



THIS WAS ONCE

just a seed.



SHREE CEMENT LTD.
ANNUAL REPORT
2019 - 20



IT ALL STARTED WITH JUST A SEED.

A seed of an idea, with a grand vision and steadfast mission, was planted over four decades ago. Today, rooted deep in principled business philosophy, this tiny seed has grown from strength to strength into a mighty Banyan tree.

It is with these roots spread deep into the soil that we, at Shree, have been able to build a rock-solid foundation and have been able to weather the toughest of storms. Good corporate governance practices, integrity, accountability, quality consciousness, customer responsiveness, employee and environment friendliness are the roots that nourish us.

While the fundamentals of foundation remain invisible, the growth, performance and success are clearly visible. This growth that you see is a result of many years of nurturing the Tree with hard work, perseverance and dedication. Just like winding branches of this Banyan tree that spreads infinitely, accepting no limit, with utmost devotion, Shree has steadily spread its intricate network of branches and expanded its reach across India and abroad.

As the business grew, so did our people, processes and systems. With spirit of innovation, continual improvement and empowerment, we have nourished this sapling to become a colossal Banyan tree.

For us at Shree, from a humble seed, a delicate sapling, to a plant and now a behemoth, the journey has traversed through generations together and has pursued growth from the ground up.

The strength of the Banyan tree is its main trunk which helps it grow and spread, while the aerial roots nourished by this main trunk grow their own trunks and become independent in their growth. Imbibing this philosophy, at Shree, the Management strongly believes in giving a great deal of freedom to its employees to excel and grow. While they lend their unwavering support, the Management lets them pursue innovations, improvements and out-of-the-box solutions and lets them implement the same; allowing them to flourish and in turn increase the spread and growth of the Banyan tree called Shree.

With conviction and hope the seed was sown, and today stands tall with a promise to continue to serve all its customers, shareholders & stakeholders and to cement a stronger tomorrow.



CONTENTS

02	OVERVIEW	02	Continuing the Momentum
		03	Philosophy, Vision and Guiding Principles Our Values, Our Operating Strengths
05	VIEWS AND PERSPECTIVE	05	Chairman's Words
		06	Managing Director's Outlook
		08	Jt. Managing Director's Communication
10	ABOUT SHREE	10	Our Power Brands
		12	CSR Activities
		14	Growing Sustainably
16	HALL OF FAME	16	Awards and Accolades
18	STRATEGIC THINKERS	18	Profile of Directors
20	PERFORMANCE REVIEW	20	Performance Highlights
		24	Five Years' Highlights
		25	Performance Highlights Since Beginning
26	STATUTORY AND FINANCIAL SECTION	26	Board's Report and Management Discussion and Analysis
		40	Annexures to Board's Report
		70	Business Responsibility Report
		84	Report on Corporate Governance
		110	Standalone Financial Statements
		168	Consolidated Financial Statements
230	OTHER INFORMATION	230	Ratio Analysis
		231	Corporate Information
		232	Company's Plants and Marketing Offices

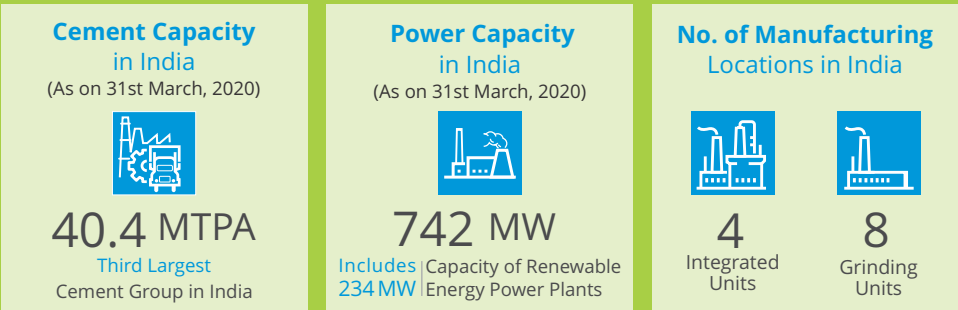
Disclaimer:

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 2019 - 20.

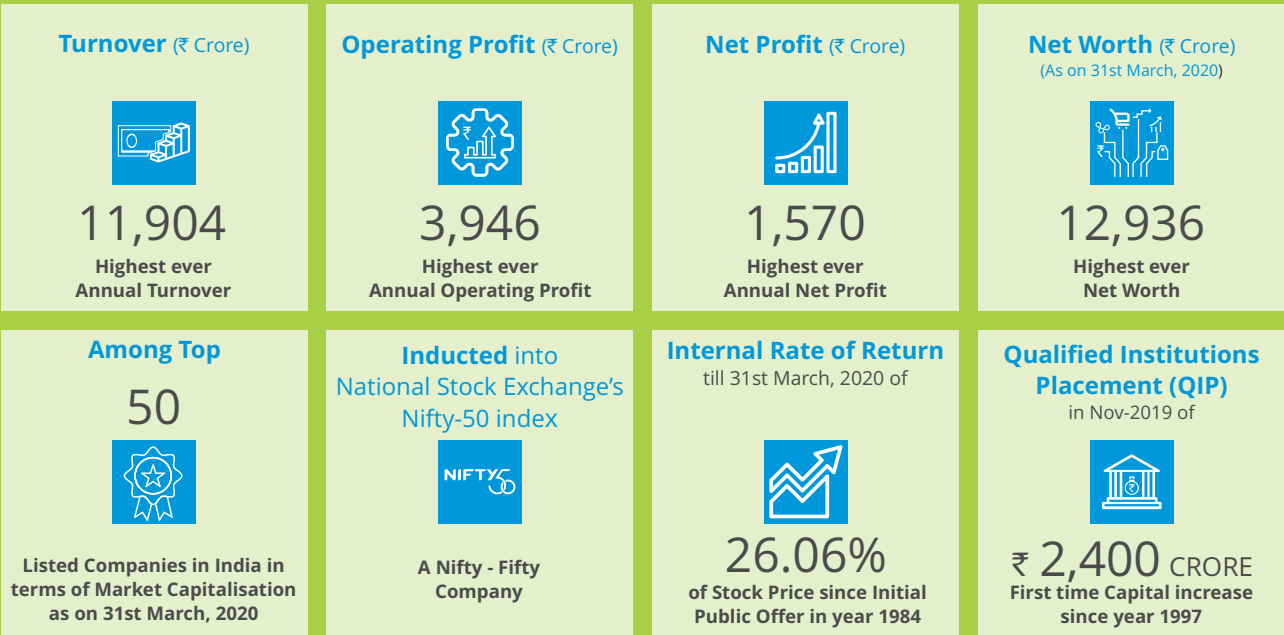
Your comments and feedback are of great importance to us. We would be glad to address any queries or observations that you may have with regard to our Performance or this Report. You are most welcome to e-mail us at investor@shreecement.com.

CONTINUING THE MOMENTUM

SHREE IN NUMBERS (STANDALONE BASIS)



KEY HIGHLIGHTS OF YEAR 2019-20 (STANDALONE PERFORMANCE)



GROWTH OVER 10-YEAR HORIZON

Parameter	2009-10	2019-20	CAGR
Cement Production Capacity (MTPA)	12.00	40.40	12.91%
Power Generation Capacity (MW)	210	742	13.45%
Revenue from Operations (₹ Crore)	3,632	11,904	12.60%
Operating Profit (EBIDTA) (₹ Crore)	1,578	3,946	9.60%
Profit After Tax (₹ Crore)	676	1,570	8.79%
Net Worth (₹ Crore) (as at the year-end)	1,833	12,936	21.58%
Market Capitalisation (₹ Crore) (as at the year-end)	8,228	63,309	22.64%

PHILOSOPHY, VISION AND GUIDING PRINCIPLES

OUR 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.

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

- Quality and Energy Conscious
- Customer Responsive
- Socially Responsive
- Investor Rewarding
- Employee and Environment Friendly
- 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 in communication
- Remain accountable to all Stakeholders
- Encourage socially responsible behaviour

OUR VALUES, OUR OPERATING STRENGTHS



Passion for Efficiency

Ensuring optimum outcomes in everything we do at work

Achieve our targets consistently with minimal costs



Trust and Support

Believing in each other with mutual respect

Promoting honest and open communication

Building an environment of freedom with responsibility



Creativity and 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



Dynamism

Prioritising opportunities and challenges to enable swift decision making

Being flexible in our approach to find effective business solutions



Care

Being compassionate towards our communities and our environment

Working together as one family; connect personally with each other

Demonstrating humane touch in the way we work



VIEWS AND PERSPECTIVES

CHAIRMAN'S WORDS



B. G. Bangur | Chairman

All actions at Shree remain anchored in fulfilling our shared vision of "Lead in creating prosperity and happiness for all stakeholders through innovation and sustainable practices". This shared vision keeps all of us grounded to our roots and our purposes.



We acknowledge the immense power inside a tiny seed when we witness its transformation into a gigantic tree. This seed has fought its way out overcoming nature's obstacles in its path to become one giant that touches skies.

An enterprise also starts its journey in form of a tiny seed. It is sowed as an idea which gradually grows into a colossal institution crossing all barriers in its path to touch the echelons of success. All this is made possible on the back of consistent hard work, innovation and perseverance of its members. Like this, four decades back, Shree Cement was also once just a tiny seed.

Over these years, Shree has leveraged interdependencies of technology, processes and people to deliver best-in-class products. Our teams constantly research, experiment, innovate and persevere to optimise everything that they do. Our operations branch out across the breadth of India to widen its reach. We have maximised creation of value and share it equitably amongst our universe of stakeholders. All actions at Shree remain anchored in fulfilling our shared vision of "Lead in creating prosperity and happiness for all stakeholders through innovation and sustainable practices". This shared vision keeps all of us grounded to our roots and our purposes.

The history of human race demonstrates that severe storms of different kind have tried to rock the boat of human progress, time and again. But the resilience of human spirit and collaboration led innovative solutions have helped it sail through these storms. The present COVID-19 health challenge is one such storms the world is facing today. At Shree Cement, we have taken utmost care to ensure that we not only stay safe ourselves, but also be a part of government's mission to collectively defeat this common enemy. Overcoming this challenge may take some time, but collectively we all shall overcome it for sure.

Despite the challenges, we are committed to put our best foot forward for continued and sustained value creation for our stakeholders.

MANAGING DIRECTOR'S OUTLOOK



People need to be flexible in their thinking, take calculated risks and be willing to discover the untapped potential that exists in equipment, processes and systems.

H. M. Bangur | Managing Director

Uncommon things draw attention. When you do common things in an uncommon way, you command the attention of the world. Why so? It is because they are the results of unconventional and 'out of box' thinking achieved by challenging the conventional thoughts and practices. Successful organizations are characterized by their uncommon approaches and practices. They are successful because they chose to tread a different path. The key then is to Think, Do and Be Uncommon.

While taking decisions, quite often, people go by their perceptions. Uncommon style is to break those perceptions and practice reasoning based logical analysis. Normally, when a machine continuously works at or about its rated capacity, say 100 tons per day, it is said it has attained its true potential. A few people even go beyond and try to gain some bit of hidden margins built by the OEM suppliers and achieve a level of say 110 tons. But a very few will try to increase its potential further to say 125 tons by logically analyzing the operating parameters, design limitations, composition of raw materials, constraints in different parts of the machine and so on and so forth. I am of the strong belief that such people will certainly end up getting a higher output beyond 110 tons if not 125 tons. And this process keeps going. Blindly going by perceptions and not trying for reasoning based outcomes would make the organization stagnant and flatten its growth trajectory. People need to be flexible in their thinking, take calculated

risks and be willing to discover the untapped potential that exists in equipment, processes and systems.

Conventional wisdom promotes - 'Better safe than sorry'. In business, a common belief is to have strong safeguards in any process and avoid deviations. Systems are designed to operate within limitations. But in the process, we may be missing opportunities of betterment. For example, for expediting completion of kiln maintenance schedule, ordering of a particular item may have deviated from procurement norms. Normally this deviation would be avoided as it would be questioned later. However, people at Shree allow such small deviation. Emphasis has to be on practical approach. People need to look beyond what may be ideal limits to settling for what are necessary limits.

Similarly, there is common belief that best of the talent will guarantee success. I am of the view that you need the right people and not necessarily the best people. Many raise question as to how our efficiencies are very high and how we are able to complete our projects before time one after another. I believe it is intrinsic motivation in our people that enables this accomplishment. High Perks and external motivation can influence only for short span but the willingness to realize something new is what drives them continuously. The excitement of

triumph outshines all other motivations. Give authority and purpose and people will deliver. People try new things on every day basis. Their hard work and dedication and zeal to achieve something extra help them unlock the untapped potential of efficiency in our operations.

A great idea is of little use if it remains only in mind. What is needed is to take concrete actions upon them. The biggest of changes have their origins from sincere actions taken on smallest looking ideas. Thus teams need to work on every seed of thought that holds promise of bringing improvement. All actions may not turn out successful but it definitely assures gradual progress against the alternate of standing still. Constant course correction, taking actions and moving ahead increases the chances of success. This in turn creates edge for the long term sustenance of an organization.

Important point is to adopt a practical approach focused on betterment instead of blindly following a rule based approach. Systems and procedures are guidelines but they should not come in the way of creative solutions. We believe in an open culture. Ready to embrace new solutions, ideas and knowledge. Our willingness to change and an open mind help us explore new paths. We shall remain in constant pursuit of better ways of doing things and creating a differential value.



JT. MANAGING DIRECTOR'S COMMUNICATION



Regular planting of seeds of new ideas, solutions and thinking is a way of life and key to our success. Like the mother nature, which changes at regular intervals and still remain eternal, our practices keep changing while remaining true to its core.

Prashant Bangur | Jt. Managing Director

It's a mere truism that change brings challenges. We are living in a time where the only certainty we can envisage is the uncertainty which is an unavoidable reality of life as well as business. Market dynamics, policy changes, vagaries of nature, health outbreaks – the world is now dominated by the new normal which is unprecedented and a challenge in itself.

No company, no matter how successful it may be, is immune from rising risks of technological disruptions to continually-improving competitors to unknown internal and external challenges. One of the biggest obstacles in the way of organization's ability to address these risks is - status quo. Status quo builds over time as a deceptive comfort trap. Organizations build processes and systems to run their operations. Gradually these turns into norms. Whole focus turns towards compliance. People submit the reports at regular frequency. Managers focus on seeing that all the fields in the report filled in. Over time, the true purpose behind the reports is forgotten. The format becomes sacred, regardless of whether it is still relevant or not. Submission deadlines are set in stone, whether or not anyone is actually analyzing the reports. Life at the office becomes 'report oriented' – instead of being 'task oriented'. Such entire culture suppresses creativity and initiative.

It's impossible to stay competitive while staying the same. It is therefore important to build a culture where norms are challenged every day. A target



achieved yesterday should become a base for a new challenge to be achieved today. For this, first and foremost is to create an ecosystem of innovation. People need to be empowered at all levels to challenge the present and come up with new ideas, new thinking, newer way of doing things as a matter of daily routine. They must feel the need to create growth instead of simply managing daily work. Secondly, many times people defend status quo saying that "We tried that before but it didn't work". This becomes an excuse for not making another attempt. To overcome this mindset, the leadership needs to encourage people's failed attempts of experimenting or trying newer things. In fact, if we're not failing at all, we're doing something wrong – because failure is a necessary by-product of innovation. Third and an easy way of breaking status quo is to make people understand the value of their ideas. People should be encouraged to express their suggestions or new proposals in terms of extra revenue earned or cost saved.

Another area that affects an organizations' ability to deal with uncertainties is the time taken for decision making. Delayed decision often turns into a lost opportunity. In the age of digital world, plenty of data is available and lots of analysis is possible. Problems of "analysis paralysis" and "never ending discussions" often grip leaders and their teams. This leads to delay in decisions. It needs to be understood that picking a

"good-enough" decision is better than a perfect but delayed decision. In fact, there does not exist a perfect solution to a problem. One needs to take a good enough decision and improve it as he goes along. Bottom line is that faster decisions are better than no decisions.

Shree's past performance has been among the best in the industry because of its focused approach on constant improvement, challenging the status quo and finding innovative solutions. Past accomplishments however breed complacency. Hence we have created an atmosphere of agility to ensure that people don't become contended and continually attempt to remain on the better side of embracing the change. They are encouraged to perceive opportunities in challenges, pursue them and use them to build a competitive edge. They are encouraged and empowered to question themselves and venture outside of their comfort zone. In challenging times like at present, we are even more focused on out-of-box thinking and creative solutions to rationalize costs and improve efficiencies.

Regular planting of seeds of new ideas, solutions and thinking is a way of life and key to our success. Like the mother nature, which changes at regular intervals and still remain eternal, our practices keep changing while remaining true to its core. We will continue to break new grounds, create new synergies and set new benchmarks.

OUR POWER BRANDS

By focusing on changing trends in customer requirements, Shree has constantly evolved its offering to delight customers in the most satisfying manner.

Deeply rooted in our value system is our promise of superior quality. From the very beginning, all of our products have consistently delivered on quality assurance made to customers.



Shree Jung Rodhak Cement

One of the most trusted brands for rust-free construction, Shree Jung Rodhak Cement is the preferred choice of customers of this segment. Its strong corrosion resistant property protects the steel bars used in the reinforced cement concrete construction from rust attack; thereby directly prolonging the life and durability of the structure. An all-purpose cement, it lends impregnable physical and chemical resistance within the concrete against action of deleterious agents like Water, Carbon-dioxide, Sulphates and Chloride Ions.



Bangur Cement

Made using German technology, Bangur Cement is an ideal product developed for the segment of customers who want top-notch quality. With a tagline – Sasta Nahin, Sabse Accha - it clearly positions itself as a high-quality cement.



Rockstrong Cement

High on strength and low on setting time, Rockstrong Cement enables robust construction in quick time. A widely used cement that offers great value at competitive pricing.



Roofon Concrete Master Cement

It is a revolutionary product that matches the attributes of world's top-quality cement brands. Scientifically formulated by our international technical experts, Roofon Concrete Master Cement offers higher strength to roofs with denser concrete that is crack and rust resistant. Apart from roof slabs, it's a speciality concrete mix for foundations, columns and beams.



Bangur Power Cement

After huge success of Bangur Cement, Shree recently launched an even more powerful cement that offers extra finesse, smoothness, high volume, higher strength and corrosion resistance. Bangur Power Cement is a specially formulated cement that meets all international standards, to meet the requirements of discerning customers.



ABOUT SHREE

CSR ACTIVITIES

At Shree, we endeavour to be the Banyan tree for the community we live in. We strongly believe that the Society we operate in is a key stakeholder in our success. CSR activities at Shree get as much management attention as the core business. Our employees also participate voluntarily in these activities with full enthusiasm and interest.

During FY 19-20, an amount of ₹ 40.47 Crore was spent on various CSR Initiatives of the Company impacting the communities at large.



Health Camps



Mamta Project



Dental Check-up

Healthcare

Our interventions in area of healthcare include organising health camps, running mobile healthcare units, 'Mamta Project' for pregnant women & new-born children and ensuring basic healthcare facilities through 24X7 Health Management Centre at our manufacturing units.



Shree ki Pathshala



Anganwadi Support Programme



Computer Literacy Programme



School Support Programme

Education

We are committed to providing enriching learning opportunities through independently run programmes or in partnership with the Government. We work relentlessly towards raising quality standards of school education in our nearby areas and earnestly support communities in getting educated.

Livelihood and Income Generation

For self-employed community of nearby areas like farmers, we have dedicated Programmes to help them improve their productivity levels and help them increase their income generation.



Skill and Knowledge Building of Farmers



Distribution of Seeds



Support to Farmers

Rural Infrastructure Development

Since we operate in the vicinity of several rural areas, rural infrastructure development finds a crucial place in our CSR interventions. Few of the interventions include constructing / repairing roads, building community assets, upgrading government infrastructure, etc. amongst others.



Community Asset Development



Construction of Roads

Women Empowerment and Skill Development

Our dedicated Programmes in areas of training and skill development and formation of Self Help Groups for undertaking self-employment activities have gradually enabled women of nearby communities to uplift quality of their life.



Training and Skill Development



Self-help Group Formation



Girl Marriage Support Programme



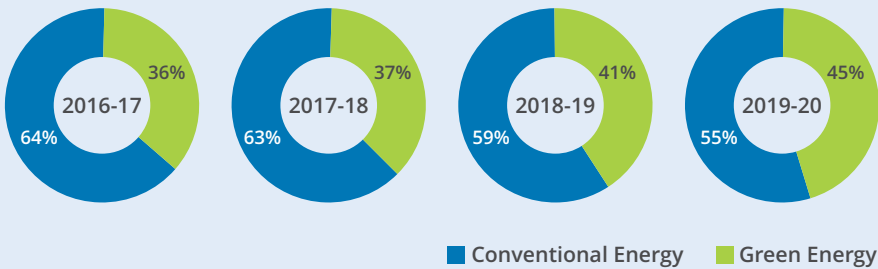
Community hall construction

GROWING SUSTAINABLY

We, at Shree, believe in caring for the environment and our planet by reducing carbon footprints, conserving natural resources and enhancing the green cover. From using green energy, to usage of alternative raw material, implementing energy efficiency measures, cutting down GHG emissions, to optimal use of natural resources, Shree's sustainability interventions have been an integral part of its growth story and have become a guiding light for its sustainable future.

Renewed by the Renewables

During FY 19-20, of the total energy consumed by Shree, 45% was green energy. Our renewable energy portfolio of 234 MW is one of the highest in the Industry; comprising of Waste Heat Recovery Power Plants, Solar Power Plants and Wind Power Plants.



Alternative Raw Material consumption (in Million Tonnes)



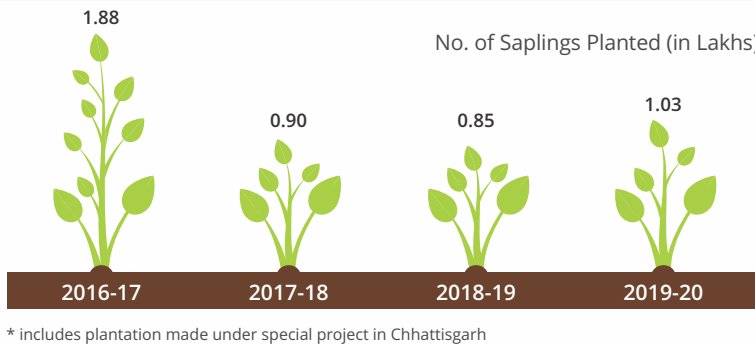
24.3% of the total Raw Material consumed in year 2019-20 was sourced from Waste Resources

Best out of Waste

Emphasis on conserving natural resources and use of alternative resources has been hallmark of Shree's sustainability journey. Not only has Shree used other industries' waste as inputs in the manufacturing process, but has also invented materials like Synthetic Gypsum to replace Natural Gypsum.

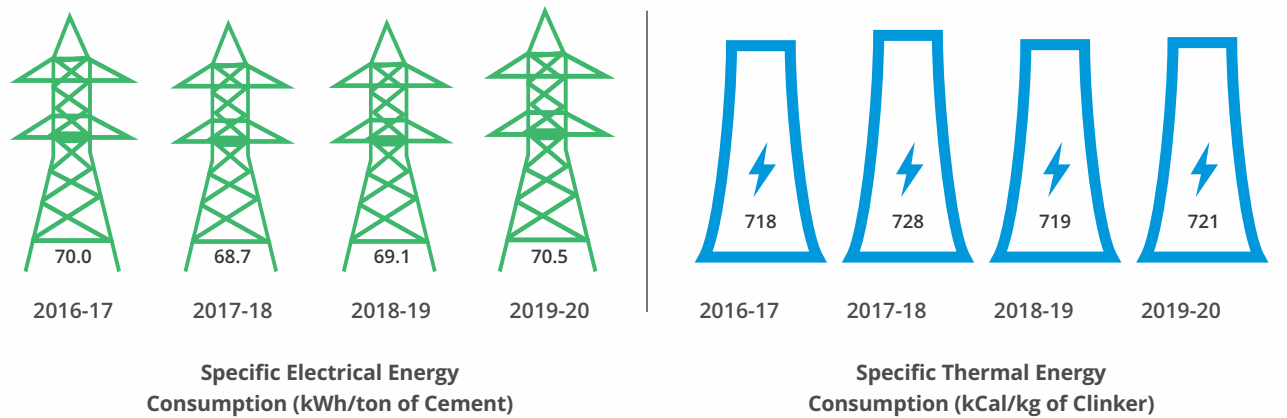
Go Green, Grow Green

As a part of its commitment towards sustainability, Shree has always given priority to protection of environment and biodiversity across all operational areas. The plantation drive is an initiative in this direction to bring community together to move towards a greener and better tomorrow.



Energy for Life

Energy conservation is a vital focus area at Shree and is driven at every level of its operations. Continual focus of energy efficiency, process improvement, technological upgradation, etc. has enabled us to continuously maintain energy consumptions levels below the Industry Standards.



AWARDS AND ACCOLADES



Bhamashaha Samman for Corporate Social Responsibility 2019
by Government of Rajasthan for Ras Site

Global Sustainability Award 2019
by the Energy and Environment Foundation



Best Quality Excellence Award 2017-18 & 2018-19
by National Council for Cement and Building Materials (NCCBM)

Supply Chain and Logistics Excellence (SCALE) Award 2019
by Confederation of Indian Industry (CII)



Corporate Governance and Sustainability Vision Awards 2020
by Indian Chamber of Commerce

Golden Peacock Award for HR Excellence 2019
by the Institute of Directors (IOD)



Great Place to Work Certified
by Great Place to Work © Institute

State CSR Excellence Award 2019
by Department of Industries, Government of Rajasthan



Industry Champion Award 2019
by Rajasthan Chamber of Commerce and Industry

India Risk Management Award in Sustainability Category
by ICICI Lombard and CNBC TV-18



Strong Commitment to HR Excellence 2019-20
by Confederation of Indian Industry (CII)

Best Employers Award 2018
by the Employers Association of Rajasthan

