

ALL SET TO GO THAT EXTRA MILE

Dear Stakeholders,

I hope this message finds you all in good health and in the best of spirits. It gives me immense pleasure to present to you our second Integrated Annual Report for FY 2022-23. It shows our commitment to transparent communication with all stakeholders and also to our larger sustainability goals. The report will reflect on the remarkable journey our company has undertaken this year.

The years 2021, 2022, and 2023 have all been transformative for us. FY 2022-23, especially, was a year of preparation and well-considered investments for the future. We have meticulously set the stage; we are now ready to go the extra mile to fulfil our ambitions.

Delivering despite challenges

The past year proved to be one of contradictory trends. On the one hand, India was at the receiving end of inflationary pressures and rising input prices of coal, electricity and gypsum. The Reserve Bank of India raised rates in tandem with central banks in most parts of the world to control the spiralling inflation. And yet, India remained an outlier to the global downturn, resiliently growing at 7.2%, the fastest amongst the major economies. Even for the cement sector, volume growth was 9%, tailing demand from the urban housing sector and the government's infrastructure and rural development push.

During FY 2022-23, we sold 10.55 million tons of GGBS and cementitious material and had a y-o-y revenue growth of 25% at ₹5,837 crore, compared to the corresponding figures of 9.76 million tons and ₹4,669 crore a year ago. Our operating EBITDA also improved to ₹817 crore from ₹757 crore in FY 2021-22. However, due to a surge in coal prices that drove up our fuel and raw material bills, we saw margin compression, with the operating EBITDA margin reducing to 14% from 16.2% in FY 2021-22. Despite multiple cement price hikes and supportive demand, we were only able to partially pass on the soaring input costs. Although fuel costs have started softening in FY 2023-24, they remain at an elevated level and increase in inputs costs may pose a substantial risk.

Compared to the industry, our performance was commendable, but we fell short of our targets due to some delays in commissioning of certain projects and other challenges such as issues with clinkers in the South and the East. However, things have stabilised well, and we expect increased growth in the subsequent quarters. To reduce our dependence on coal, we are working on increasing usage of green energy and alternate fuels as well as implementing waste heat recovery systems across all clinker locations. The benefits of these measures will progressively become evident from FY 2023-24.

Ramping up our capabilities

We believe that the Indian cement sector is poised to grow exponentially in the coming years, and we are ramping up, through organic as well as inorganic expansion, to capitalise on the emerging opportunities and provide India with quality cement for its growing needs.

~₹18,000 CR

Planned investment over the next five years

This target calls for substantial investments. Over the next seven years, we will be investing ~₹18,000 crore, with an aim to ramp up capacity to 26 MTPA by 2026 and to 50 MTPA by 2030. We recently commissioned 2 MTPA grinding unit at Dolvi, taking our grinding capacity from 16.6 MTPA to 18.6 MTPA. Work at the grinding unit in Vijayanagar is also at an advanced

stage and we expect it to be completed by December 2023, taking our overall grinding capacity to 20.6 MTPA. Furthermore, work for adding a new clinker line at our joint venture company in UAE is also going ahead at full scale and speed.

During FY 2022-23, we acquired a 500-hectare limestone mine from India Cements in Madhya Pradesh, which will help us serve the Central India market more efficiently through better backward integration. We are also launching newer products; for example, we successfully entered the RMC market in Mumbai. RMC is a market that is growing faster than cement. We are also aggressively growing our construction chemicals business, which we ventured into last year.

Financing our expansion drive

We will continue to finance our growth through a mix of debt as well as equity. We raised equity for expanding capacity to 21 MTPA. However, we find the debt option within prudent limits a very attractive option for growth. We plan to go public in the near future to fund our growth plans and explore the financial flexibility of the capital markets.

We remain committed to our sustainability goals and therefore this year we sought sustainability linked loans for expansion. A loan amounting to \$50 million was raised from MUFG Bank India. This was followed in June 2023 by another SLL, amounting to another \$50 million from BNP Paribas Bank.

Ensuring greater operational efficiency

We are energised to capture the massive potential that lies ahead. Along with capacity expansion, we are making investments in kiln upgrades, alternate fuels and WHRS at Shiva Cement, Fujairah and Nandyal, which will enable us to become one of the lowest cost producers of cement from FY 2023-24. Furthermore, across all locations, we are maximising the use of renewable energy and installing solar and wind energy for our own needs.

We are working on improving our capacity utilisation to 80% while ramping up production with the aid of new capacity additions. We are focusing on both trade and non-trade segments. We also understand the importance of branding and marketing activities in improving market share. Our digitalisation strategy is helping us improve our logistics and channel management on the one hand and enhance customer satisfaction on the other. We also realise that people are core to our success. We have adopted a hire-retain-engage policy and have developed leadership and development programmes to empower employees and foster local employment.



PARTH JINDAL
MANAGING DIRECTOR



We want to gain 10% of the market share and become the 5th largest player by 2030. Our capacity expansion is geared to achieve this goal."

FROM THE MD'S DESK



The SLL raised from MUFG Bank reiterates our purpose of pursuing sustainable business growth while ensuring a sustainable future for our coming generations. We aim to be the leading flagbearer for the industry's net zero transition.”



Driving organisational synergy

Our sales are mainly derived from institutional customers, and that is where the synergy with the JSW Group comes into play. The JSW Group sells its steel, cement and paint as a one-stop shop to our institutional customers, enabling us to make huge inroads into the existing customer base and penetrate newer markets. Our digitalisation effort also reflects the drive across the Group. All our products are available on the JSW One platform.

Keeping sustainability at the core

At JSW Cement, we would like to lead the industry towards a sustainable future. We developed our first sustainable strategy, CO-CREATE, this revolves on seven pillars - Circular Economy, Climate and Energy, Research & Development, Ecosystem, Anti-bribery & Ethical Practices, Transport, Logistics and supply chain, Equality, Safety and Well-being.

We are heavily investing in the use of alternate fuel in our kilns and have plans of increasing their use from 12% currently to 30% of the fuel mix soon. Our mix of products with high proportion GBBS and green cement is a testament to our commitment of sustainability. We are further trying to increase the use of renewable energy in all our operations and have commissioned more solar energy plants during the year.

Our R&D efforts are directed towards producing zero clinker concrete and collaborations with companies like Wagner for technological advancements. We also aim to be plastic negative in the coming years.

I would like to emphasise that we are net consumers of slag. We intend to obtain certifications for concrete grades and reducing emissions. We also have collaborated with Symphony for biodegradable solutions. Our relentless pursuit of sustainability has led to substantial reductions in carbon emissions in the 'hard to abate' sector, surpassing our set targets.

Nurturing our communities

Health, education and sanitation are our key focus areas towards nurturing and uplifting the community. We train rural children at the JSW Football Academy in Salboni. One such player was recently selected by the Mohunbagan club to play football. We could turnaround Shiva Cement due to our CSR activities, through which we were able to connect with the local community.

Looking ahead with optimism

We are driven with the aim of contributing to nation-building. We wish to create a lasting impact on the industry through our role as India's top green cement manufacturer. Going forward, we assure our stakeholders that we will grow our business sustainably, backed by our unwavering focus on ESG parameters.

I extend my heartfelt gratitude to our dedicated team, esteemed Board members, valued investors, loyal customers, supportive partners, and the communities we serve. Your unwavering support has been the bedrock of our success.

Your Company is on a trajectory of sustainable growth, and together, we are ushering in a brighter, greener, and more prosperous future.

Thank you

PARTH JINDAL
Managing Director