

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

I am happy to report a remarkable year for J.K. Cement. During this year, our Company reached the billion-dollar mark.

Despite demonetisation presenting some challenges, we registered higher sales of ₹ 4,327.04 crore during FY 2016-17 vis-à-vis ₹ 4,096.98 crore in FY 2015-16. We achieved highest ever EBIDTA of Rs. 734.3 crore (₹ 519.89 crore in 2015-16). Our net profit peaked at ₹ 259.58 crore and our earnings per share reached ₹ 37.12.

Our growth is a testament to our persistent efforts in cost reduction, brownfield expansions and other efficiency initiatives. As a next step, we have also initiated other pan-organisational improvement processes through Project Nirmaan, brand positioning and team building exercises.

PROJECT NIRMAAN

Project Nirmaan is the outcome of our 'One Group' vision to bring greater business alignment across the Company. The project focuses on business and technology transformation, along with process reengineering. Its primary objective is to develop best-in-class processes and technology capabilities, resulting in a complete state-of-the-art 'digitalisation' across the Group. Project Nirmaan aims to build a future-ready organisation that will deliver bottom line value. The main highlights of the project are:

- **Customer first approach:** Gain a deeper understanding of our markets and customers to deliver an improved experience for them.
- **Manufacturing excellence:** A people-focused strategy to bring about higher levels of production efficiency through stronger technical know-how and frontline leadership.
- **Streamlined distribution and logistics:** Strengthen our logistics with real-time data leading to an increase in dispatches, strong alignment of channel objectives, and targets and improved customer service.
- **Better cost management:** Centralisation of procurement and streamlined processes to bring about economies of scale for better cost management, efficiencies in inventory management and increased governance.



OUR GROWTH IS A TESTAMENT TO OUR PERSISTENT EFFORTS IN COST REDUCTION, BROWNFIELD EXPANSIONS AND OTHER EFFICIENCY INITIATIVES. AS A NEXT STEP, WE HAVE ALSO INITIATED OTHER PAN-ORGANISATIONAL IMPROVEMENT PROCESSES THROUGH PROJECT NIRMAAN, BRAND POSITIONING AND TEAM BUILDING EXERCISES.



Sales

₹ **4,327.04** crore

FY 2016-17



EBIDTA

₹ **734.3** crore

FY 2016-17



- **Real-time financial analytics and governance:** Improved financial reporting and real-time analytics and KPIs through SAP to enable effective decision-making across the organisation; and data capturing process to increase individual and group-wide accountability.
- **Focus on Talent:** Providing more opportunities to our talent pool.

BRAND PROMISE

Our new brand philosophy ('Suraksha Ka Naya Chinh') positions the brand as a protector, providing safety, the nation can rely upon. The new branding is designed to ensure consumers that structures built with J.K. Cement remain safe for generations.

We have left no stone unturned in making this re-branding effort a success. A TVC has been launched across major TV channels, and a social media buzz has been generated.

OUR TEAM

Our teams continue to drive the organisation forward, despite challenges in a largely volatile business environment. We are committed to invest in building the capabilities of our people and to align their career aspirations with the larger objectives of the organisation. Our various employee engagement programmes enhance 'team bonding' and help us to move forward as a cohesive force.

In FY 2016-17, we have embarked upon the journey of digital enablement of business. We have launched the MyJKC Portal, with a primary objective to provide single gateway to J.K. Cement Ltd. employees. The portal will help our people get the latest updates, information, and a facility to operate through various workflows in general. This will encourage employees to interact and share information in a structured yet informal and inspiring way. This will result in improving the overall working environment of our Company, leading to increased efficiencies at J.K. Cement Ltd.

PROTECTING ENVIRONMENT AND COMMUNITIES

We undertook various initiatives to reduce our environmental footprint and grow sustainably. We were the pioneers in India to install a waste heat recovery power plant to manage our power requirements and have invested significantly in green power generation programme (23.2 MW). We are firmly committed to enhance sustainability of the environment and the communities around us. Besides, we contribute to holistic development of communities through need-based interventions in the realms of healthcare, education, sports and culture.

ROAD AHEAD

India continues to be one of the fastest growing economies of the world; and the government's consistent focus on institutional reforms and infrastructure creation will augur well for the economy, going forward. It is worthwhile to mention in this context that the government is committed to ensure time-bound creation of world-class infrastructure in the country.

Moreover, the Union Budget for 2017-18 has allocated infrastructure status to affordable housing. This will bolster the cement industry further, as the housing sector alone consumes 67% of the cement produced in India. Besides, the government is focusing on the nationwide rollout of the Goods and Services Tax (GST) from July 2017. This indirect tax framework will be a game changer for organised players like us, as it will lead to greater formalisation and consolidation of the sector.

Several other government initiatives like Pradhan Mantri Gram Sadak Yojana involves concretisation of rural and semi-urban roads; while the Swachh Bharat Abhiyan focuses on the construction of toilets in semi-urban and rural areas. These are likely to drive cement demand further.

India's infrastructure growth story, backed by the aspirations of a billion-plus population, makes us upbeat about the future. Supported by our capacities, cutting-edge technology, access to quality raw materials, highly skilled workforce, extensive marketing and distribution network and strong brand recall, we are poised to grow sustainably; and co-create value for the nation and all our stakeholders.

We are also consistently evaluating various opportunities for brownfield or greenfield expansion and will soon put in place a firm plan of action. Moreover, we are in the process of introducing new value-added products. We are growing from strength to strength, building for tomorrow.

On behalf of the Board and the entire management team, I want to thank all our stakeholders for supporting our vision.

With warm wishes,

Yadupati Singhania

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Chairman and Managing Director