

# LESS IS MORE

ANNUAL REPORT 2015-16



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 regard to our various future-aligned initiatives, our performance or this Report. You are most welcome to email us at [investor@shreecementltd.com](mailto:investor@shreecementltd.com). A feedback form is also attached with this Report. The Readers may use the form to express their views on this Report.

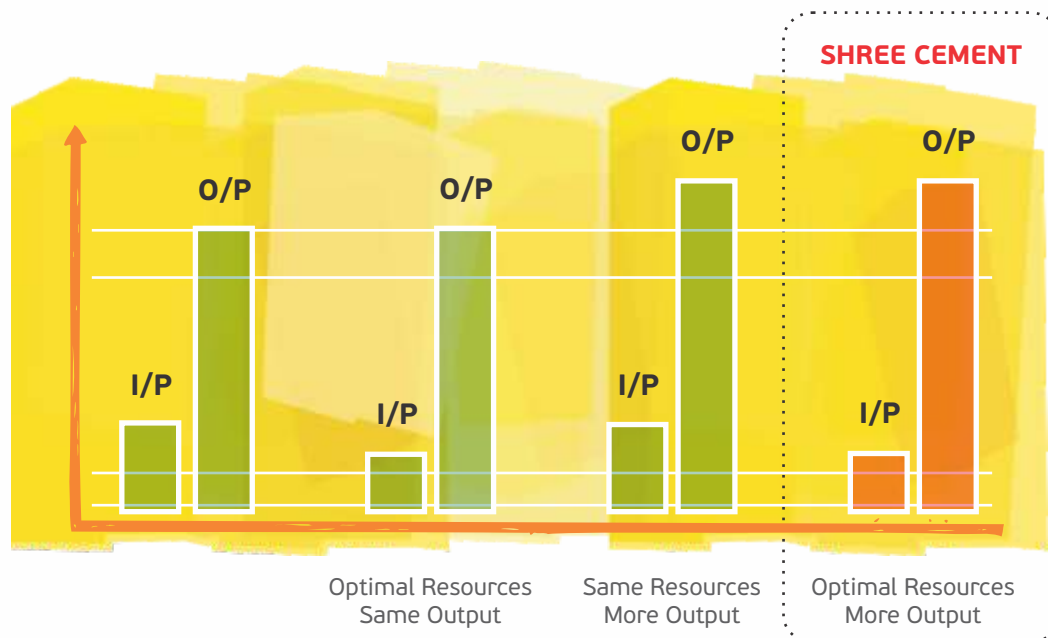


**Caution regarding Forward-looking Statements:** This document contains statements about expected future events and financial and operating results of Shree Cement Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of the Shree Cement Limited Annual Report 2015-16.

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## LESS IS MORE - THEME OVERVIEW



This is an era of continuous innovations. The most complicated of surgeries are being done with pin-hole incision. The most feature-packed smartphones are getting more light-weight, intelligent and run on battery for more hours.

The CDs and DVDs, that made floppy diskettes obsolete, are on way to find a place in museum thanks to flash-drives popularly known as pen-drives.

Just imagine the first IBM drive, the 350 RAMAC, was approximately the size of two refrigerators (weighed 910 kg) and had a storage capacity of 3.75 megabytes. Today we commonly use hard disk drives with terabytes of storage capacity (almost 2.6 million times more than the first IBM drive) that are still light and small enough to fit into our pockets.

The global eco-system is riding on conservation of valuable resources, through efficiency and innovation. Key to a successful and responsible business is the

optimal utilisation of valuable resources to achieve increased productivity and thereby better profitability. The human spirit of questioning currently accepted standards as well as benchmarks, striving for continuous innovation and learning from failures to get continuous improvement has led to a continuous contraction in physical size and simultaneous expansion in capability of computer memory drives, consequently proving that "Less is More" is not a hyperbole.

The world of business is no exception to the above paradigm of "Less is More". There is nothing better than achieving more output with less input of any resource (money, material, time). Converting 'Less' into 'More' requires a leadership and team that always challenge current benchmarks and adopts an approach filled with creativity and innovation. At Shree, we have always strived to achieve sustainability with profitability. The adage of "Less is More" is imbibed in the core of our business and is at the very heart of everything we do.

"Less is More" does not only mean protection or maintenance of valued resources, but at Shree it also means saving of those resources by optimally utilising them. It includes (but does not limit to) maximising the use of raw materials and energy; minimising harmful emissions; reducing or avoiding waste streams through recycling and energy recovery; optimally utilising Technology, Capital, Assets, Network, Human Resources, etc. The path to continuous improvement moves through occasional pits of failure, but the team that is committed to its goal of attaining more with less has to learn from its failures and not be discouraged from them to eventually attain results and set benchmarks that are otherwise thought to be unattainable.

At Shree we follow value-stream mapping method (i.e. following a product through its raw material stage to the stage where the end-product is delivered to the customer) that highlights streams of resource wastage at every step of the way. This in turn lets us know the loss between the actual resource consumption and the Theoretical Limit (The level of resource utilisation under perfect conditions). Shree then continually focuses on reducing this loss, improving efficiencies and achieving the incremental value.

Quest for this incremental improvement in each and every activity by being innovative and observant is a never-ending process at Shree. This is what makes Shree a sustainable and a profitable Company. At Shree, every person from our top Leadership to the workers on shop-floor is committed to developing practices that help us produce more and consume less as also become so efficient that for us "Less is More".

Our experiences show that details count; and through this Annual report we present some vivid examples of this adage of "Less is More" in action at Shree Cement Limited.

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# INTRODUCING SHREE

Shree is a rapidly growing and one of the most efficient and environment friendly Companies in India. Currently its manufacturing operations are spread over North and East India across six states.

Company's high corporate governance and social performance together with consistent financial performance makes it a truly sustainable Company.

## CEMENT PORTFOLIO

- **Cement Production Capacity**

# 25.6

Million Tons  
Per Annum

- **Multiple Locations**

State	Locations
Rajasthan	Beawar, Ras, Khushkhera, Suratgarh and Jobner (Jaipur)
Uttarakhand	Laksar (Roorkee)
Bihar	Aurangabad
Haryana	Panipat
Chhattisgarh	Baloda Bazar
Uttar Pradesh	Bulandshahr

- **BRAND SHOWCASE**



## POWER PORTFOLIO

- **Total Power Generation Capacity**

# 612

 MW

- **Includes Waste Heat Recovery Plants (WHRP) of**

# 111

 MW

(largest such capacity in the Global Cement Industry excluding China)

- **Category I Power Trading Licensee**

Granted by CERC; a separate trading division catering to third party buyers and sellers

## FIRSTS TO ITS CREDIT

**FIRST CEMENT COMPANY**  
AND ONE OF THE THREE INDIAN  
COMPANIES IDENTIFIED AS  
**NEW SUSTAINABILITY CHAMPION**  
BY WORLD ECONOMIC FORUM  
IN SEPTEMBER, 2011

**FIRST INDIAN CEMENT COMPANY**  
TO ISSUE A CORPORATE  
SUSTAINABILITY REPORT

**FIRST CEMENT COMPANY IN THE WORLD**  
TO FETCH CERTIFIED EMISSION REDUCTIONS  
(CER'S) ON "OPTIMISATION OF CLINKER" OF  
CLEAN DEVELOPMENT MECHANISM PROJECT

**FIRST CEMENT COMPANY IN INDIA**  
TO PRODUCE SYNTHETIC GYPSUM TO REPLACE  
USE OF NATURAL GYPSUM IN CEMENT  
MANUFACTURING -  
**EFFORTS RECOGNIZED BY**  
**GOVT. OF INDIA AS PROVEN R&D**



# FINANCIAL STRENGTH

2015-16 (9 Months Period)



**TOTAL TURNOVER  
FOR FY 2015-16**

₹ 5,568  
CRORE



**OPERATING PROFIT  
FOR FY 2015-16**

₹ 1,440  
CRORE



**NET PROFIT  
FOR FY 2015-16**

₹ 455  
CRORE



**NET WORTH  
(AS AT 31<sup>ST</sup> MARCH, 2016)**

₹ 6,180  
CRORE

## GROWING STRENGTH TO STRENGTH

Growth on 10 years' horizon

Parameter	UoM	2015-16 (9 months)	2005-06 (12 months)	CAGR
Cement Capacity	MTPA	25.6	4.1	20.10%
Power Capacity	MW	612	42	30.72%
Gross Block of Fixed Assets	₹ in Crore	10,212	1,391	22.06%
Turnover	₹ in Crore	5,568	695	26.73%*
Operating Profit	₹ in Crore	1,440	225	23.91%*
Net Profit	₹ in Crore	455	18	42.16%*
Net Worth	₹ in Crore	6,180	296	35.51%

\* Annualised

# MILESTONES

RANKS

2

ND

HIGHEST ON CARBON-RELATED METRICS IN THE WORLD CEMENT INDUSTRY - LATEST SECTOR REPORT RELEASED BY THE CDP (FORMERLY THE 'CARBON DISCLOSURE PROJECT')

AMONG THE TOP

3

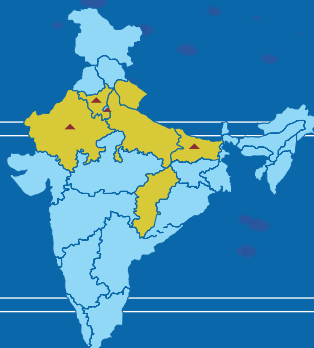
CEMENT GROUPS IN INDIA (IN TERMS OF PRODUCTION DURING FY 2015-16)

AMONG THE TOP

100

LISTED COMPANIES IN INDIA IN TERMS OF MARKET CAPITALISATION

MARKET LEADER IN



THE STATES OF RAJASTHAN, DELHI, HARYANA AND BIHAR

- ▲ MARKET LEADERSHIP STATES
- MANUFACTURING FACILITIES







# HIGHEST 5-STAR RATING

## FIRST TIME TO ANY CEMENT COMPANY IN THE WORLD BY WHITEHOPLEMAN

- Whitehopeleman, an International Benchmarking Firm of U.K. reviews Cement Plants across the Globe and assigns them star ratings based on various parameters like safety, manpower productivity, energy efficiency, product quality, equipment productivity, equipment reliability and environmental impact.
- Shree has been getting a high 4-Star rating since last 15 years (no Cement Plant was assigned a perfect 5-Star rating).
- During the year 2015, Whitehopeleman assigned a perfect 5-Star rating to Shree (No other Company has attained this rating in the 18 years of benchmarking done by Whitehopeleman).
- Some of the excerpts of the Report released by the Agency giving the 5-Star rating to Shree with specific comments on rating parameters -

**"Shree has become a 5-Star Factory in the Whitehopeleman database of Cement Factory Performance for its performance in 2015. This is the first time that any Cement Factory in the World has attained 5-Star status in the Whitehopeleman star ranking system during the 18 years of Whitehopeleman independent Cement Factory Benchmarking."**



# PHILOSOPHY, VISION, VALUES, GUIDING PRINCIPLES

## THE SHREE PHILOSOPHY

**"Aah No Bhadra: Kratavo Yantu Vishwatah"** - Rigveda

**"Let noble thoughts come to us from all over the World."**

At Shree, we believe in imbibing and extending these noble thoughts across all our functions.

- Quality and Energy Conscious
- Socially Responsive
- Employee and Environment Friendly

We call it The  
**Shree Philosophy**,  
which makes  
us an organisation  
that is

- Customer Responsive
- Investor Rewarding
- Sustainable Organisation

## OUR VISION

**Lead in creating prosperity and happiness for all stakeholders through innovation and sustainable practices**

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

## OUR GUIDING PRINCIPLES

- Enforce good corporate governance practices
- Encourage integrity of conduct
- Ensure clarity and unambiguity in communication
- Remain accountable to all stakeholders
- Encourage socially responsible behaviour