

Performing in another year of resilience



Niles Narwekar

Dear Stakeholders,

The past year has been challenging on many fronts for all sectors across the economy. The rising geopolitical tensions have resulted in several disruptions, post the COVID-19 scenario. However, at JSW Cement, we could successfully navigate the year given our perseverance and have showcased resilient performance throughout the year.

The first half of FY 2021-22 posed several obstacles in the external environment that challenged businesses and communities alike. A severe second wave of the pandemic, higher commodity prices and supply chain disruptions significantly strained our performance and posed several risks to growth. Further, due to increased competition in our core markets, we witnessed price erosion during the third quarter, which also impacted our volume growth. Though demand and performance picked up in the fourth quarter, the Russia-Ukraine conflict led to an increase in fuel and energy prices and together with various supply chain bottlenecks distressed the cement industry at large.



At JSW Cement, we strived to get ahead of the odds and were able to tide over these challenges to emerge stronger. We could perform reasonably well across key indicators and even marginally improve our overall cement sales. We could achieve this with a razor-sharp focus on efficiency and customer relationships and by building well on the India's growth opportunity.

Progressing on our strategic priorities

Even as we focussed on navigating a challenging year, we continued to deliver on our key strategic priorities. From a capacity standpoint, we have added grinding capacities at Vijaynagar (3.2 to 4 MTPA), at Salboni (2.4 to 3 MTPA and on course to add 0.6 MTPA in Q1 FY 2022-23) and increased capacity through operational enhancements at Dolvi (2.2 to 2.5 MTPA).

As of end of FY 2021-22, we have a capacity of 15.1 MTPA, which we intend to increase to 21 MTPA by the end of FY 23. We have also begun capacity expansions at Dolvi, Vijaynagar, Salem and are in the process to increase grinding capacity through operational enhancements at Jajpur.

To drive our competitiveness in the East Zone, we are in the process of commissioning a new Clinker unit of 1.36 MTPA at our subsidiary - Shiva Cement by end of Q2 FY 2022-23. At Nandyal, we are in process of adding 30% more clinker capacity through de bottlenecking, increase the usage of alternate fuels and install Waste Heat Recovery System which will make us least cost producer of cement.

Enabling end-to-end digital solutions

One of the key enablers of our business is digitalisation. Integrating digitalisation into every aspect of our business, especially sales & marketing (through the Saathi App, Dealer app & Non trade App) and logistics (Logistics Control Tower), is helping us move forward at a fast pace. We have built on our existing applications and are leveraging data analytics to build new capabilities. This has been done with an objective of empowering our workforce to make smarter, quicker decisions by transforming data into an accessible and reusable asset. We are also in the process of embedding artificial intelligence, predictive analytics and collaborative robotics to support factory automation and end-of-line customisation.

1/3 of the world average

Specific Net CO₂ emissions intensity

Innovation and sustainable growth

Our commitment to making superior, industry-leading products have led us to launch 'Power Pro' Cement during the year, an environment-friendly cement powered with high strength, resistance to aggressive chemicals and superior durability.

Sustainability has been one of the foundational pillars on which JSW Cement was conceptualised and established. In the year, JSW Cement was honoured to earn the prestigious sustainability award at the 16th CII-ITC Sustainability Awards 2021 for environment excellence, in recognition of our consistent efforts to promote sustainability. We also received the special recognition from Government of India - Ministry of New & Renewable Energy for our presentation of Energy Compact to the United Nations high-level dialogue on energy and contributing to India's energy transition.

Since 2019, we have disclosed our climate data to Carbon Disclosure Project (CDP) and in the last 3 years, we have improved our ratings every year, from C to B- to B in the year 2021. We are striving to further improve it through more transparent and detailed disclosure this year.

In line with our commitment to Net Zero future, we have recently committed to the Science Based Target initiative (SBTi), signed the CII's Climate Charter and joined UNIDO's Industrial Deep Decarbonisation Initiative and CII's Indian Business Biodiversity Initiative (IBBI) to demonstrate our commitment towards biodiversity conservation.

Our Specific Net CO₂ emissions intensity is 216 kg CO₂/tonne of cementitious material during FY 2020-21, which is ~1/3 of the world average and ~38% of India average. This showcases our unwavering commitment towards decarbonising our operations. Around 88% of our product portfolio is blended cement and cementitious products,

MESSAGE FROM THE CEO



making us an inherently greener cement business. Moving forward, we are foraying into increasing the share of alternative fuels and raw materials used, by enhancing our Renewable Energy (RE) portfolio through captive solar and wind power plants and installation of Waste Heat Recovery Systems (WHRS).

In the year 2021-22, we have consumed ~6 million tonnes of waste derived resources primarily comprising slag but it also includes fly ash, artificial gypsum, flue dust, red mud etc. Thus, our 2/3rd of total raw material consumption comprises recycled waste materials. With regard to alternative fuels usage, last year we witnessed an increase of Thermal Substitution Rate from 4.2% to 7.1 % due to increased consumption of industrial waste, plastics/RDF waste and biomass waste at our Nandyal plant. For this, we have consumed 35,000 T of alternative fuels and conserved equivalent amounts of coal and CO₂ emissions, thus promoting a circular economy. Our growth also accounts for encouraging rainwater harvesting, greenbelt development and biodiversity conservation, thereby driving strategic growth based on innovation and sustainability.

1.23+ Lakh

CSR beneficiaries during FY 2021-22

Due to these efforts, JSW Cement can definitely claim to be the 'World's #1 Eco-friendly cement', a testament towards our stance on imbuing sustainability ethos into the core of our business operations.

Building relationships with our stakeholders

The hard work, perseverance and passion of our employees drive our organisation forward. Their health, safety, well-being and growth continue to be our number one focus. Over the years, we have improved on our safety performance. In FY 2021-22, we were recognised with Apex India Occupational Health & Safety Gold Award 2021, which is a testament to our commitment towards ensuring the highest levels of health and safety. Even as a heavy industrial setup, our focus on diversity is unwavering. We actively advocate nurturing a diverse workforce - in terms of gender, age, geography and background. From a development standpoint, we are inculcating a culture of learning across the organisation and provide our employees with several avenues to sharpen their competencies and learn new skills. In an industry-first, to recognise the efforts of our people, we have extended the ESOP 2021 plan to all our employees. We are certain that this would motivate our people to have increased ownership of their responsibilities and deliver even better in the coming months and years.

We have launched several initiatives during the year to stay connected to our internal and external stakeholders. These include the 'We Care', an initiative to provide our employees, associates, channel partners and local communities with the essential resources and awareness necessary to sensitise individuals about COVID-19 while also aiding the Yaas cyclone victims.

We have also engaged with our channel partners through various campaigns and initiatives during the year. The Leaders Premier League V2 received a tremendous response, and we launched our first-ever loyalty program for top partners. This year, we carried forward our sales transformation journey i.e. 'Project Kshamata' by launching 'Saksham', focused on improving the capability of the sales and marketing teams. Moreover, 'Sales Gurukul' sessions have been introduced for building the overall capability of the sales and marketing teams.

We are actively contributing to the social and economic development of the communities in which we operate. We are doing so in sync with the United Nations Sustainable Development Goals (UNSDGs) to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index. Our CSR activities benefited 1.23+ lakh community members in FY 2021-22 around our facilities, ensuring the upliftment of the communities we operate in. Throughout the year, with

concerted efforts, JSW Cement taking care of well-being of the surrounding communities with special focus on health & nutrition, livelihood and education. We have reached 88,700+ community members through various health initiatives. Thus, JSW Cement today is not just a cement brand, but also a name that is synonymous with being an agent of social change and human capital.

Way forward

Going ahead, we shall continue to grow in sustainable manner, donning the mantle of the lowest CO₂ emitting cement manufacturer in the world, as we drive efficiency in our operations.

I am deeply indebted to all our stakeholders for their resolute trust in JSW Cement. We will continue to work with dedication and continue to perform better every day.

Sincerely,

Nilesh Narwekar
CEO