

BUSINESS UNUSUAL

POSSIBLE

ANNUAL REPORT 2012-13
SHREE CEMENT LIMITED

IMPOSSIBLE

Impossible' is not a word in our dictionary. Because our unusual spirit enables us to read between the alphabets. For us, `impossible' is nothing more than `i'm possible', where `l' denotes every person associated with Shree. Some may look at it as an illusion, we look at it as the reality. Hence, what I believe, and what I aim for, is what I make possible with my unusual spirit. That is the ethos of our Company, and the philosophy that enables the successful progress of our business.

Your comments and feedback are of great importance to us. We would be glad to address any queries or observations that you may have with regards to our various future-aligned initiatives, our performance or this report.

You are most welcome to email us at: sclbwr@shreecementltd.com

FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'beliefs', and words of similar substance in connections with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, however, we believe we have been prudent in making assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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BUSINESS UNUSUAL

Business usual is a compromise.

It is a submission that we have done all that we could do, and achieved all that we expected to achieve. It is a syndrome that emanates out of complacency.

Business unusual is complex, challenging, uncompromising.

It is a coming to terms with the fact that improvement is a continual process and will never end or stop. It is a syndrome that emanates out of high expectations.

Business usual is looking at possibilities.

Business unsual is creating opportunities from possibilities.



Business Unusual 03

Business usual is focused on profits.

Business unusual is focused on sustainability counting the triple bottomlines of environmental, economic and social.

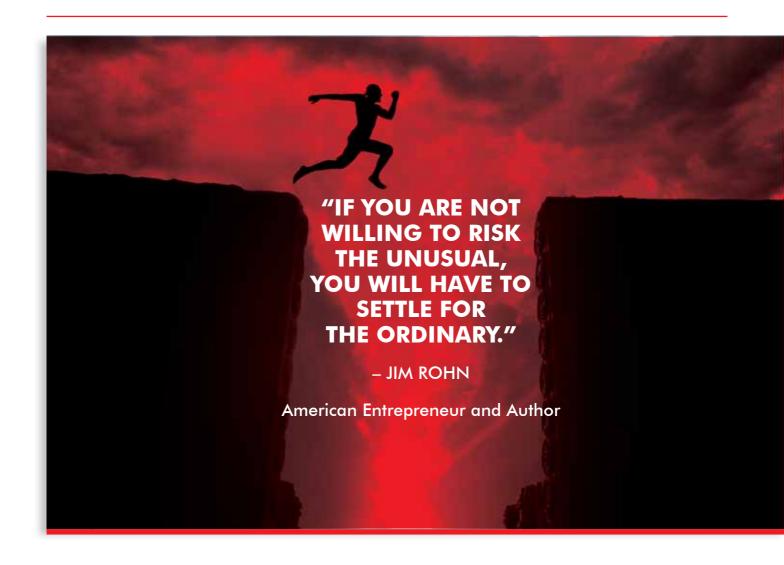
Business usual is a coming to terms with the circumstance.

Business unusual is changing the circumstance to create a new reality, paradigm and benchmark.

Business unusual is a belief that the "good" is the enemy of great. It is the attitude of a high achiever.

At Shree Cement, we celebrate our business unusual. And we take you through the story of unusualness that we have unraveled for ourselves.

IT'S ALL A MATTER OF PERCEPTION







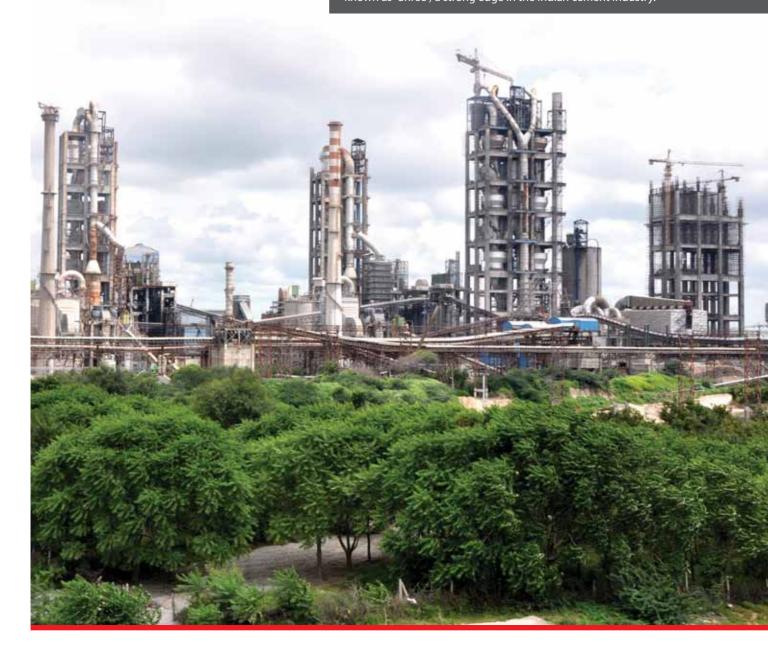
While others are teaching, we are learning.

IT'S ALL A MATTER OF PERCEPTION

It's all about seeing the unusual where others see the usual. It's about seeing reality in what others perceive to be a mere illusion. Like Henry Ford, who invented neither the automobile nor the assembly line, but recast each to lead a new era of change in the automobile industry. He transformed the automobile from a luxury to a necessity, enabling the realization of the dream of ordinary people by finding unusual ways of recreating the usual. He refused to settle for the ordinary, just as we, at Shree Cement, refuse to accept the existing circumstances and are continuously striving to change them for our own benefit and for the good of all our stakeholders.

INTRODUCING SHREE

With an indomitable spirit and passion for progress that seeks to set new benchmarks of performance through innovation, Shree Cement is focused on growth through unusual and non-conventional approaches. Its unique energy efficient and sustainability initiatives give Shree Cement (popularly known as `Shree') a strong edge in the Indian cement industry.





Introducing Shree 07

Fast growing
Company,
5 year CAGR of
Gross Sales
20.29%

Revenue from
Power ₹ 1045.94
Crore, representing an annualized increase of 125.1%





CEMENT portfolio

- Cement Capacity: 13.5 Million Tonnes Per Annum
- Locations: Beawar, Ras, Khushkhera, Jobner (Jaipur) and Suratgarh in Rajasthan and Laksar (Roorkee) in Uttarakhand
- o New Projects:
 - · Clinkerization unit at Ras in Rajasthan
 - Integrated (clinkerization-cum-grinding) unit at Baloda Bazar near Raipur in Chhattisgarh
 - Cement grinding units in Aurangabad district of Bihar and at Ras in Rajasthan
- o Multiple Brands:
 - Shree Ultra
 - Bangur
 - Rockstrong



FINANCIAL strength

- Total Turnover for FY 2012-13: ₹ 5590.25 Crore
 - Revenue from Cement ₹ 4544.31 Crore (an annualized increase of 8.8%)
 - Revenue from Power ₹ 1045.94 Crore (an annualized increase of 125.1%)
- o Operating Profit for FY 2012-13: ₹ 1749.25 Crore (an annualized increase of 20.9%)
- Net Profit for FY 2012-13: ₹ 1003.97 Crore (an annualized increase of 102.8%)
- o 5 year CAGR of Gross Sales: 20.29%
- o Return on Avg. Capital Employed: 24.14%



POWER portfolio

- o Total Power Generation Capacity: 570 MW
- Includes 300 MW (150MWx2) merchant thermal power plant, commissioned at Beawar in 2011-12
- Also includes Green Power Plants (Waste Heat Recovery Plants): 56 MW (largest such capacity in the global cement industry excluding China)
- Development of Green Power Plants is underway at different facilities also
- Leveraging its capabilities and strengths, Shree has evolved from a mere captive power producer into a major merchant power player and is also a Category I Power Trading Licensee



PEOPLE strength

- o Total Employee Strength: 4200 as on 30th June, 2013
- o Employee Engagement Level (as per E&Y study): 86%
- o Retention Rate: 94%
- o Average Age of Employee: 35.79 years
- o The exceptional, indigenous model of "Happiness" underpinning Shree's HR initiatives plays a prominent role in generating multiple micro HR/People strategies that result in efficiencies at each stage of the operation, which cumulatively provide the Company a distinct competitive edge



SUSTAINABILITY strength

- o One of the three Indian companies to be identified as New Sustainability Champion by World Economic Forum in September 2011
- First Indian Cement Company to join Cement Sustainability Initiative of World Business Council for Sustainable Development, Switzerland
- First Company in World Cement Industry to register "Optimal Utilization of Clinker" as a CDM project with UNFCCC, resulting in issuance of 0.45 Million Certified Emission Reduction (CER) Units
- Highest 4-star rating for 13th consecutive year by International Benchmarking firm Whitehopleman UK
- First Indian Cement Company to issue a Corporate Sustainability Report
- o First Cement Company in India to produce Synthetic Gypsum to replace the use of natural gypsum in cement manufacturing
- o First Process & Cement Company to adopt BS-EN 16001-2009 certificate (Now ISO 500001)
- Achieved 3.46% reduction in CO, emission during FY 2012-13 (585 kg CO, / MT of cement against 606 kg CO, / MT of cement)

VISION, VALUES, GUIDING PRINCIPLES, PHILOSOPHY



LEAD IN CREATING
PROSPERITY & HAPPINESS FOR
ALL STAKEHOLDERS THROUGH
INNOVATION & SUSTAINABLE
PRACTICES

As an organization, we spread happiness amongst everyone connected with our eco-system and create wealth for investors, employees, business associates and communities where we operate by experimenting and implementing new ideas for improving efficiencies and maximizing the ratio of output product to input resources.



Our VALUES, Our OPERATING STRENGTHS

PASSION FOR EFFICIENCY

- Ensuring optimum outcomes in everything we do at work
- · Achieve our targets consistently with minimal costs

DYNAMISM

- Prioritizing opportunities and challenges to enable swift decision making
- Being flexible in our approach to find effective business solutions

CREATIVITY & INNOVATION

- Experimenting with new ideas to improve continuously
- Striving to take risk for adding value to the business

SIMPLIFY

Extracting the essence and keep communication simple

CARE

- Being compassionate towards our communities and our environment
- Working together as one family connected personally with each other
- Demonstrating humane touch in the way we work

TRUST AND SUPPORT

- Believing in each other with mutual respect
- Promoting honest and open communication
- · Building an environment of freedom with responsibility

