

Management Discussion & Analysis



Muddapur Plant

World economy overview

The world economy has shown a remarkable resilience, with global growth registered 3.3% in 2024. The stability has been underpinned by continued disinflation, softening commodity prices and monetary easing in many countries. However, ongoing conflicts, geopolitical tensions and US tariff war/reciprocal tariffs as well as climate risks, pose significant challenges in the future. The pace of growth remained divergent, with the US performing better than anticipated while growth in the Eurozone remained soft. Among the developing economies, China's growth remained moderate while India continued to remain one of the fastest-growing major economies in the world.

Driven by tariff uncertainties and continued geopolitical conflicts, global economic growth is expected to further soften at 2.8% in 2025.

The US economy will likely grow by 1.8% in 2025, lower than the previous year's base. The outlook is positive, supported by proposed tax cuts and deregulation, which are expected to bolster business and consumer confidence. However, potential tariffs, tighter immigration policies leading to labour supply constraints and weaker domestic demand, and high interest rates pose downside risks, limiting growth momentum.

In the Eurozone, real growth is projected to accelerate to 1.2% in 2025 as inflation and interest rates moderate, but the recovery remains fragile. Germany's industrial downturn and weak exports continue to drag on regional performance. Further, political instability in Germany and uncertainties from France lead to lower investment growth in the region. The UK economy is set to gain momentum and is likely to grow by 1.1 % in 2025, supported by higher public spending, softening monetary policy and rising real wages, which will lead to increased consumer demand.

Developing and emerging economies continue to have a generally positive but mixed outlook, with India likely to grow at 6.2% in 2025 and remain at the forefront, driven by resilient private consumption growth, solid public spending, and rising public investment. China will likely grow at a slow pace of 4% in 2025, mainly due to escalating trade tensions with the US, the lingering property crisis, and weak domestic demand. To offset the impact, stimulus measures, including rate cuts, fiscal aid and debt relief, aim to offset these headwinds.

3.3%

Global economic growth in 2024

Indian economy overview

India's gross domestic product (GDP) has more than doubled over the last ten years, increasing from \$2.1 trillion in 2015 to \$4.3 trillion in 2025, representing a growth rate of 105%. The growth has positioned India as the fifth-largest economy in the world. According to the IMF, India will likely surpass Japan's current GDP of \$4.4 trillion by 2025, and by 2027, it will surpass Germany, the third-largest economy.



Nimbahera Plant

Indian cement industry overview

Cement demand registered a moderate growth of 4-5% in FY2024-25, following a healthy 11% CAGR growth from FY2022-24. This moderate growth was primarily due to a high base from the previous fiscal year and a slowdown in construction activity during the first half of the current fiscal year owing to an extended heatwave and labour unavailability due to elections. Furthermore, in FY 2025-26, cement demand growth is expected to rebound by 6-7% owing to traction from the infrastructure and rural housing segments.

Capacity addition during the current year is ~30 MTPA, and over a period of the next five years (FY 2025-26 - FY2029-30), large players with healthy balance sheets will lead capacity additions, and the cement industry would likely add another ~230 MTPA to reach ~900 MTPA with capacity utilisation rising to ~75% in the longer run.

The end-use sector mix within the cement industry primarily comprises housing (56-58%), which remains the leading segment in cement demand, followed by infrastructure (29-31%) and then industrial/commercial (13-15%) segments. The share of the infrastructure segment in cement demand has been increasing over the past decade, mainly due to a surge in the government capital expenditure in the infrastructure segment. The infrastructure segment's share has doubled from 11-13% in FY2012-13 to 29-31% in FY 2023-24 with corresponding reduction in share of housing, industrial and commercial demand. Going forward, we expect the infrastructure segment share to rise further to 32-34% by FY 2028-29 due to the continued increase in central and state capital expenditure on roads, railways, metros, airports, and irrigation.

~30 MTPA

Capacity addition during FY 2024-25

STATUTORY REPORTS

The Indian Government announced a series of measures in the Union Budget for FY 2025-26, which would boost cement demand substantially:

To expedite the completion of 1 Lakh distressed dwelling units, the Government established the second tranche of a special window for the affordable and mid- income housing (SWAMIH II) Investment Fund for ₹15,000 Crores. This would address the challenges faced by stalled residential projects in affordable housing schemes.

₹15,000 Crores
Allocation in SWAMIH II fund in Budget 2025-26

The budgetary allocations for PMAY Urban and Urban 2.0 increased by 54% from ₹15,170 Crores to ₹23,294 Crores . The Pradhan Mantri Awas Yojana-Urban (PMAY-U), 'Housing for All', is an affordable housing scheme implemented in 2015. As of March 2025, a total of 11.9 million units have been sanctioned of which ~9.2 million houses have been constructed while ~2.1 million houses are under various stages of construction.

₹23,294 Crores
Allocation in PMAY 2.0 in Budget 2025-26

The budgetary allocation for PMAY - G increased by 69% from ₹32,426 Crores to ₹54,832 Crores. The Union Cabinet approved implementation of additional 20 million houses over FY 2024-25 to FY 2028-29. As of March 2025, a total of ~35.6 million units have been sanctioned, of which, construction of ~27.2 million have been completed and ~8.4 million units are under construction.

₹32,426 Crores
Budgetary allocation for PMAY - G

The infrastructure segment will expand its share with the government focusing on infrastructure spending. Ministry of Road Transport Highway to get highest capex allocation in Budget of ₹2.87 Lakh Crores. Within infrastructure, roads have been the largest contributor to cement demand, followed by railways, irrigation, and urban infrastructure. Led by government spending, primarily across its flagship schemes, such as PM Gati Shakti, National Infrastructure Pipeline, development of roads, railways, metros, airports, port connectivity, tourism infrastructure and dedicated rail corridors for the energy, mineral and cement sectors, the infrastructure sector is expected to continue its growth momentum.

₹2.87 Lakh Crores
Allocation towards Ministry of Road Transport Highway in Budget 2025-26



Mangrol Plant

Performance – India operations

Industry margins improved significantly in the second half of FY 2024-25 mainly due to an increase in the pent-up demand after the monsoon and elections in many states, along with an increase in the demand from the infrastructure segment. These factors led to cement demand growing in mid-single digits over last financial year.

Operational and financial performance (Standalone)

- Grey cement, white cement and wall putty production volumes increased to 19.47 MTPA against 18.57 MTPA in FY2023-24, registering a growth of 5%
- Revenue from operations grew by 2% to ₹11,093 Crores from ₹ 10,918 Crores in FY2023-24
- EBITDA decreased by 1% to ₹1,978 Crores from ₹2,005 Crores in FY2023-24
- Net profit increased 5% to ₹870 Crores from ₹831 Crores in FY2023-24

Expansion and acquisition in the grey cement business

- **Expansion:** The Prayagraj Grinding Unit (Uttar Pradesh), with a capacity of 2.0 MTPA, was commissioned in June 2024, within ten months from the start of work and achieved an 80% capacity utilisation during the second half of FY 2024-25. An additional 6-MTPA capacity expansion with clinker line 2 in Panna and the split grinding unit in Bihar is progressing per schedule and is expected to be commissioned in FY 2025-26.
- **Acquisition:** The Company's Board has approved the acquisition of 60% stake in Saifco Cements Private Limited, with a clinker capacity of 0.26 MTPA and grinding capacity of 0.42 MTPA in Srinagar (Jammu and Kashmir), subject to fulfilment of precedent conditions.

JK Cement's acquisition of Saifco Cement marks the first significant investment by a national player in Jammu and Kashmir's cement sector.

JK Cement's sustainability journey

JK Cement has taken significant steps to align with global sustainability goals, contributing to India's vision of a greener future, and it is committed to sustainable growth for nation-building. JK Cement's sustainability framework is built on four fundamental pillars: climate, waste as a resource, environment, and people and communities. These pillars align with its strategic interventions and support the major United Nations Sustainable Development Goals. The Company's key focus areas for decarbonisation, mainly include reducing the clinker factor, replacing fossil fuels with alternative fuels and raw materials (AFR), shifting towards green power, improving energy efficiency, and expanding its green initiatives. The Company is transitioning towards low-carbon products and technologies that contribute to India's net-zero target by 2050.

Performance across major sustainability KPIs

- **Green energy:** The Company targets to increase the proportion of green energy in the overall energy mix from 19% in the base year of FY 2019-20 to 75% by FY 2029-30. As of FY 2024-25, JK Cement's green energy mix was 51% [waste heat recovery system (WHRS): 35.5%, captive renewable energy (RE): 4.0% and purchased renewable energy: 11.5%]. JK Cement is investing in expanding the capacity by installing and upgrading the existing WHRS and increasing the consumption of RE with new power purchase agreements (PPAs). Currently, JK Cement has ~274 MW of power purchase agreement (PPA) signed for solar and wind power, which is a testament to the Company's commitment of using 75% green power by FY 2029-30. These initiatives would reduce JK Cement's dependence on fossil fuels, lowering its overall GHG emissions significantly.
- **Circular economy:** As part of the Company's commitment to conserve natural resources and reducing carbon emissions, JK Cement adopted a circular economy approach by reducing clinker consumption by using industrial waste from power and steel plants, such as fly ash and slag. This approach allowed JK Cement to conserve natural resources like limestone and significantly lower the carbon intensity of cement production.
- **Thermal substitution rate:** In addition to resource conservation, the Company has embraced the strategy of converting alternate waste to energy. This is achieved through increasing the waste utilisation rate, known as the thermal substitution rate (TSR). This approach reduces JK Cement's reliance on fossil fuels, decreasing overall carbon emissions. During FY 2024-25, the Company's TSR stood at 11.34% with a target of 35% by FY 2029-30.

STATUTORY REPORTS

- **Water stewardship:** Water is a critical natural resource and JK Cement optimises its use across its operations. Consequently, the Company has significantly improved its water positivity, increasing from 3.2x in the base year FY 2019-20 to 4.7x times in FY 2024-25. This improvement has been achieved through the adoption of water-efficient technologies such as replacing water-cooled condensers with air-cooled ones, reducing water usage at all of JK Cement's power plants. Additionally, the Company has increased aquifer recharge efforts within and beyond its operational boundaries. The Company's goal is to become five times water positive by FY 2029-30, reflecting its commitment to sustainable water management. Furthermore, JK Cement is working to preserve natural habitats and has adopted the Miyawaki method to create dense, self-sustaining ecosystems that enhance dust absorption, temperature regulation and soil fertility, while also improving water retention. The Company has also developed a biodiversity park in Chittorgarh district, serving as a favourable habitat for flora and fauna and a natural carbon sink, reflecting JK Cement's efforts to conserve regional biodiversity. In FY 2024-25, the Company planted around two Lakh saplings with a survival rate of 85%. JK Cement's commitment to sustainability is reflected in its Dow Jones Sustainability Index (DJSI) score of 68, placing it in the top tier of companies in the Indian cement industry. JK Cement's efforts were recognised at a national forum by Business World, when it recognised the Company as the one of the top three sustainability companies in the cement sector and the 49th ranked sustainability company in the Indian manufacturing sector.
- **Roadmap to net zero:** The anticipated GHG emissions from the cement plant is due to production processes, vehicles, fuel burning, and purchased electricity. JK Cement being a member of the Global Cement and Concrete Association is engaged in the recent net-zero roadmap that has been released. The Company's targets align with the context of the Indian Government's 2070 vision. JK Cement's near-term targets are validated and approved by SBTi (Science Based Targets Initiatives).

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Digital transformation in 2024

Successful migration of SAP from ECC to S/4 HANA on rise: We successfully migrated transition from its core enterprise resource planning (ERP) system of SAP ECC 6.0 to the advanced SAP S/4HANA platform. The ERP system upgrade encompassed the smooth and efficient integration of SAP S/4HANA with 23 peripheral applications through the capabilities of the S/4HANA Integration Suite, ensuring a cohesive and interconnected digital ecosystem. The strategic transition to SAP S/4HANA yielded substantial improvements in operational efficiency and data management practices. Quantifiable benefits realised include a significant 70% reduction in the volume of master data, an impressive 80% decrease in the reliance on custom-developed functionalities, and a remarkable 90% reduction in the number of open transactions. These improvements collectively contribute to a modernised, streamlined, and significantly more efficient digital foundation for JK Cement's future operations and growth. We digitally transformed grey business unit by strategically implementing a common application platform across the business. This adoption underscores JK Cement's commitment to cutting-edge software solutions for improved performance and customer engagement. By consolidating critical business functions onto a single platform, it has eliminated data silos, fostering a streamlined and cohesive operation.



These applications seek to bolster key business aspects:

1. **Sales force automation (SFA):** Optimises sales processes with tools for lead/opportunity management, interaction tracking, and forecasting, centralising operations for enhanced efficiency
2. **Distributor management system (DMS):** Facilitates digital communication, collaboration, and performance monitoring with distributors, streamlining order management and reporting
3. **Lead management system:** Captures, qualifies, nurtures, and converts leads with features like automated scoring, intelligent routing, and personalised communication
4. **Customer loyalty programmes:** Integrates bespoke programmes to cultivate stronger customer relationships and encourage repeat business
5. **Unified marketing communication:** Centralises marketing activities within Salesforce, integrating planning, execution, and tracking across channels for consistent messaging
6. **Personalised recommendation engine:** Leverages Salesforce's analytical capabilities to deliver tailored product and service recommendations, enhancing engagement and driving sales

This implementation enhances JK Cement's efficiency and agility. Automating processes reduces manual effort and errors, while improved data visibility supports informed decision-making. The unified platform streamlines collaboration with partners, enhancing communication and market responsiveness. This successful digital transformation positions the grey business for sustained growth in the digital marketplace, providing a scalable foundation for future advancements.

Similarly, White JKONE is a single, ground-breaking platform integrating Salesforce automation (SFA) and a distributor management system (DMS), tailored for the white cement and paints industry. This innovative solution provides a holistic digital ecosystem, empowering stakeholders across the value chain with unprecedented efficiency, agility, and insight.

The DMS module equips distributors with tools to optimise operations and improve efficiency, including streamlined order management and comprehensive financial control.

The SFA module optimises daily activities and gathers data-driven performance insights. Key features include intelligent route planning, performance analytics, streamlined order execution, and automated attendance management.

JKONE's power lies in its unified SFA and DMS modules. This integration delivers synergistic benefits unattainable with disparate systems, including:

- **Significant productivity gains:** Streamlined processes, automated tasks, and instant information access boost productivity for sales teams and distributors
- **Empowered data-driven decision-making:** Robust analytics provide a unified view of sales, distributor performance, and market trends, enabling informed decisions.
- **Accelerated sales revenue growth:** By equipping sales teams, optimising distribution, and facilitating targeted promotions, JKONE drives increased sales and market share.

Furthermore, the Company implemented TIA, a comprehensive chatbot streamlining HR and employee processes by centralising knowledge access. TIA offers quick access to payslips, leave management, ticketing for various services, attendance summaries, bonafide and address proof requests, visa application assistance, personal information updates, the employee directory, and holiday calendar information. This chatbot will enhance efficiency and convenience for all employees.

STATUTORY REPORTS

As the world becomes increasingly digital, safeguarding JK Cement's information and assets is more critical than ever. The JK Cement Information Security (Infosec) team has been working diligently to enhance its defences against evolving cyber threats. Some of the key achievements aimed at strengthening organisational security, include:

- Implementation of a data leak prevention (DLP) system is proposed to mitigate the increasing risk of data breaches involving the theft or exposure of confidential information. This system will safeguard JK Cement's data through the following measures: restriction of data uploads to unauthorised third-party cloud applications, prevention of confidential e-mail communication with competitors, prohibition of inappropriate transmission of sensitive data via e-mail, enforcement of encrypted USB drives for legitimate exceptions, and limitation of print screen functionality when accessing confidential data.
- JK Cement has enhanced its IT security by upgrading perimeter security with next-generation firewalls across all locations. Recognising persistent threats, comprehensive cyber and crime insurance has been secured to transfer 97% of potential financial risk from cyberattacks or crime. Furthermore, a privileged access management (PAM) solution has been implemented to control, monitor, secure, and audit privileged user access, mitigating the risk of credential theft and misuse, which industry reports suggest is a factor in a high percentage of breaches.
- JK Cement's IT security team conducts bi-annual breach attack simulations (BAS) for proactive security testing, benefiting infrastructure assessment, uncovering hidden weaknesses, and enabling proactive mitigation. The successful cybersecurity awareness month (October 2024), a Company-wide campaign, including Dubai-based employees, resulted in a 90% decrease in phishing susceptibility and will be continued annually to build a security-conscious culture.

These achievements represent significant steps forward in protecting JK Cement's valuable information, infrastructure, and reputation. Security is a continuous journey, and these implementations provide a stronger foundation for the JK Cement's information security team's ongoing efforts.

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Human resource development

The year gone by has been one of transformation, resilience and laser sharp focus for the Company's human resource function. The function continued to serve as a strategic enabler of organisational performance and agility. With a keen emphasis on talent development, inclusion, digital transformation and employee engagement, HR played a critical role in supporting business continuity and growth.

Celebrating people, progress, and purpose

During FY2024-25, JK Cement proudly commemorated Samman, its signature employee and business partner association and commitment programme along with the grand celebration of the 140th year anniversary of the JK Organisation, 50 year anniversary of the JK Cement Nimbahera plant and 40 year anniversary of the Gotan plant. This milestone reflects the Company's enduring legacy, unwavering commitment to excellence, and sustained growth over more than a century while reaffirming the Company's dedication to innovation and future success. The celebration honoured JK Cement's heritage, achievements, and the collective contributions of its employees, partners, and stakeholders who have been instrumental in the Company's journey. This was a year of celebration of diverse achievements for JK Cement.

Recognised as Great Place to Work® for six consecutive years

We are proud to be recognised for the sixth consecutive year as a Great Place to Work®, a testament to the Company's efforts in cultivating a work culture grounded in trust, fairness, respect, camaraderie and pride. The annual performance appraisal cycle was successfully concluded on 31st March 2025 like last year, reinforcing its commitment to a structured, on time and merit-based evaluation system. This has made us stand out in the cement sector and in the overall manufacturing sector.

Driving diversity and inclusion

JK Cement's talent acquisition team played a pivotal role in optimising the recruitment mix to effectively support business as usual and new areas of strategic growth. Notably, the Company saw an encouraging increase in female representation among graduate engineer trainees (GETs) and management trainees (MTs), many of whom are managing roles that traditionally lacked gender diversity. Our overall female representation reached ~5%. By recruiting nine individuals with disabilities in the workforce, we set another milestone in the Company's journey of building an a stronger and inclusive organisation.

Training and development

This year also saw the launch of a structured integrated learning ecosystem, designed to build capabilities across all levels of the organisation. We saw a clear uptick in training person-hours from two to three people underscoring JK Cement's commitment to continuous upskilling.

Leveraging digitalisation

A major leap in this HR transformation journey was the introduction of artificial intelligence in operational HR processes. Our digital HR assistant Tia, manages several transactional processes, allowing for faster, consistent and more efficient service delivery to employees.

Leadership development

We have been a firm believer of promoting internal talent and providing early growth opportunities to its employees. Our key leadership positions are being manned by the talent, which has been nurtured by the organisation internally. To cultivate strong and effective leaders who can drive business success, foster a positive organisational culture, and ensure the Company's long-term growth and sustainability, we, at JKCL, have designed a robust leadership development framework comprising a bouquet of leadership development programmes for the Company's employees across various levels of the organisation.

Employee experience

JK Cement believes in the philosophy of ELCG (Experience, Learn, Contribute and Grow). Our actions are continuously oriented towards creating great experiences for the Company's people, helping them learn and grow within the organisation and developing a 'structured career progression' for the Company's employees. This approach



also includes enabling employees to contribute to the well-being of themselves, organisation and society to ensure growth for all stakeholders.

Transparent communication

Communication and listening has always been an area of the Company's focus for this year. At JK Cement, Samwaad, the leadership townhall, testifies the Company's deep-seated commitment to foster a culture of transparency, mutual understanding, and robust two-way communication between its leadership and its most valuable asset – its employees.

Rewards and recognition

We have a centralised reward and recognition scheme named, Protsahan. Introduced to appreciate and recognise individual and team contributions, Protsahan ensures that the Company's employees feel valued for their contributions. Till now, we have awarded nearly 500 employees under various categories.

Way ahead

As we look ahead, the Company's HR function remains committed to nurturing a workforce that is agile, inclusive and equipped for the future. Our continued investment in people, technology and policies will remain central to the organisation's long-term success.

4,854
Permanent workforce as on 31st March 2025

Internal controls

The Company has a robust and well-embedded system of internal controls which are commensurate with the nature of its business, the size and operational complexity and such internal financial controls with reference to the Financial Statements are adequate. The Internal Audit function provides assurance to the Board regarding the adequacy and efficacy of internal controls, advises management on the changing risks and controls landscape and helps anticipate and mitigate emerging risks. The internal audit plan focuses on critical risks that matter and is aligned with the business objectives. Progress to plan and key findings are reviewed by the Audit Committee each quarter. Further, the Audit Committee also monitors the status of management actions following the internal audit reviews. The Company's focus continues to be on embedding technology like data analytics, process mining, and continuous control monitoring in all internal audit work procedures.