

# GROUND VIEW



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LET'S MAKE MONEY IN THIS BUSINESS!

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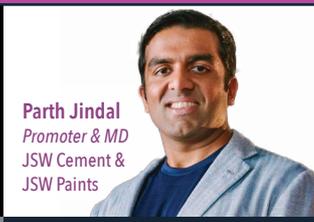
SIR, WE WILL LOSE MARKET SHARE

# BUSTING MYTHS!

## SUPPLY-CHAIN THESIS V.4.0



**Achaljeet Singh Bhatia**  
President  
Chhattisgarh Cement Transport Welfare Association (CCTA)



**Parth Jindal**  
Promoter & MD  
JSW Cement & JSW Paints



**Shrivats Singhania**  
Promoter  
JK Lakshmi Cement & Udaipur Cement Works



**Arun Kumar Shukla**  
President & Director  
JK Lakshmi Cement

INTERACTION

INTERVIEWS

## INTERVIEW: **Mr. Arun Kumar Shukla**

President\* – JK Lakshmi Cement Limited (JKLC)

*\*He is also appointed as a Director on JKLC's Board of Directors - designated as President & Director of JKLC, for a term of three years with effect from 1st August 2022.*



Mr. Arun Kumar Shukla, 53, is the next leader-in-charge for JK Lakshmi Cement for its day-to-day operations. He joined JKLC on 8<sup>th</sup> February 2021, as its President and with a clear mandate from JKLC promoters to transform JKLC into one of the most valuable companies in the industry. Mr. Shukla, an engineer by profession, has an experience of nearly three decades in various building material industries like Steel, Ready-Mix Concrete and Cement. Mr. Shukla enjoys many industry credits to himself including a recognition by Lafarge's global CEO as its best salesperson. He is also known in the industry for turning around businesses. In this interview, Mr. Shukla talks about this three-decade journey and his plan of action for JKLC to help JKLC unleash its true potential.

**BY VAIBHAV AGARWAL**

Interview support & assistance - Kavita Vora & Sudarshan Narasimhan

**Date of Interview:**

**18<sup>th</sup> December 2021**

**Q: Arun, you have an experience of nearly 29 years at various organisations and in multiple building material business verticals such as cement, steel, and ready-mix concrete (RMC). Please give us some insights into this near three-decade journey of your career and a glimpse into your experiences in these industries?**

A: I have had an exciting journey for the last three decades. As a young engineer, my steppingstone to great experiences and opportunities was with one of the most admired companies in India – *Tata Steel*. By taking up different job responsibilities at *Tata Steel*, as I was a structural engineer by profession and a thorough technical person at heart, opportunities to do something exceptional became my trademark. Interestingly, *Tata Steel* was also going through its transformation phase then. As a technical person, I accidentally landed up in *Sales & Marketing* because my boss thought I was good at selling and marketing. *That's how it all started!*

After that, I was part of the first multinational company (MNC) in the cement industry. With *Lafarge India (Lafarge)* starting operations in India in 1999, I joined them in the *Sales & Marketing* function. I had a very eventful journey thereafter – from *Sales & Marketing*, and *Technical Services* to getting involved in *Product Development*. Finally, I was involved in other exciting projects like *Branding!* We rolled out many

innovative strategies for getting out of this commodity drive for cement. *Cement, then, was the kind of commodity where people generally considered only the product prices and discounts.* Still, *Lafarge* decided to take a different path by taking a journey of branding. Therefore, it was the first time that the cement industry saw a good push in terms of branding of cement products, and then many organisations followed.

I am fortunate that I was part of this exercise, and it helped us develop many good strategies around *Individual Home Builders (IHB)* and *new products*. *Lafarge* came out with a product that is designed for premium customers. It was a premium segment product, and that was the first time in India that such a thing was made possible in the cement industry. *That product could fetch Rs 40 per bag higher than the nearest brand.* New products, a new way of reaching out to *IHB*, and a new way of addressing the infrastructure customers and their needs were some of the activities in which I was involved. Then I moved into *Manufacturing*, but a fascinating thing happened to me before that.

During the rough patches of the cement industry, when it was not doing very well, *Lafarge* did quite well, and I was heading some of the geographies for them. I was given the *Best Salesman* award by the group, which was not just a good recognition for me but it also gave me good worldwide visibility in the group.

**Q: Wow! Great. Did this recognition**

**help your career growth in any way?**

A: *Maybe, yes!* It is a very fond memory for me! The recognition helped me explore *Lafarge* in many better ways, as it allowed me the flexibility to explore my other capabilities. I started my manufacturing journey, which was like an experiment that *Lafarge* takes consciously, to develop future leaders.

It follows a typical process in this exercise. It picks up identified talent and gives it a different exposure. Having an experience in *Sales & Marketing, Technical Services, and Product Development*, my subsequent career journey was in *Manufacturing*. So, I went into that function and set up *Lafarge's* first greenfield project, which was its grinding station in *Mejia, West Bengal*. Not only did I complete this first greenfield project successfully, but I was able to ramp up the entire production facility very quickly to achieve the plant's rated capacity. It was one of the fastest ramp-ups in the cement industry too.

Subsequently, I took up several assignments in *Manufacturing*. To name a few, I headed the *Jojobera Cement plant* in *Jharkhand* which is one of *Lafarge's* largest cement plants globally and the responsibility for brownfield project expansions for the company. Then I moved on to *Lafarge's* *RMC* division. We had bought this business from *Larsen & Toubro (L&T)*. I took this turnaround challenge to drive *Sales & Marketing* with ample support from my *Managing Director (MD)* and *Chief Executive Officer*

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***I was given the Best Salesman award by the Lafarge group, which was not just a good recognition for me but it also gave me good worldwide visibility in that group***

(CEO). We worked on the project of transforming the RMC business for Lafarge, and together, we could revive that business very well!

It became one of the best-performing RMC businesses in India then, and eventually, I became CEO of that company. My next stop was at *Dalmia Bharat Limited*, where I was handling Sales & Marketing for them in the southern and western regions, and from there, I came to *JK Lakshmi Cement Ltd (JKLC)* as President of this company.

**Q: Though all these three industries are somehow related to each other, tell me some differences that you figured in their culture and the way they operate. Do you believe you have learned something in an industry other than cement, which you have implemented or plan to implement in the cement industry?**

A: I think though these three industries are related there is a substantial difference in the way they need to be driven. For instance, *in the RMC business, you need to have an entrepreneurial mindset* because the margins here are narrow. If you are not managing this business well, and if you do not have that mindset of looking at every element of the value-chain of the company, then I think you are going to lose the plot and your ultimate objective. In RMC, you have a typical cost structure. The cost of raw material is around 70%, and then you have the accompanying production cost and cost of delivery. So, you are left with only a 5-6% margin. If you miss out on any aspect of the value-chain, you will lose a considerable amount of money in this business. I learned this entrepreneur mindset and my ability to focus on each micro-element of business from the RMC business.

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## ***I learned the entrepreneur mindset and my ability to focus on each micro-element of business from the RMC business***

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Focusing on such areas helped me improve the overall performance of the RMC business.

But then, in my opinion, in the steel industry, the approach required is a little different. Here, it would help if you were much more agile and quick. This is because, here, the gestation period for any product you launch or any kind of new initiative you come up with is very high. *Steel business requires a lot of capital and great homework!* This is what I learned at *Tata Steel*. Yes, I could implement many of my learnings during the latter part of my career in the cement business. *But in cement, supply-chain is one of the most critical elements – 25-30% of costs, including inbound and outbound logistics, go there.*

**Q: According to my supply-chain thesis, the supply-chain and ground business practices account for c.60% of gross revenues. Would you agree?**

A: *It is a significant chunk!* Suppose you miss out on the finer points of your supply-chain, then you will not be able to achieve your ultimate objective of improving the sustainable profitability of the cement business. There must be a focused approach toward managing the supply-chain. Those days are gone when businesses were managed traditionally. Nowadays, technology is available to us and we have to use it widely with a focus on other new-age



digital initiatives. More importantly, companies are also becoming very efficient in managing their production operations, which is also critical. *Reducing your carbon footprint is one of the major initiatives to sustain your business in the long term.*

To me, all this comes from my different learnings in different businesses. Perhaps I am one of those very few in the cement industry with experience across all industry verticals– from making cement, developing the product, marketing it, and then eventually, selling it too. *Perhaps I am the only one, and I would say (smiles).*

**Q: You have covered the journey of your career by working in various functions, including Sales & Marketing, Plant Operations, Project Execution, and Commercial. What has been your core expertise, and what do you enjoy the most?**

A: I feel more accomplished in technical things because I am an engineer. I enjoy Sales & Marketing because I am passionate about them. What motivates me is understanding the customer's expectations and requirements and then coming back with a solution. In a way, I was

reasonably successful in Sales & Marketing because *I have been known as a person who has transformed functions and organisations before.* My primary strength has been taking customer insights, working with them, going back to them, and resolving the issues they face. So, *Sales & Marketing is very close to my heart.*

**Q: That's interesting! You feel accomplished in technical things, but you enjoy Sales & Marketing! Is that what transformed you into a hardcore salesperson?**

A: *Haha (laughs loudly)!* One was working with an MNC, which believed in developing leaders for the future, and I was one of those selected leaders. As I was on the path for taking a senior leadership position there, one of the prerequisites was exposure to all nuances of the business. I would credit my bosses for picking up on some of my hidden talents and guiding me. *My bosses found that I was passionate about Sales & Marketing roles, and hence I am more capable there.* They felt that since I was already in Sales & Marketing, I would also be able to drive this function simultaneously. My technical background and my previous experiences, where I have proved my technical skills with my ability to lead a project and operate plants more efficiently than others, were another reason.

**Q: Within the cement industry, before joining JKLC, you have worked with both an MNC cement**

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*I have been known in the cement industry as a person who has transformed functions and organisations before*

**major and a promoter-driven company. Nevertheless, can you tell me some of the cultural differences at such organisations and what kind of organisation offers better prospects for growth at both, the company and an individual career level?**

A: Whether you work in an MNC or a promoter-driven company, you need to perform and give them results. I do not think that *philosophy-wise or drive-wise*, there is a stark difference between these two.

Having said that, I have seen good processes and a systemic approach to developing leaders at JKLC too, which I was unaware of before joining this group. Therefore, in my view, it is fair to say that *I find some kind of similarity between JKLC and MNC culture* in how they develop future leaders who are going to take a more significant responsibility.

**Q: At a personal level, what do you feel is good for a cement manufacturer – to be promoter-driven or to be professional-management driven. How far do you**

**feel a cement manufacturer must have a day-to-day promoter involved in the business and do you think this makes a difference?**

A: I would say that a mix of the two would be a good thing because looking at the business more closely drives the business performance, and it is one of the *fortes of promoter-driven companies* in the cement industry. Understanding granular level realities of going things stand out in promoter-driven companies. *Decision-making in promoter-driven companies is very quick.* They also give you suitable projects which increases your confidence level drastically. MNCs are good in processes and they follow *Standard Operating Procedures (SOPs)*. They follow through with a system-oriented approach for their decision-making and going into granularities. If you can combine these two things, it will be perfect.

**Q: What were your reasons for leaving your past jobs with Tata Steel, Lafarge, and also Dalmia Bharat?**

A: As far as Tata Steel to Lafarge is



Mr. Arun Kumar Shukla during the interview.

concerned, I would say that though I was a part of Tata Steel initially, I was internally made to look at their cement business too in the Sales & Marketing function. It was known as TISCO's (Tata Iron & Steel Company) cement business then. When Lafarge acquired this business, they wanted some professionals and leaders from Tata Steel to join them to drive their business in India. From Lafarge to Dalmia Bharat Ltd, it was the motivation for the challenges it posed. Throughout my career journey, I have handled different responsibilities, and have been moving to varied locations, some of which I never knew before. I have moved from East to South and South to North. What kept me motivated in this entire journey was to take challenges in hand and transform businesses! So, wherever the tasks have remained challenging, I have not changed any job, location, or function. On the other hand, the moment I felt that assignment was no more

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## ***Looking at the business more closely drives the business performance, and it is one of the fortes of promoter-driven companies in the cement industry***

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challenging, I would switch.

**Q: Talking about Dalmia Bharat Ltd in particular, as I understand, you were doing quite well as an Executive Director - Marketing, and it is one company which is believed to be offering great platforms for future growth too. It is more than double the size of JKLC. What made you leave them and join JKLC? Was it only the broader role, or was there something more to it?**

A: *Fascinating question!* I think, one, of course, the role was important! The arena was much larger than what I handled at Dalmia Bharat Ltd. Though there, too, *designation-wise*, I was an Executive Director, my role was

limited to only Sales & Marketing. At JKLC, I was offered a position that sees functions across company's topline, sales, manufacturing, and marketing. That was, of course, one of the motivations for me. But then, the more considerable cause was my interaction with JKLC's top management and the group's high ambition, which caught my attention. They have a purpose of growing and becoming one of the most efficient companies in terms of performance, which stood out to me.

**Q: Can you talk about some of the discussions with them that made you feel like this?**

A: During my initial discussions with JKLC's top management, I asked them, 'WHY ME?' about their plan, and how they wanted to grow in their ambition as an organisation. The answer was that they would try to double or triple their turnover from existing levels, and secondly, the growth plans that they shared with me, excited me to join them.

**Q: You joined JKLC on 8<sup>th</sup> February 2021, and it has now been nearly a year. During my course of interaction with you, you have always said that there is a huge scope of improvement within JKLC on various**



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***What kept me motivated in my entire career journey was to take challenges in hand and transform businesses!***

**aspects – what was the first thing that you noticed after joining that you think can be improved or that you have already improved?**

A: My first intervention when I joined this organisation as a President was in Sales & Marketing, where I started initiating a few actions. As a President, I was in charge of all functions, and as I told you, Sales & Marketing are close to me. In any organisation, I think one of the mantras of success is to improve every day and every month. *I still go by that understanding when I told you that there is a massive opportunity in JKLC!*

This company is going to surprise everyone! The necessary action plans are being made and are already in place. I would say this organisation will surprise all of you with its performance. *By now, you must have already noticed a glimpse of it. We have done very well in the recent past, and we will do much better ahead, and I say this with a lot of confidence!*

**Q: One of the key investor concerns about JKLC has been that it has been unable to improve its profit margins despite constantly guiding the market about a potential for improvement in its margins. Investors have somehow always been complaining that the margin improvement story at JKLC has either been prolonged or it is entirely missing. What do you think, and how would you like to reply to your investors?**

A: I am a *forward-looking* person, and I see a good opportunity here. I will repeat that this organisation will offer fantastic value going forward and we know where we need to work. *We do have action plans in place, and we are rolling them out.* I can assure you that this organisation is going to offer a lot of value to all its stakeholders – *all their*

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***JKLC is going to surprise everyone!***

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*employees and all its shareholders.*

**Q: Is it fair to say that you believe JKLC's operating margins can directionally improve and sustain at better levels? If yes, what is your timeline, and what are the key agendas in your mind to help JKLC achieve this?**

A: One thing that I would like to say with a lot of confidence and positivity is that, *directionally*, we are alright, and our margins are going to improve and there is no doubt about it!

**Q: Another area of great opportunity for JKLC in the near-to-medium term is about unfolding the potential at Udaipur Cement Works Limited (UCWL). What are your strategic plans for this asset so that it can benefit JKLC? Any plans to merge it with JKLC?**

A: We have a good network of plants in the market that we cater to. We have our *Jaykaypuram* Sirohi plant, and UCWL is a plant of our subsidiary near Udaipur. These two plants, along with our grinding stations at *Surat, Kalol (near Ahmedabad), and Jhajjar (in Haryana)*, make a very good network, and they are our sources for distribution. As per our internal

study, we are well-placed to harness the potential of our markets. At an appropriate time, the necessary decisions will be taken.

**Q: When it comes to Sales & Marketing, JKLC is one of those rare cement manufacturers that has launched many brands. This includes many premium brands too. But then, when it comes to profitability, you are still a bit far away from the best in the industry. Somehow, this is an irony. Why do you feel that this is the case?**

A: I think *brand synergy* is one of the areas of improvement that we have started working on. We are one of the oldest cement companies, we have got good brands and a good product portfolio, and through brand synergy and rationalisation, we will be able to harness the value that we deserve. This is an ongoing thing, and we have already taken steps to move ahead. This will help us to come out with flying colours!

**Q: We have known each other for almost a decade. Before you joined JKLC and even after, I received numerous opportunities to interact with you in person. I have also**

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***Vaibhav! I think the thesis that you have rolled out before me and people in the industry recognises its value because you have pointed out a huge opportunity that we have in logistics and marketing***

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**presented to you my supply-chain thesis. Do you believe that this thesis is credible?**

A: Vaibhav! I think the thesis that you have rolled out before me and people in the industry recognises its value because you have pointed out a huge opportunity that we have in logistics and marketing – what you refer to as the supply chain. I agree with you! I also commended you and appreciate you for your effort and your work. You are guiding us and giving us insights (into the overall cement industry in India) which makes a lot of sense to me.

**Q: I was recently on the ground in Chhattisgarh in the east and I got an opportunity to interact with many ground people in great depth. From my conversations, somewhere, I feel that there is a missing element or link in the feedback mechanism that comes from the ground to the management. Would you agree?**

A: With the further advent of digitisation and technology, organisations will have a good ground check. For instance, in JKLC, we are already working on it and doing a lot of things to get correct and live feedback from the ground. I am happy to say that we have been able to take corrective actions on the ground very fast. So, for the industry, and at JKLC

in particular, we understand that using technologies our way, and putting a kind of system in place, it will help us to get the right feedback, and perhaps, going forward; this will also compel our team members to provide us with the right feedback. Nowadays, with various kinds of apps, people have great access to information, and every company's market intelligence has tremendously improved. I would not say that the objectivity in the feedback mechanism is missing in its entirety, but I would say that there is scope for improvements.

**Q: Another irony of this industry is that players who have the biggest brands and highest realisations earn the lowest EBITDA and vice versa. Therefore, in your opinion, what is the importance of branding? Do you believe that business transparency is also very important to have a successful business model?**

A: The brand is essential because a brand is going to fetch you the value you want. So, working incessantly for the brand, for any organisation, is essential, and therefore for JKLC too, it is imperative! I think we need to understand all the elements that drive an organisation's profitability in greater detail. When you look at the performance at the bottom-line level, it is not essentially and not necessarily the topline or the gross margin or the so-called price premiums that drive it. You need to look at all elements of the Profit & Loss account in much great

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***With the further advent of digitisation and technology, organisations will have a good ground-check***

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depth. *Transparent business practices help companies get an overall edge in their ultimate profits and sustainably too!* Therefore, business transparency is of the utmost importance, and there is no doubt about it! Some companies have consistently been higher on their cost elements vs peers, and it has also impacted their respective sustainable profitability, whereas, at the same time, some other companies have consistently delivered excellent results despite having many inferior brands, and this is because they have managed their costs much more efficiently, I think, this says it all (smiles mysteriously).

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***I would not say that the objectivity in the feedback mechanism is missing in its entirety, but I would say that there is scope for improvements***

**Q: Will you agree that in this industry there are many premium brands, which in reality are 'Unreal' and there are brands that are not at a premium but they still have better earnings capability? What will be your branding strategy going forward for JKLC?**

A: The way you place your product at such a premium level, many things happen between your premium brand and other brands. I think irrespective of your product portfolio, the brands you have, their price positioning but your strategy should be very clear first! You need to understand the issues that your customers are facing. This is because if you are going to devise your product portfolio or your brand strategy based on your assumptions about your customers,



***Business transparency is of the utmost importance, and there is no doubt about it!***

then *perhaps* you are going to fail. Which brand will address what kind of requirement should be obvious. I think my strategy would be to really understand all those target customers and align our brands and products accordingly. This is what I am trying to do at JKLC.

**Q: As an analyst, and to my knowledge, for sustainable volume growth, more than branding, the most critical aspect is the smooth rotation of the working capital cycle of the ground in a transparent manner. Will you agree that players who remain better rotators of working-capital cycles for the ground are more successful in making their volume growth more sustainable? How do you see JKLC placed on**

**these aspects?**

A: *It is important, and it has the biggest bearing!* As far as JKLC is concerned, in the recent past, I have not found issues or concerns in these aspects. Working capital management of the ground is one of the critical success factors for any cement manufacturer because that gives more leverage to your entire value-chain, and it helps them become more efficient. If your cash flow is fast, or your working capital turnaround is good, then you can have better purchasing and logistics efficiency.

**Q: I also believe that rather than high or low EBITDA per tonne, it is more important for any cement manufacturer to have a more sustainable and predictable EBITDA trajectory. I believe players who remain volatile on their earnings pattern are valued less vs players who are more predictable in earnings. Will you agree?**

A: Absolutely! This is because consistency and sustainability give a lot of *confidence* to stakeholders, and that has got bearing on valuations and on their trust in the company. So, I think that goes without saying. *I fully agree!*

**Q: What will be your priority in JKLC – improving volumes and market share or improving profitability. I understand both are important, but given a choice between both what will you choose?**

A: My priority would be a combination of both because these things are *interrelated*. By keeping your market shares intact, you can build

***A company needs to understand the issues that its customers are facing***

***Working capital management of the ground is one of the critical success factors for any cement manufacturer because that gives more leverage to your entire value-chain, and it helps the ground to become more efficient***

up sustainable and predictable profitability. There should be an *optimal balance*, which is very important. Therefore, focus on market share with sustainable and predictable profitability would be my priority (*smiles*).

**Q: Most of the marketing officers I interact with also often complain to me that they are in a way forced to indulge in supply-chain inefficiency because the volume targets set for them by the senior management, they are either very aggressive or an alignment of volume growth vs profitability is missing. Will you agree? About JKLC, don't you see an opportunity where you can realign your sales strategy by incorporating a substance of profitability into your market share ambitions?**

A: For the first part of your question, perhaps my sense is that yes, this happens! *As far as JKLC is concerned. I would not say we are perfect, but I would say that our processes are much more transparent, robust, and devoid of these kinds of things barring a few exceptions.* This is because of the conscious decision that we have taken that we will not indulge in those kinds of practices, which would ultimately erode our profitability, transparency, and openness with our customers.

**Q: Coming back to branding, I also realised from the ground that in many companies including JKLC, brand officers of various brands of the same company compete among themselves on the ground which ultimately results in higher supply-chain inefficiencies. How do you see this? Don't you believe there is a great opportunity to improve sustainable profitability by recalibrating internal branding strategies and making these sales officers work together in the same markets, rather than be a competition with each other?**

A: Such things do happen at times, and I would not say that this has not happened or is not happening to an extent in our brands, *but maybe in our case, this is an opportunity we need to focus on.* I think there is nothing wrong with competing on actual performance on the ground and competition between two brands of the same company! Bringing JKLC into perspective here, I am trying to build

brands that cater to different segments' requirements, so they will not compete. Because we have got a brand strategy where one particular brand is going to address a particular audience, so, inter-brand competition would not ideally happen.

**Q: JKLC has also been among the first companies to launch premium brands in the market, but the profitability has remained subdued, relative to peers. Are the reasons highlighted by me above, a few of the reasons you believe for this to happen? Your thoughts?**

A: In the case of JKLC, as far as ground practices go, I think we are *reasonably* alright, but then, there are some brand synergies that we need to drive. There is the unrealised value of premium brands that we need to garner from

our customers, and we need to further work on that. But one positive thing I would like to mention is that our premium products have done better than the industry's other premium products. Our premium products like *PRO+*, *Platinum Supremo* (which we launched recently), and even *Super Sixer* are doing very well, and premium brands for us constitute 30-35% of our overall sales volume which is perhaps the best in the industry. But then, coming back to your question, as I said earlier, we need to further work on and improve our brand synergies and brand alignment but, at the same time, we also need to understand that sometimes brand strategy is set to acquire a different set of customers because *such strategies widen the customer base.* So, in a way, it helps. But yes, clarity on brand positioning

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***Clarity on brand positioning is a must. Our brands should not be a burden to our cost structures, rather, they should help us rationalise our cost structures***



is a must. Our brands should not be a burden to our cost structures, rather, they should help us rationalise our cost structures.

**Q: As a President, do you also believe that there is an excellent opportunity within JKLC to recalibrate the management hierarchy? Do you also believe that there is a scope for better interactions among the management teams within JKLC?**

A: *Always!* This is a journey of improvement. I agree that there is some amount of alignment and realignment that we need to do. We need to improve our collaboration and coordination further. Be it favourable business scenarios or volatile environments like today; the entire team must be in *unison*. *We cannot work in silos, right?* We need to break the silo and work with unity.

**Q: JKLC is a promoter-driven company, and it has a great legacy. Mrs. Vinita Singhania is a renowned personality within the industry and has also earned great industry credits. But then, as regards financial performance is concerned, there is a gap in which JKLC is yet to catch up. Do you believe that the promoters recognise this and it can help you out in some way to bridge the gap, say by giving you more powers or getting yourself involved more deeply in the day-to-day business operations? In other words, do you believe that within JKLC, there is a scope for better monitoring by the promoters to make the system more vigilant and productive?**

A: Definitely! *Madam, Mrs. Vinita Singhania Ji has been the organisation's guiding force. She has been the person who is driving*

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### ***We need to break the silos within our management teams and we should work with unity***

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the business throughout. With her guidance and direction, JKLC has great value to offer to all our stakeholders. We are directionally alright, and we are moving towards better efficiencies and improvements. *Madam's* involvement and guidance are always available to us, and we are working on the strategy that she has laid out to make JKLC the most preferred brand. It is also about being the best in the industry in terms of operational efficiency. She is *unequivocal* that we need to be the best in the industry in terms of efficiency, sustainable and responsible growth, and we are accordingly working in this direction under her *able guidance*.

**Q: Mr. Shrivats Singhania has now taken charge as a director of your subsidiary company UCWL. Tell me something about Shrivats as a person and how you see your interactions with him. Also, tell me what are your plans with Shrivats to help better the efficiency of JKLC at large?**

A: *Shrivatsji* is a very young, energetic, and dynamic person. *He is a dynamic leader*. He has his vision for the company. I did interact with him about how we would further improve our performance and he has come up with a lot of ideas and directions to take this forward. I am *hopeful* that he is going to add immense value to the organisation.

**Q: One of the core arguments of my supply-chain thesis is also that the NextGen promoters of the industry will look at the industry in a new**

**way. The way they think will be very different from their ancestors. Do you believe this is true, and this can help the industry discover a new paradigm for itself?**

A: I think NextGen helps bring in a lot of new ideas, new thoughts, and new energy.

**Q: Another area of concern to me is about the way this industry gets quickly carried away by volume growth, and likewise, disappointed too, when this growth tapers down. But still, the industry keeps the momentum of its capex announcement always alive. What are your thoughts about the way this industry announces its capex?**

A: My thoughts on this are a little different. When any company or organisation puts in capacity, they invest a considerable amount of money. *I would not agree with the fact that they get carried away so fast.* What perhaps they are doing is, they are getting ready for the future. The per capita consumption of cement in India is less than 300kg and if you look at the worldwide average, it is somewhere around 550 kg. If you look at China, it is more than about 2,200 kgs. They are numbers, and these are statistics. *Now, if you look at the growth curve of China vs. India, there is a lag of 10-12 years.* In other words, if you go back 10-12 years, you will see that China also had the same per capita cement consumption as India today. The kind of growth they have attained when they are now at 2,200 kgs, is marvellous! Therefore, I am kind of bullish and

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***NextGen Leaders helps bring in a lot of new ideas, new thoughts, and new energy***

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**Yes, I do agree that at an industry level, the capex cycle is not always very well-timed!**

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optimistic about the future for cement in India, and to that extent, I would favour the industry for these capex announcements.

**Q: Fair point! But don't you think the industry is always in a great hurry for announcing fresh capex?**

A: Yes, I do agree that at an industry level, the capex cycle is not always very well-timed. But then, you must appreciate that the last few years have been very trying, primarily because of the pandemic. Therefore, looking at the long-term and very long-term, these bold steps must be taken at appropriate times. They need to be in sync with the organisation's broader vision and there is nothing wrong with it. *This industry will always have good and bad cycles as this is a cyclical industry.* The key is to make oneself resistant to bad cycles and simultaneously prepare for the good cycles. *End of the day, we also need to look at the strategy of capturing and securing our limestone resources, as these resources are scarce. You may not have them all the time with you unless you strategize your business plan in sync with your available resources.*

**Q: But won't you agree whenever the companies generate good cash, because they are in the race of gaining market shares, they announce huge capacity expansions. Finally, the industry pays a huge cost by disorienting a lot of ground practices?**

A: These are *individual-level* conscious calls. You cannot draw

a correlation between capacity expansion announcements, low-capacity utilisations, and operating performance. They are all investing for the future and not for today. These decisions, which run into multiple billions of rupees, are not just because of a few months of financial cycles. *All those people are wise enough not to get carried away by three months or six months or a year's performance.* They are preparing themselves for the future! Maybe they are looking at the growth which India is going to witness going forward and they want to take advantage during that point in time. With few countable opportunities to encash in the next few favourable cycles, whatever they have invested, I think, they can easily recover. But if you do not have the capacity in hand and if you are not ready at that time, then you may lose an opportunity. *It is ultimately supply-chain efficiency that makes the difference and that is why I say that these are individual-level conscious calls.* But if I add capacity, it will trigger the distortion of ground practices, which may not necessarily be the case if the respective company is conscious of it. *So, I would only say that one needs to find a balance between capacity expansion plans, supply-chain vigilance, and the broader vision of the organisation.*

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***if I add capacity, it will trigger the distortion of ground practices, which may not necessarily be the case if my company is conscious of it***

**Q: JKLC has said many times in all its management commentaries that it has a scope to almost double its capacity at all of its**



**existing locations, including UCWL, through brownfield expansions. These expansions can come at a significantly lower cost vs. the ballpark cost of capex for the industry. Your say?**

A: We do have a plan. UCL has already announced a 2.5 million per annum capacity expansion. We have got another opportunity to put a kiln at Durg where we can double the capacity which will be of the same size and capacity. Similarly, we have been awarded mining leases in Nagaur (Rajasthan) and Kutch (Gujarat). These projects are our pipeline for the future. So, we do have plans as to how to double our capacity in existing locations and even set up plants at new locations. *The agenda set by us is 30 by 30 which implies 30mn in p.a. capacity by 2030.* Maybe I think we would accomplish this even before 2030 (*smiles*). We are logical, and we want to behave rationally whenever we are expanding. *We are not going to get carried away by what others are doing.* We are very clear about the kind of strategy we adopt, where and when we are going to grow, and how we are going to grow. There is no ambiguity.



**Q: Does this also mean that you have plans in the long term to emerge not just as a regional leader but also as a pan-India player. Is JKLC open to considering options for both organic and inorganic growth or will the growth plans always remain more organic-oriented?**

A: We are there in the northern, western, and central parts of India (east Uttar Pradesh). Our presence is everywhere except in the south and northeast.

**Q: Your views on Environmental, Social, and Governance (ESG) initiatives?**

A: ESG is undoubtedly very important! You will see our new ESG-based strategy initiatives very soon. We have already started working on these aspects with great intensity.

**Q: What are some of the best practices from your past experiences that you would like to replicate at JKLC?**

A: First and foremost is branding, and how we can leverage our brand value. There are certain elements that I am going to do in different segments, and it will help our topline to grow. That

plan is already in place. Second is the supply-chain efficiency in our system, which will enable our customers, to get a differentiated experience from us. This is another focus area. And third is operational excellence. When it comes to operations, then I think about how we are going to work on various elements of operations which is going to take us to the next level. Our focus is to be the best in the industry in terms of our overall efficiency. We are evolving and adapting cutting-edge technology for enhancing our efficiencies and this would be our roadmap for the future.

**Q: As a leader, are you willing to give freedom to your team? Freedom to work with full openness and discover new ideas? Do you believe that failures are a part of success, and it is necessary for any top management to provide the necessary freedom to teams to experiment to discover success? Some of your large peers even follow the practice of rewarding failures. What are your thoughts on this?**

A: I fully agree. I believe in delegation and the empowerment of ground-level people. I always encourage people to come out with ideas. Even if it is an absurd idea, I am open to that. I encourage all those ideas that are coming from the team, and I believe that we need to have a team, which is ready to experiment, expose themselves and take risks. This is what I would like to inculcate in the culture of our organisation: *empowerment, delegation, risk-taking ability, and innovation*. Even if we are going to fail, no problem to me. But I want them to come up with new ideas!

**Q: Among your competition, who do you admire the most? Tell me about**

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***Our focus is to be the best in the industry in terms of our overall efficiency***

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**some of their best practices that you would like to be implemented at JKLC?**

A: *We want to be the best and others should follow us – that's my motive!* If you ask me, I am not looking only at the Indian cement industry. Since I have also been exposed to the global cement industry, so I think in alignment with those global benchmarks. I think different companies have different practices. So, I look everywhere, and I am not confined to one company because I will pick up some good aspects individually from each of those best companies in the world.

**Q: Where do you see JKLC five years and ten years down the line?**

A: *Ten years are too long for me – and I want to fulfill my agenda within five years or even before that!* Within five years, we want our company to be among the best-performing ones in terms of margins and efficiency, and one of the best-valued companies in the cement industry.

**Q: What will be that one thing in JKLC that you have liked the most and which you will never like to change?**

A: *The kind of belongingness people have with this organisation, is one thing that I would never change. We feel extremely proud to be a part of this company's culture.*

**Q: What is one thing that you have observed at JKLC that you believe should have been or should be immediately changed?**

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***I believe that we need to have a team, which is ready to experiment, expose themselves and take risks***

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A: *Speed and agility*, as I see. I would not say that we are slow in execution, *but then*, there is scope for improvement. Also, beyond that, as I have been saying, we want to improve our brand value proposition on an immediate basis.

**Q: What was your promise to your promoters that you will do for JKLC?**

A: I promised them that in five years, I will make this the best-valued cement company. We will be ahead, or at par with the best of our industry peers, both in terms of operating performance and operating margins.

**Q: What is the one thing about your promoters that you have loved the most?**

A: Their *'caring attitude'*. This is also the culture of the company.

**Q: Anything that you would like to tell your promoters and your management teams that you have not yet said or about which you have been hesitant?**

A: I am an open person and whatever I feel, I express, so there is nothing specifically. I have this *'Bee-Hag'* or say *'BHAG'* (*Big Hairy Audacious Goal*) attitude which means I am very determined and in a big hurry to

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***Since I have also been exposed to the global cement industry, so I think in alignment with those global benchmarks and I want JKLC to touch those benchmarks***

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achieve my ambitious goals even if I need to make *audacious moves*.

**Q: You essentially come from the south and west markets, which are very different in terms of operating dynamics vs. the north and east markets. How difficult was it for you to adapt and what were your biggest challenges when you joined JKLC?**

A: I think I did not find much difference because the cement industry is the same everywhere. The channel partners and all the ground practices are the key essences of the cement industry. The dynamics that influence all these things are also largely the same. Yes, *maybe* the demand-supply mismatch and the gaps are a little different in different markets, but I don't think anything material beyond that. *Per se, the business operations and other operating dynamics are almost the same.*

**Q: As a President, what do you feel is the one big opportunity that JKLC should capitalise upon?**

A: I think we need to utilise our assets fully, which is very important. And we also need to leverage our brand value very quickly.

**Q: Tell me something about the biggest failures of your career?**

A: *Many of them!* This list is also reasonably good because you learn from failures (*laughs loudly*). These things happened in the initial phases of my career, but it is a part and parcel of you. This is because you learn maybe ten different things and you come out with one big thing which is kind of a *'eureka'*. But then, for me, there were no big failures, *fortunately!*

**Q: Anything in your career that you felt that you could have done better**

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***I would not say that we are slow in execution, but then, there is scope for improvement***

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**than what you did?**

A: *I don't regret anything!* What I believe or reflect upon myself is *'Whether I have given my 100%?', 'Whether I have worked sincerely?'* and *'Have I added value to my organisation and my customers?'*. If these are upticks and if the answer is a yes, then it is alright, and I am happy about what I did irrespective of the outcomes!

**Q: Anything in your career that you believe was a wrong move?**

A: Nothing! I take everything and every move as an opportunity.

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***I promised my promoters that in five years, I will make JKLC the best-valued cement company***

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**Q: Tell me some of your best learnings throughout your career?**

A: Tata Steel taught me very strong value-systems, which I still carry with me. In Lafarge, I learned many multi-cultural aspects such as *humility and respect*, and how we can accept and adapt to various cultural differences. I also learned how we can develop strong processes and systems and how we can use good analytical tools to evaluate our decisions.

**Q: Some industry personalities that you look up to and admire and your best friends in the cement industry?**

A: If I want to pick and choose among my ex-colleagues or bosses, I would say, *Mr. Uday Khanna*. I think I like people who are innovative and who are risk-takers. Innovative companies

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*The channel partners and all the ground practices are the key essences of the cement industry*



like *Apple and their CEOs* have always been an inspiration to me. I also admire *Mr. Elon Musk at Tesla*. As I worked with *Tatas* in the past and I am aware of the value system they carry with themselves, I have very high regards for and I highly admire *Mr. Ratan Tata*. As far as friends are concerned, I have lots, not only in the cement industry but also outside the industry. I may not want to recall any specific names, as others will feel upset (*smiles*).

**Q: Your message to your critics?**

A: I reply to my critics with my performance and my exhibition of capabilities. *I don't reply to them by any other means.*

**Q: Your message to your investors?**

A: *JKLC is one company that is going to surprise you.* It is going to give you value for your investment, much more than even what you expect!

**Q: That is quite pleasing to hear. Any commitment that you would like to give to your investors?**

A: The only commitment that I can give to them is that they will not be disappointed. Their trust and the confidence that they have posted in our company is going to be rewarded and vindicated.

**Q: Some things that you have seen in the south, which you will not like to bring to the north and east?**

A: The OPC (*Ordinary Portland Cement*) portion in the south is much higher than in the north or east. I think this is not good for a company and our planet because we have scarce resources. This is something that I would not like to carry from the south.

**Q: Your message to your employees within JKLC?**

A: One message I want to give them

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*I think I like people who are innovative and who are risk-takers*

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is that they all have got immense capability to deliver. Let's not hesitate to expose ourselves and take risks. We should be confident and work with *BHAG attitude*.

**Q: Something that you will never like your employees to compromise?**

A: Their strong values of caring, integrity, respect, and humility.

**Q: Something that you would like your employees to change for themselves when they work at JKLC under your leadership?**

A: Their *speed and agility!*

**Q: Something that you feel that you have already changed at JKLC and it has helped JKLC deliver great results?**

A: One, coordination and collaboration among various functions. Second, good tracking of leading indicators rather than lagging indicators. *Let's say, volumes and market share.* Volumes and market share are leading indicators. They are an outcome and ultimately an objective. I want to know from my team what all you want to do to achieve your objectives. Attack the objective and work on all those enabling actions that you need to achieve your objective. If you are set on all those things, then you are going to

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*I reply to my critics with my performance and my exhibition of capabilities*

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***I want to know from my team what all you want to do to achieve your objectives. Attack the objective and work on all those enabling actions that you need to achieve your objective***

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achieve your ultimate objective. What I say to my team is that let us devise a good action plan and then go into a *granular level* of detail. If we track and focus on those aspects, then our execution becomes more efficient, and it will ultimately help us achieve our objectives.

**Q: Something that you feel would be very difficult for you to change at JKLC?**

A: *Nothing is difficult to change!*

**Q: Your career motivation and your constant support?**

A: *Challenges! When challenged, I give my best!* My family has been a constant support for me. I have changed so many locations in my career. Though I have stayed for a very long period in different organisations, within the company, I have changed a lot of locations. As far as I recall, this is my 13<sup>th</sup> location and I have never allowed my family to be away from me. My family is now a native of the whole of India; *they don't belong to one single place!* So, they are from Chennai, Kolkata, Delhi, Mumbai and the list goes on. I can give you a very interesting example – *when my elder daughter was appearing for NEET exams while filling up the*

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***One of my wishes is to become a teacher of Art of Living***

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***JKLC will be a global benchmark in the cement industry***

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*xam form and during the counselling, they wanted all details for her right from class I until class XII. Believe me (laughs loudly), we were stuck in finding out those details for her. Almost every year she had a different school in different cities like Raipur, Bhubaneswar, Durgapur, and so on. My children have lost their continuity in their academics in one school and also with one particular Board. By the time, they adapted to one school, it was time for them to change and adapt to a new way of teaching. They kept shifting their curriculum and Boards between ICSE, CBSE, and International Board. My family has sacrificed and compromised a lot of their interests for my professional career. They have not been able to make their social circle, too, because of me, as I keep shifting them based on my workplaces.*

**Q: Your personal interests and**

**hobbies?**

A: I have varied interests. I am a follower of the 'Art of Living', and I practice a lot of yoga and meditation. I am an ardent follower of *Sri Sri Ravishankar*. They have a beautiful *ashram* in Bengaluru, and I am a regular visitor there. Driven by my passion for yoga, I have done an advanced course too and one of my wishes is to become a teacher of *Art of Living*. I like sports quite a bit and I am a regular follower of golf and love playing it too. I love to play cricket as well. I also read a lot of non-fiction books. One of the management gurus I admire is *Ram Charan!*

**Q: Something about your family?**

A: My wife and I have three lovely kids – two daughters and a son. My

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***A day I will never forget is when I was recognised by Lafarge's global CEO as the best salesperson***

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Mr. Shukla at JKLC's corporate office in New Delhi along with his colleagues.

**Every person has limited capabilities and how you are making their time effective for your organisation, drives great learning**

eldest daughter is 18, my younger one is 15 and my son is 12. We are one big family which stays together.

**Q: Do you intend your children to take forward your legacy of being part of the cement industry or will you want them to explore different things in life?**

A: My children are aware of what the cement industry is all about, as they have heard about a lot of cement and also seen a lot of cement plants throughout their childhood. But then, it is for them to decide what they would like to pursue.

**Q: What is something at JKLC that you would like to leave behind when you retire?**

A: My ambition is what I am thoroughly going to do – JKLC will be a *global benchmark in the cement industry*, not only in India, this is what I want to do!

**Q: What are the credits that you still enjoy from your past employers and about which they still remember you?**

A: The kind of contribution that I have made in transforming their businesses. All my past employers recognise me for this. When my erstwhile employers remember me and call me to tell me that what I did in those companies is still a *benchmark*, it gives me a sense of accomplishment!

**Q: A day in the industry that you will never forget?**

A: *Every day is a new day for me!* But yes, a day I will never forget is when I was recognised by Lafarge's global CEO as the best salesperson.

**Q: Some of the best practices of other industries that you wished could also be implemented in the cement industry**

A: *Sales force effectiveness and how they can be more productive and more effective!* The kind of systematic and well-planned activities industries like Fast Moving Consumer Goods (FMCG) or companies like *Pidilite, Asian Paints, and Hindustan Lever* carries out, it can be learned by the cement industry. The way they utilize the time in hand with their '*call-inventory*' is something to be learned. Every person has limited capabilities and how you are making their time effective for your organisation, drives great learning.

Perhaps this is a big thing, and a *big lever* in my organisation also!

**Q: A day in the life of Mr. Arun Shukla?**

A: My day starts very early in the morning, say 5:15 am with a round of yoga, post which, as I am an ardent follower of the '*Art of Living*', a mandatory 30-35 mins of meditation enlightens and refreshes my body and soul. I am also a regular *marathon runner*. But it is not just marathons, if I am not travelling, a 7-10 kms of run is a part of my daily life too. Then I have my breakfast and I move to the office. The initial 30-45 minutes at office is spent by me in *planning*. Though planning is already done for the entire month, *I have a habit of refreshing myself with the plan of the day, to check on my priorities*. Typically, what I do is, I categorise the importance and urgency of every job. *My objective is to make everything important rather than urgent* so that you are well-planned and well on course. With urgency, I think that you are not using your time very well. My normal day at the office ends at about 7:30-8:00 in the evening. I am also a habitual reader before going to bed.

**Q: Last but not the least, some of the best things that you like about the cement industry, which has made you stick to this industry for nearly three decades?**

A: It is one of the simplest businesses but we unnecessarily make it complicated! (*laughs loudly*)

***Cement is one of the simplest businesses, but we unnecessarily make it complicated!***