



THE BRIGHT SIDE OF GREY



ABOUT THE REPORT

Introduction

We, at Shree Cement Limited (SCL), started our journey of sustainability reporting back in FY 2004-05 as the first organisation in the Indian cement industry. Since then, our annual reports and sustainability reports have been one of our key mediums of communication with our stakeholders.

In FY 2021-22, we are proud to introduce our first Integrated Annual Report that is based on the Value Reporting Foundation's Integrated Reporting <IR> Framework. The Value Reporting Foundation is a global non-profit organisation comprising International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB).

The report discloses our performance across six capitals viz. – Financial, Manufactured, Human, Natural, Intellectual, and Social and Relationship, thereby providing insights on our value creation efforts towards our stakeholders.

Reporting principle

The non-financial performance in our report have been disclosed in accordance with the GRI Standards: Core option. We have referred to GRI Standards 2018 for GRI 303: Water and Effluents and GRI 403: Occupational Health and Safety; while the GRI Standards 2020 are referred to for GRI 306: Waste. All other non-financial disclosures have been reported as per the GRI Standards 2016. Our report

has also been aligned with the principles of the United Nations Global Compact (UNGC) as well as the United Nations Sustainable Development Goals (UN SDGs).

Sections of the Integrated Annual Report also comply with the requirements stated in the Companies Act, 2013 (including the rules made thereunder), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards issued by the Institute of Company Secretaries of India. We encourage our stakeholders to read them in conjunction with the contents.

Reporting scope and boundary

The report consists of financial and non-financial reporting for our business operations across our four integrated plant locations and ten grinding unit locations in India. Additionally, our financial statements cover performance of our subsidiaries including UAE subsidiaries. The information provided in the report is of the period of 1st April, 2021 to 31st March, 2022.

Independent Assurance

The standalone and consolidated financial statements provided in the report are audited by M/s. Gupta & Dua, Chartered Accountants, statutory auditors of the Company. The non-financial data in this report have been reviewed internally through our internal control mechanisms.

Forward-looking statement

There are certain statements in this report that are forward looking statements based on assumptions and with respect to future growth. These statements may involve several risks and uncertainty as the method for predicting future data may be inaccurate. These statements include facts, data, business strategies and future objectives except for any data obtained through past analysis. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the statements.

Feedback

We publish our reports annually. All our previously published annual and sustainability reports are available on our website www.shreecement.com. We value your feedback, which will continue to enable us to disclose relevant information in the most effective and transparent manner. We would be happy to address any queries or suggestions that you may have with respect to our performance or this report. You may write to us at investor@shreecement.com.

THE BRIGHT SIDE OF GREY



Grey is not a colour synonymous with positive symbolism, as most would say. But grey also neutralises absolutes. Like a grey attire that merges the pristineness of white with the overpowering black. Grey has the capacity to absorb and evolve. Just like the product we make. Cement.

Cement uses several mineral resources found in nature to make one of the strongest materials known to humanity. The softest of minerals like limestone and sand when forged with the strength of iron transform into a material that builds the world's tallest buildings and longest bridges. So grey is not quite grey. Grey is transformation. It is evolution.

At Shree Cement, we lean towards the brighter side of grey with our creativity, innovation and care. Our pioneering attempts at introducing sustainable production techniques for cement making, adopting circular principles of resource use and having one of the strongest lineups of green cement products are all industry trend-setters. Our care for the future stimulates our thirst for innovation.

We carry out our operations in socially responsible manner while ensuring protection and restoration of natural

ecosystem. With our world class cement manufacturing technology, we have been able to achieve high standards of operational efficiency, thereby minimising impact on the environment. Our efforts towards conservation of natural ecosystem are aligned to the United Nations Sustainable Development Goals (UN SDGs).

We believe that growth comes from social inclusion. Being cognisant and sensitive of our impact on our community has aided us in maintaining our vision of spreading happiness to our people – our employees, vendors, supply chain members, customers, investors and our community.

With our environment friendly and technologically advanced manufacturing process and our commitment towards growing a socially inclusive community, we focus on the bright side while manufacturing cement.

With this debut Integrated Report of FY 2021-22, we present to our readers our approach of looking at the bright side of the grey.

CONTENTS

Integrated Report

Shree Cement at a glance	02
Our operational reach	06
Chairman's message	08
Managing Director's message	10
Joint Managing Director's message	12
Introducing our capitals	14
Business model	16
Strategic objectives	18
Risks and the mitigation strategies	20
Stakeholder engagement	24
Materiality assessment	26

Performance highlights	30
Intellectual capital	32
Manufactured capital	38
Natural capital	44
Human capital	56
Financial capital	66
Social and Relationship capital	72
Governance	88
Performance over the years	96
Awards and accolades	100

Statutory Reports

Board's Report and Management Discussion and Analysis	112
Business Responsibility Report	139
Report on Corporate Governance	152

Financial Statements

Standalone Financial Statements	176
Consolidated Financial Statements	246

SHREE CEMENT AT A GLANCE

Making the right choices for a brighter tomorrow

We, Shree Cement Limited, are proud to be recognised as one of the top three cement groups in India in terms of production capacity. Being committed to sustainable and inclusive growth, we have installed the largest waste heat recovery based power plants in the world cement industry, next only to China. Our cement manufacturing and

grinding units span across 10 states of Bihar, Chhattisgarh, Haryana, Jharkhand, Karnataka, Maharashtra, Odisha, Rajasthan, Uttar Pradesh and Uttarakhand. We rank at 51st among the listed companies in India as on 31st March, 2022 in terms of market capitalisation. Also, we are part of  of National Stock Exchange of India.

Growth over 10-year horizon

Parameter	FY 2011-12 (15 Months)	FY 2021-22	CAGR
Cement Production Capacity (MTPA)	13.5	46.4	13.14%
Power Generation Capacity (MW)	560	771	3.25%
Revenue from operations (₹ Crore)	5,800	14,306	11.92%
Operating Profit (EBIDTA) (₹ Crore)	1,809	4,185	11.21%
Profit After Tax (₹ Crore)	619	2,377	16.99%
Net Worth (₹ Crore) (as at the year-end)	2,734	17,271	20.24%
Market Capitalisation (₹ Crore) (as at the year-end)	10,590	86,711	23.40%

Shree Cement, as on 31st March, 2022

46.40 MTPA
Cement production capacity

771 MW
Total power generation capacity

263 MW
Green energy generation capacity (WHR, wind and solar)

4
Number of locations with integrated plants in India

10
Number of locations with standalone grinding units in India

1
Number of location with integrated plants outside India (in UAE)

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

The Shree Philosophy

At Shree, we believe in the teaching of Rigveda **आ नो भद्राः क्रतवो यन्तु विश्वतः** which means 'Let noble thoughts come to us from all over the World' and imbibe and extend all noble thoughts across all our functions. Our ethos make us an organisation that is:

- Quality and energy conscious
- Customer responsive
- Socially responsive
- Investor rewarding
- Employee and environment friendly
- Sustainable organisation

Guiding Principles

- Enforce good corporate governance practices
- Encourage integrity of conduct
- Ensure clarity in communication
- Remain accountable to all stakeholders
- Encourage socially responsive behavior.

Our Values, Our 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**

- To extract 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

SHREE CEMENT AT A GLANCE

Offering sustainable delight to customers

Our product portfolio is consciously diversified and dynamic to cater to different needs and requirements of our customers. We are constantly striving hard to create a positive impact on the planet by developing products that are sustainable. Our products are a result of rigorous Research & Development (R&D) process involving innovation and focus on quality. All our brands enjoy high recall from our customers. Our portfolio consists of varied type of cement with special focus on blended cement which contributes to circular economy.

Our diverse range of products

We provide four major types of cement for our customers based on their requirements:

- **Ordinary Portland Cement (OPC):** OPC is a widely used form of cement, also known as Ordinary Portland Cement. OPC can be used in normal as well as pre-stressed construction.
- **Portland Pozzolana Cement (PPC):** When the clinker and gypsum are ground/mixed with pozzolana or silicious materials such as fly ash, PPC is formed. PPC is more durable as compared to OPC due to formation of denser

micro-structures. PPC is also known as cement of future because of its properties of sustaining hydraulic structures.

- **Portland Slag Cement (PSC):** In PSC, by-product from iron blast furnace is mixed in suitable proportion with ground clinker and gypsum. Slag cement is a form of hydraulic cement and is also resistant to high temperature. It is used in sea water construction projects due to its resistance to sulphate attack.

- **Composite Cement (CC):** Composite cement is used in the production of high strength durable concrete. Composite cement is prepared by replacing a portion of Portland cement clinker with industrial by-products such as fly-ash and Granulated Blast furnace Slag (GBS).



Our valued products



Shree Jung Rodhak Cement

is an all-purpose cement that provides strength and durability to all the structures through its strong corrosion resistant properties and is the most preferred choice in the segment.

Available in: PPC



Bangur Cement

is used for diversified construction purpose and is developed using German technology. It is a superior quality product that meets the global standards.

Available in: OPC, PPC



Rockstrong Cement

An obvious choice for any type of construction with quick setting properties, durability and is an excellent value for money.

Available in: PPC



Concrete Master Roofon Cement

is one of the best concrete master that gives strong and long-lasting construction. It is suitable for all whether conditions and produces concrete that is crack resistant, thus making air-tight, water shield construction that is resistant to corrosion.

Available in: PPC, PSC, CC



Bangur Power Cement

is a premium quality product meeting all international standards. It provides extra fineness, smoothness, greater coverage area, higher strength and resistance to corrosion.

Available in: PPC, PSC, CC



Shree Cement

is launched as the first cement brand by the Company. High on strength, this is well established brand, time tested and offer superior quality and durability to its customers.

Available in: OPC, PPC, PSC

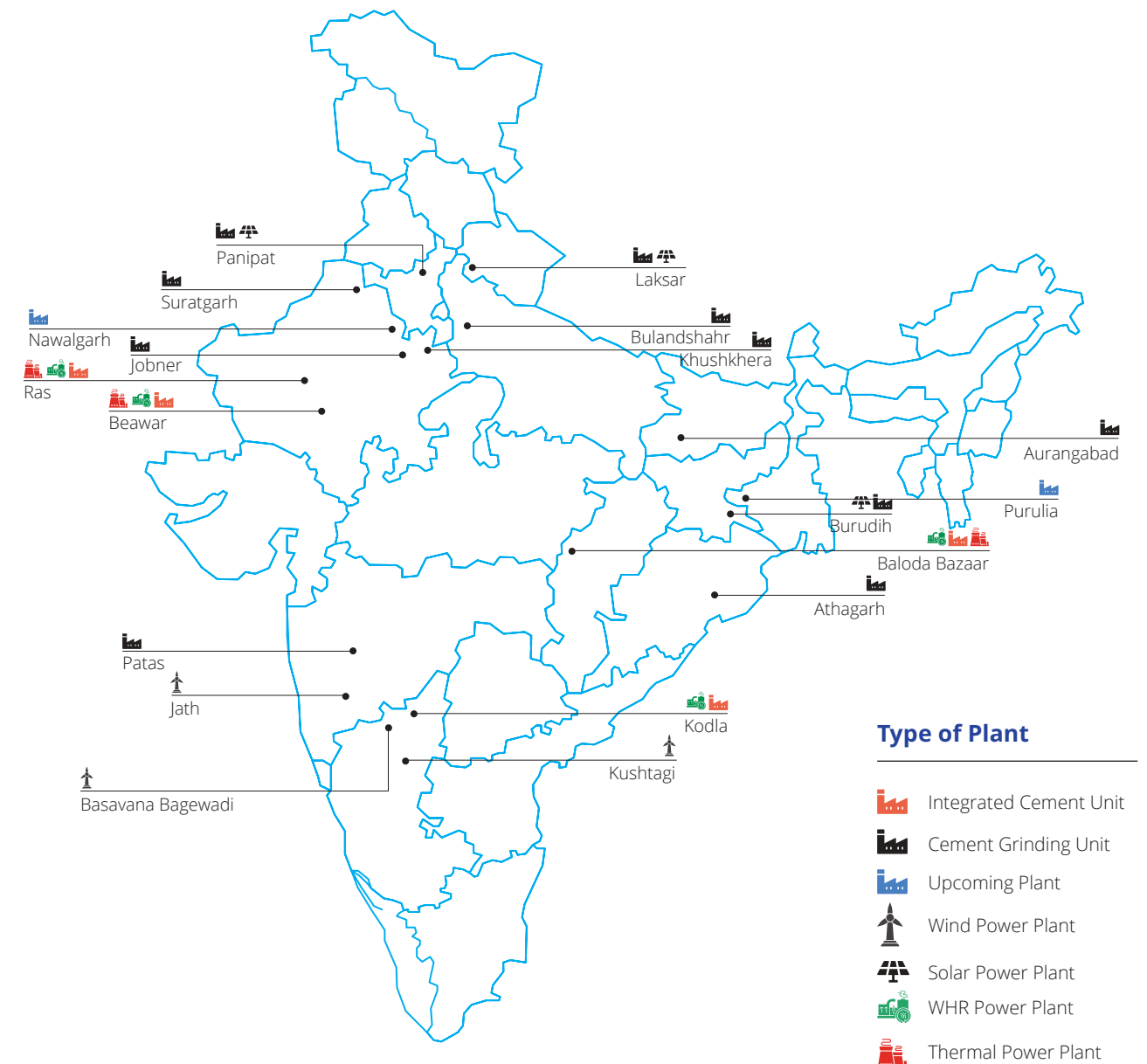
OUR OPERATIONAL REACH

Expanding wings, growing sustainably

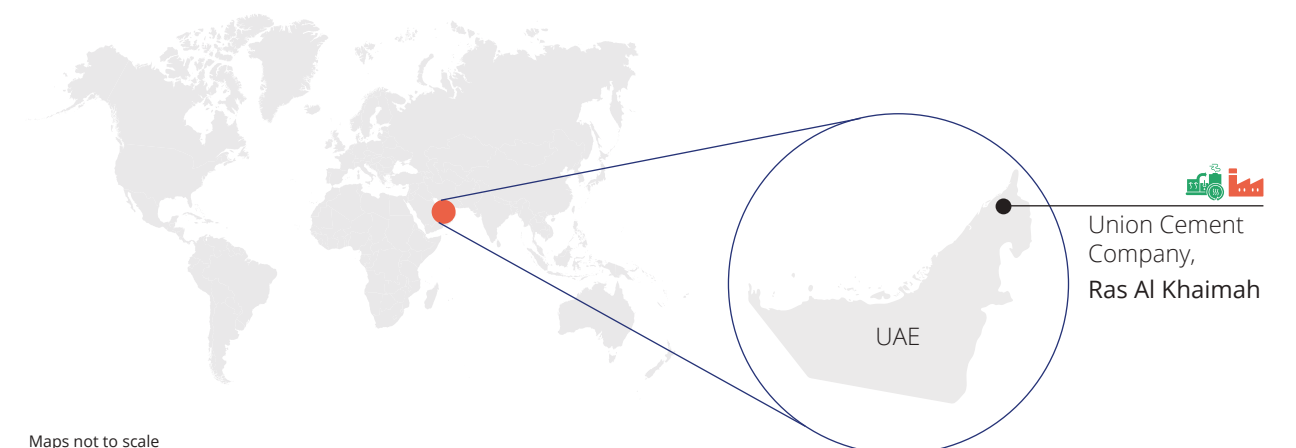
We have been growing consistently and faster than the industry over last two decades. This has led to expansion of our reach to our customers and other stakeholders and grow sustainably with them.



Footprint across India



Footprint in UAE



Maps not to scale

CHAIRMAN'S MESSAGE

A resolve to change things for the better

**Dear Shareholder,**

Last few years have been challenging for everyone. The impacts of the pandemic are there for all of us to see and likely to remain so for the foreseeable future. Also, the impacts of climate change, rapid resource depletion, economic inequality and human rights are increasingly undeniable. The dreadful impacts should act as a stark reminder to us all of the fragility of human life and the planet.

At Shree Cement, we have always focused on the positives and the possibilities even during the most challenging of times. Life is about duality, and the brighter side of grey is as real as the darker side. Our substantial work in the area of sustainability proves our determination to transform circumstances in our favour.

Among other priorities, climate change requires effective response through accelerated transition to a low carbon economy. Also, balancing the demands of meeting today's operating environment, while investing for the future remains the need of the hour.

We have taken several steps in response to the very visible impacts of climate change. As a member of GCCA, we are working diligently towards meeting the goal of net-zero by 2050. We aim to reduce our emissions as per levels validated under Science Based Target initiative (SBTi). We also remain committed to make our operations more sustainable, inclusive and evolving. Our continued work towards



Although, we are making good progress in meeting our sustainability goals, we continue to strengthen our focus on areas where we want to aim higher.

increasing our share of green power, enhancing ratio of low carbon cement, growing usage of alternative raw materials and fuels, making deeper engagement with suppliers and customers, creating a great place to work by 'people friendly' policies and contributing actively towards development of our local community are steps towards making our operations climate friendly and inclusive.

Although, we are making good progress in meeting our sustainability goals, we continue to strengthen our focus on areas where we want to aim higher. We shall continue our unwavering commitment to make and do things that lead to a better world.

B. G. Bangur
Chairman

MANAGING DIRECTOR'S MESSAGE

Sustainability
enabling innovation

Dear Shareholder,

In the twenty first century, technology has been popularly viewed as the civilisational disruptor. Technology has run on an incremental loop, with advances made fueling the next generation of development. Reason why technology has been widely viewed as an enabler – moving society and businesses to the next level of optimisation and advancement with every wave of technological change.

I am, however, of the view that sustainability is an even greater enabler of innovation than technology. Sustainability links society and all its parts with the eternal cycle of life – of creation, degeneration and renewal. Dramatic changes in the natural world, as visible through climate change, call for review in our approach to innovation. It is necessary that new business models internalise the concept of finiteness. This has triggered a new kind of innovation – where Man is now exploring alternatives like biofuels, carbon and hydrogen transformation technologies. The quest for building more equitable, inclusive and sustainable societies has been another shaping force. Today's businesses are expected to harmonise their existence with a society that needs to be sustainable at various levels – for its people and for the planet.

For Shree Cement, sustainability has always been a primary lever for innovation. As an organisation, we have always optimised on the premise that resources are limited. We have focused on innovations that can optimise processes. We have designed operational methods that dynamically calibrate performance to achieve the highest productivity. We have always remained involved with our employees, communities and stakeholders to ensure that their interests remain aligned with ours and we can work together in mutual harmony.



At Shree Cement, we approach each challenge with zeal and dedication – for successful innovation requires an incessant ability to refresh and refocus. Our aim is to keep setting new objectives for ourselves as the world's sustainability requirements evolve.

The underlying driving force for our industry-leading performance is careful integration of sustainability as an integral part into our business. The care for our planet and concerns of our stakeholders motivate us to identify novel models and ways to bring about meaningful difference to our working. Our incessant quest to reduce carbon footprint from our operations and transforming our products from grey to green remained hallmark of our sustainability efforts in FY 2021-22. I would like to highlight some of the notable achievements of FY 2021-22 driven by the sustainability lever as under:

- Our usage of alternative raw materials has grown from 26.01% to 27.23% during FY 22. Our consumption of alternate fuels has gone up from 6.03% to 9.84% in FY 2021-22. This is a result of our firm belief the resources that we use today should also serve the needs of our future generations.
- Our share of green power in total consumption at 48.2% is amongst the best in the industry. The quest for continually increasing this share is mainly driven by our conviction that Earth's fossil fuels are finite and soon they may pose supply constraints.
- Similarly, our water positivity ratio has also grown to over 5 times our consumption. This is significant as majority of our operations are located in water stress zones.
- Our all-round improvement measures and unique initiatives towards greening of our operations have enabled us to bring down our Specific Net Scope 1 CO₂ emission to 529 Kg/ tonne of cement equivalent from 543 Kg/tonne in FY 2018-19. We aim to make meaningful cut to our emission level by targeting 12.7% reduction in our Scope 1 and 27.1% in Scope 2 emissions vis-a-vis FY 2018-19 by 2030. In order to give credence to this commitment, we have got our targets validated by Science Based Targets Initiatives (SBTi), a partnership between CDP, UN Global Compact, WRI and WWF.
- Our focus on digitalisation enhances efficiency of our processes. We have taken steps to further strengthen our digitalisation efforts that would help bring ease of operation for our channel partners as well as streamline our logistic and marketing operations. We have also initiated steps to upgrade our ERP system to make it more robust and help faster decision making.
- Our continually rising CSR spend on carefully crafted CSR programmes that take into account the needs of our communities have helped us win their hearts and made them a part of Shree family.
- Our governance model of "walking the talk" is driven by the element of trust that our shareholders have posed in us. We have completed most of our projects in scheduled time and costs.

During the year, we have reinforced our vision and commitment towards sustainability. Appointment of a high-rank senior official as Chief Sustainability Officer is testimony to our commitment towards enhanced focus on sustainability. Also, we have undertaken comprehensive review of our ESG practices with a view to further improve them with greater focus. We have strengthened our ESG policies to demonstrate our commitment towards the cause of sustainability. Areas where possibility of improvement or strengthening is possible have been identified and required actions are underway.

We believe in building capabilities and innovating solutions to manage menace of carbonisation. Towards this objective, we have initiated a dialogue with World Bank to work as knowledge partner on projects related to sustainability and climate change. Through our membership with Global Cement and Concrete Association (GCCA), we have participated through project INNOVANDI to accelerate development of enabling technologies for Carbon Capture, Usage and Utilisation.

Maintaining a sustainable world is a challenging task. The needs are in a constant state of flux, and so are the routes to equilibrium. At Shree Cement, we approach each challenge with zeal and dedication – for successful innovation requires an incessant ability to refresh and refocus. Our aim is to keep setting new objectives for ourselves as the world's sustainability requirements evolve.

The brighter side of grey, colours and inspires our perspective. We have never let a closed door defeat us, regarding barriers as opportunities to be circumvented. We have always challenged ourselves to derive innovative ways of doing established things, and that constant transformation for incremental and exceptional improvement will continue. Our first Integrated Annual Report for FY 2021-22, is a step forward towards showing our customers, our stakeholders and our industry peers all the work that we have already done in the area of sustainability, and how we envision achieving better growth and profitability given the changing global and industry scenario.

H.M. Bangur
Managing Director

JOINT MANAGING DIRECTOR'S MESSAGE

Change is the only constant
to keep moving forward**Dear Shareholder,**

We are operating in a constantly and rapidly changing world. Change presents unprecedented challenges for businesses. Successful businesses have always embraced change to remain competitive and grow. There is a requirement for organisations to become more flexible and responsive, constantly integrate new technologies and operate in risky, costly and more complex environments. This in turn creates opportunities.

Climate change, sustainable growth and economic inclusion are the defining challenges of our time and require wide and deep changes across operations and decision-making process. These require the businesses

to constantly search for answers as to why they are in business, who they are as a company, what their impacts on the world are, how they align their business model with the needs of society and how they engage with their people and with other stakeholders.

Change is thus inevitable; be it because of external events, internal processes, ESG aspects or otherwise. Important for organisations is to be change ready. We, at Shree Cement, however see these challenges as an opportunity of creating strategic agility into our operating model and that of transforming the performance of the organisation. We have internalised change as a way of life. People at Shree keep moving their goal post and set new performance benchmarks for themselves as a daily routine. On their way towards achieving newer benchmarks, sometimes they fail. We however encourage this as it brings new learnings and sets the tone for making the next attempt for improvement. Our mantra is that "If you don't step forward, you are always in the same place." Shree Cement's success is based on its ability to consistently adapt to new waves of change in the business environment.

Our operational approach underline large leaps as well as small steady steps to manifest growth in tandem with future outlook that's promising and achievable. Our objective is to ensure sustained value creation for all our stakeholders, including employees, vendors and suppliers, customers, investors, as well as the Mother



Change is thus inevitable; be it because of external events, internal processes, ESG aspects or otherwise. Important for organisations is to be change ready. We, at Shree Cement, however see these challenges as an opportunity of creating strategic agility into our operating model and that of transforming the performance of the organisation. We have internalised change as a way of life.

Earth. But central to this pursuit remains one of our most important stakeholders – our future generations. The reason of our existence is to build a legacy of economic prosperity founded on the rock of conserving and protecting the planet for generations to come. The success story of Shree is therefore crafted on a rich legacy of sustainable growth.

We use novel technologies and innovative solutions for continual betterment in our sustainability scorecard. Some unique practices reflecting on our sustainable growth journey are as under:

Scaling-up rapidly, creating value.

In the past two decades, our production capacity has grown at a faster rate than the industry. Our rapid progress has been marked by aggressive capacity expansion in record time and at lower costs than the industry. We've also been effective in achieving speedier stabilisation of our new plants, resulting in more consistent production and a higher return on investment. This has resulted in continuous growth in output and corresponding increase in revenues, resulting in significant value addition to shareholder wealth. A strong liquidity position and a deleveraged balance sheet give us the confidence to keep exploring newer opportunities.

Unmatched processes, uncompromised planet.

Our singular process of questioning existing ways of doing things has created a sustained and continual improvement in our productivity and efficiency levels. This reinforces our commitment to finding sustainable ways of manufacturing cement. In some cases, our productivity levels are even higher than those designed by the OEMs. It helps us save additional resources in terms of people, machines and materials and contributes towards the greening of our planet and making extra returns on our financial capital. Our initiatives like using alternative raw materials and fuels, harnessing maximum potential of WHR generation and increasing renewable energy capacity of solar and wind are enriching these efforts and bringing out constant betterment in our environment footprint.

Motivated people, bolstered productivity.

Our talent management philosophy is built around the idea that 'the more the Company does for them, the more they will do for the Company'. We continue to

invest in upskilling our teams and providing them the opportunities to grow personally and professionally. The training and development programmes designed for our employees are in line with our core philosophy, 'Care for People'. Our unique 'Shree Family' culture fosters a culture of belongingness amongst the employees and their families with the Company. Our recognition as a Great Place to Work® in India and as one of 'India's Best Workplaces' in the manufacturing sector is a testimony to our commitment to foster a diverse and inclusive culture with sustainable workplaces. With our vision to create a zero-harm environment, we promote a safe work culture for our employees.

Empowered today, enriched tomorrow.

Our commitment to community welfare dates to our inception. We emphasise on creating value for the society by protecting and supporting our communities. We closely interact with our nearby communities and design multiple programmes to improve the standards of education, provision of healthcare, vocational education, infrastructure, etc. to raise their overall status in the society.

We are aware that our actions of today will determine the course of our future. It is why we stand committed to building a better future by leveraging and building on our foundations of sustainable growth – steadily, earnestly and resolutely.

Our next phase of stakeholder value creation will come from our vision to expand our capacities while continuing our journey of reducing our carbon footprint. We are envisioning an increase in installed capacity to 80MTPA by 2030 exploring new geographies through both the organic and inorganic routes. We aim to reduce our GHG emissions in line with the targets validated by Science Based Targets initiative (SBTi).

Our mantra is to keep trying new things as we believe that with one failure, comes many successes. At Shree Cement, our continuous pursuit towards excellence gives us the optimism of creating a bright future for our stakeholders.

Prashant Bangur
Joint Managing Director

INTRODUCING OUR CAPITALS

The legacy that we build, each day, every year

At Shree Cement, we are propelled by our commitment to achieve excellence in everything we do by seeking to improve every day. This has inter-alia resulted in consistent financial performance, continuous reduction in our carbon footprint and value creation for our stakeholders.



**Intellectual
Capital**

Signifies our innovative thinking and R&D capabilities. It includes knowledge based intangible assets and systems, procedures, protocols, knowledge to develop our products.



**Manufactured
Capital**

Comprises of processes, technologies including machinery, equipment and supporting infrastructure that we use at our mines, cement plants, power plants and grinding units. We strive to boost operational excellence, considering health and safety of the workforce.



**Natural
Capital**

Represents all the natural resources that we utilise to produce our goods. It includes air, water, land and fuel & minerals. We strive to make rational use of the natural resources to minimise impact on the environment.



**Human
Capital**

Includes our people with diverse skill sets and expertise, their motivation to innovate, their alignment to organisation's vision and objective and competence to execute the business strategy. Through training and development programmes, we upskill our workforce and enhance their productivity and overall happiness.



**Financial
Capital**

Represents financial resources that we use to manufacture and develop our products. This capital is the backbone for sustaining value across all capitals.



**Social and
Relationship
Capital**

Includes our relationship with a diverse group of stakeholders including investors and shareholders, suppliers, trade associations, local communities, dealers, customers, and employees to enhance individual and collective well-being, which is based on the principles of transparency and equity.



BUSINESS MODEL

Creating value for stakeholders

The business model is our foundation for leading and creating value for all our stakeholders through innovation and sustainable practices. With our business model, we endeavor to maintain our leadership position through continuously improving on scale, cost efficiency and innovation. Our business model leverages all the six capitals and focuses on creating sustainable business.

