture the customer's profile and provide a better understanding about JK Customer and Customer Universe.

The application helps in recording the Customer Voice which is addressed by concern departments through an automatic workflow system. All support team like CTS, Logistics, Branding & Accounting are connected in this platform and proving the required support to address the customer grievances without any scope of dilution.





We have a rich legacy of social development, taking care of our stakeholders and protecting the interests of communities.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) and public service are deeply embedded in our cultural fabric. Over the years, serious efforts have been directed towards making a meaningful contribution in uplifting and transforming the lives of the underprivileged.

At J.K. Cement, we participate in the holistic development of the communities in which we operate. 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. Our in-house policy for the upliftment of the masses finds reflection in a comprehensive and ongoing outreach programme, entailing participation in various social, charitable, healthcare, educational and religious initiatives.

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

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.

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 J.K. Cement, care for each and every stakeholder is part of our DNA. The areas that we focus are on enhancing employment, conserving environment, promoting healthcare and imparting education.

Given below is the break-down of major CSR initiatives areas and expenditure amount undertaken during the FY 2014-15 period:

CSR Initiatives - FY 2014-15	Total Expenditure (Lakhs)
Charity and Donation (Donation to Sir Padampat Singhanian University)	200
Education Services and Assistance	100
Rural Community Development Projects	58
Miscellaneous (Healthcare Services, Medical Aid & Treatment, Road Development, Temple Development, Sports Promotion etc.)	157
Total	515

In total we spent 5.15 crore and significant time and effort towards community development and charitable initiatives during FY 2014-15. Details of few CSR initiatives taken by our plants during the FY 2014-15 period are as following:

Cleanliness Drive

- Gotan employees organised a cleanliness drive and planted trees at the Gotan Railway station to create cleanliness' awareness and development a green belt.
- Nimbahera and Mangrol plant employees volunteered for cleanliness drive as part of PM's Swatchh Bharat Abhiyan.

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, dental checkup, special camps for women etc. are taken up by our plants from time to time.

Community Infrastructure Development

- Responding to the local community's need JKWC Gotan contributed towards and supervised the construction of boundary wall around the cremation yard in Gotan.
- Mangrol plant contributed towards construction of public toilets in village Mangrol under the Nirmal Bharat Abhiyan.
- Gotan plant contributed towards construction of railway platform and fixing of benches for the public use.



► Swachh Bharat Abhiyan at Gotan Railway Station



► Plantation Drive at Gotan Railway Station



► Blood Donation Camp at Muddapur



► Medical Camp at Nimbahera / Mangrol



► Construction of Boundary Wall at Cremation Ground near Gotan



► Construction of Railway Station and Fixing of Benches at Gotan

Blood Donation Camps

As a responsible citizen, J.K. Cement plants regularly organise blood donation camps in association with local blood banks and medical centres for collection of blood. J.K. Cement employees contribute actively in these drives along with their families and local community members.

Education – Our Continuous Focus Area

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 Singhania University at Udaipur and L.K. Singhania Education Centre (CBSE-affiliated co-educational school) at

Gotan has played a key role in helping shape the country's knowledge potential.

Besides running our own educational institutes, our plants are also supporting local community educational institutions and providing support in form of distribution of books, cloths and transport for school children.

Vocational Training

Creating employability for the country's youth is a vital cog in the community development vision of J.K. Cement Limited. 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.



▶ LK Singhania Education Center (Gotan)



▶ Distribution of School Uniforms by Nimbahera plant



▶ Sir Padampat Singhania University (Udaipur)

Assurance Statement



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Independent Assurance Statement

Ernst & Young LLP (EY) was engaged by JK Cement Limited (the 'Company') to provide independent assurance on its Sustainability Report 2014-15 (the 'Report') covering the Company's sustainability performance during the period 1st April 2014 to 31st March 2015.

The development of the Report based on the Global Reporting Initiative (GRI-G4) Guidelines; its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Assurance standard

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

Scope of assurance and methodology

The scope of our work for this assurance engagement was limited to review of information pertaining to environmental and social performance for the period 1st April 2014 to 31st March 2015. We conducted review and verification of data collection/ measurement methodology and general review of the logic of inclusion/ omission of necessary relevant information/ data and this was limited to:

- Review of consistency of data/information within the report as well as between the report and source;
- Verification of the sample data and information reported at the following units/ locations:
 - Gotan (Rajasthan)
 - Nimbahera (Rajasthan)
 - Mangrol (Rajasthan)
 - Corporate office at Kanpur (Uttar Pradesh)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation;
- Review of the Company's plans, policies and practices, pertaining to their social, environment and sustainable development, so as to be able to make comments on the fairness of sustainability reporting.

Limitations of our engagement

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2014 to 31st March 2015);
- Review of the 'economic performance indicators' included in the Report which, we have been informed by the Company, are derived from the Company's audited financial records;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention;

Assurance Statement



Our assurance team and independence

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

Observations and opportunities for improvement

During our review process, we observed that:

- The Company has compiled the Report on the basis of 'in accordance-core' criteria of GRI G4 Guidelines of the Global Reporting Initiative;
- The Company may further strengthen overall internal data collection and review mechanism for sustainability performance indicators.

Conclusion

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

Ernst & Young LLP



Sudipta Das
Partner

Dated: 02 July, 2015
Place: Gurgaon, India

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	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organisation. In these circumstances, the organisation may elect to add a specific reference to where the relevant information can be found.	In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted.	In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.	In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted.	Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.

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