

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



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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



Manufactured Capital



Natural Capital

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

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.

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.



To measure the impact of our value creation, we are embarking on our journey of Integrated Reporting whereby we present to our stakeholders our performance on wide range of aspects and describe how the same has resulted in creation of value for them.



Human Capital



Financial Capital



Social and Relationship 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.

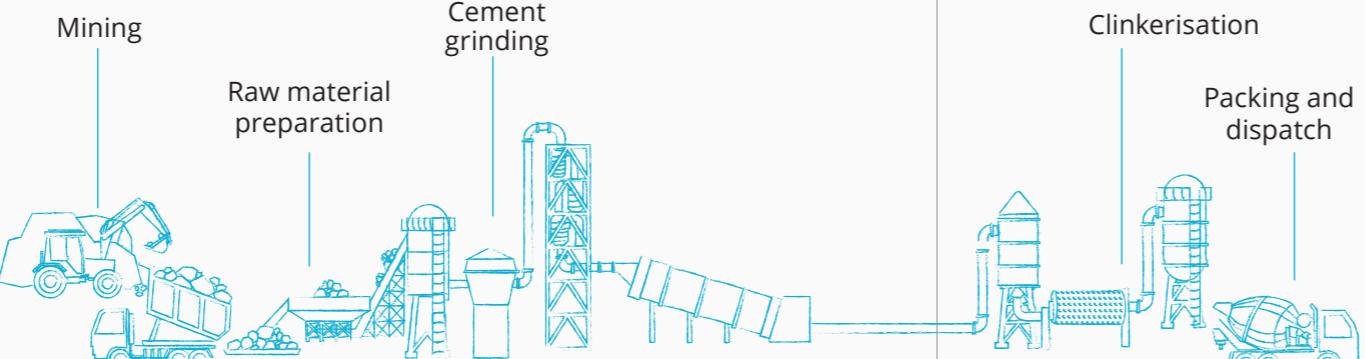
Represents financial resources that we use to manufacture and develop our products. This capital is the backbone for sustaining value across all capitals.

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

INPUTS	VALUE CREATION	OUTPUTS	OUTCOMES	SDGs								
 Intellectual Capital Investments in Innovation: ₹ 24.85 Crore Innovation in production and business operation	The Shree Philosophy आ नो भद्राः क्रतवो यन्तु विश्वतः: <i>Let noble thoughts come to us from all over the World ~ Rigveda</i>	27.69 MMT Cement	 Intellectual Capital Improved productivity: 2 new R&D centers Patents granted: 4									
 Manufactured Capital Integrated cement plant locations: 4 Standalone grinding unit locations: 10 Cement production capacity: 46.40 MTPA Presence in number of states: 10 Total power generation capacity: 771 MW	Our Vision Lead in creating prosperity and happiness for all stakeholders through innovation and sustainable practices.	6.89 MMT OPC	 Manufactured Capital Capacity Utilisation (%): 63.7 Indirect Economic Impacts (employment generation, environmental conservation)									
 Natural Capital Raw Material consumption: Conventional: 27.08 MMT Alternative: 10.14 MMT Energy consumption: 71,009,765 GJ Water consumption: 2.28 million m³ Green energy capacity: 263 MW	Guiding Principles <ul style="list-style-type: none"> Enforce good corporate governance practices Encourage integrity of conduct Ensure clarity in communication Remain accountable to all stakeholders Encourage socially responsible behavior 	20.13 MMT PPC	 Natural Capital Enhanced alternative raw material and alternative fuel consumption Thermal substitution rate: 2.41% Reduction in specific water Consumption: 2.38% Biodiversity management Reduction in emissions (Scope 1 CO ₂ and stack emissions)									
 Human Capital Employee strength/ Strong workforce: 19,464 Investment on training and Skill development: ₹ 0.63 Crore Robust health and safety management system	Manufacturing Process 	0.28 MMT PSC	 Human Capital Ingrown leadership team Employment generation: 817 new hires Voluntary employee turnover rate: 7.48% 'Great Place to Work Survey' Score: 89 Total hours of training and skill development: 1,35,244 hours									
 Financial Capital Shareholder's equity: ₹ 17,271 Crore Net debt: Zero, i.e. cash positive	Stakeholders <table border="1"> <tr> <td>Investors and shareholders</td> <td>Trade associations</td> <td>Employees</td> <td>Government and Regulatory Authorities</td> </tr> <tr> <td>Local communities</td> <td>Customers</td> <td>Suppliers</td> <td>Media</td> </tr> </table>	Investors and shareholders	Trade associations	Employees	Government and Regulatory Authorities	Local communities	Customers	Suppliers	Media	19,108 LAC KWH Net power generation	 Financial Capital Revenue from operations: ₹ 14,306 Crore EBIDTA: ₹ 4,185 Crore PAT: ₹ 2,377 Crore ROCE: 17.2% Market capitalisation: ₹ 86,711 Crore	
Investors and shareholders	Trade associations	Employees	Government and Regulatory Authorities									
Local communities	Customers	Suppliers	Media									
 Social and Relationship Capital Investment in community development initiatives: ₹57.54 Crore Dealer base: 30,672 Depot strength: 1,156 Collaborations and partnerships	Strategic Objectives <table border="1"> <tr> <td>Cost optimisation</td> <td>Market consolidation</td> <td>Sustainable growth</td> </tr> </table>	Cost optimisation	Market consolidation	Sustainable growth	1,088 MT SOx	 Social and Relationship Capital Lives touched: 6.27 Lac Suppliers assessed on ESG criteria Sustainable procurement Customer satisfaction score: 85%						
Cost optimisation	Market consolidation	Sustainable growth										

STRATEGIC OBJECTIVES

With a view to the future

At Shree Cement, we follow an integrated approach while formulating and implementing our strategic objectives which is guided by our Vision and Values. We consider internal and external business environment as well as potential risks that can impact our business operations while formulating the strategy. Our strategy to achieve these objectives helps to create long-term sustainable value for all our internal and external stakeholders.

We have identified three Strategic Business Objectives (SBOs) which lay a strong foundation to our value-creation model. These three SBOs are i) optimising cost through continually re-imagining business processes; ii) market consolidation and gaining market share; and iii) sustainable growth while minimising environment footprint. These objectives are continuously monitored, reviewed, and revised as per the dynamic business environment which helps us stay ahead of the curve.



Our key initiatives on each of above focus areas and achievements during FY 2021-22 are as under –

Strategic Objective

Cost Optimisation

We are one of the lowest cost cement producers in the Indian cement industry. For us, cost optimisation is a continuous process rather than a target. We work on achieving optimisation through digitalisation, continuous process improvement, increasing efficiency, automation, data analytics, supply chain optimisation, etc. and this process is followed and repeated on continuous basis.

Capitals impacted



Focus area

- Maintain cost leadership and competitive edge over peers
- Achieve and improve profitability levels consistently

Achievement during FY 2021-22

- Increased usage of industrial waste as alternate fuel helped in containing fuel cost
- Higher proportion of renewable energy to optimise power costs

Market Consolidation

To achieve market consolidation, we make efforts on increasing our market share in areas where we have presence. We are also continuously looking out for venturing into new markets by setting up facilities at strategic locations. Our multi-brand strategy ensures that we meet aspirations of varied category of customer segments. Our focus is on customer-servicing and on-time delivery of our products to them.

Capitals impacted



Focus area

- Ensuring adequate and timely availability of our products to our customers
- Expanding our market reach by expansion of distribution network in our operational area
- Continue to enhance our existing brands and introduce new brands as per changing customer needs
- Add new capacity to grab newer markets and strengthen existing ones

Achievement during FY 2021-22

- Dealer network increased to 30,672 as compared to 25,860 last year
- Rise in sale of premium products by 6% in FY 2021-22
- Added new cement grinding unit in Pune district of Maharashtra
- Added one kiln at brownfield location in Chhattisgarh to augment clinker supplies for our eastern markets

Sustainable Growth

Our strategies are focused on long term goal of sustainable value creation for our stakeholders. We deploy environment friendly technologies and focus on conservation of natural resources. We continuously communicate with our stakeholders to understand their expectations and increase our engagement with them. We have been following highest level of corporate governance standards, have consistently delivered financial performance and continue to reward our stakeholders thereby optimising a circle of sustainable growth.

Capitals impacted



Focus area

- Chase sustainable growth with strong practices in waste, water, energy, emission management and use of alternate fuel and raw materials
- Judicious use and management of mines and raw materials

Achievement during FY 2021-22

- Planned a capex of approx. ₹ 500 Crore towards setting up of solar power plants which will further enhance the proportion of clean energy usage in total power consumption
- Increased usage of alternate fuel from 6.03% last year to 9.84% in FY 2021-22 to conserve natural resources
- Increased use of alternative raw materials from 26.01% to 27.23% in FY 2021-22
- Avoided approx. 6.04 million tonnes of CO₂ by producing blended cement in FY 2021-22

RISKS AND THE MITIGATION STRATEGIES

Knowing our risks, fortifying our defenses

Organisations are operating in a rapidly changing environment and must identify risks and measure impact of such rapid changes on their business operations. These risks may be all pervasive and could emerge from various sources like market, geo-political, natural, operational, legal, etc. If not properly identified, assessed, and planned beforehand, such risks may have a significant impact on our operations.



Given its importance, regulators across the globe have mandated for implementation of formal Risk Management Framework for corporate entities. At Shree Cement, however, risk management is not just a regulatory requirement fulfilled by the top management, but it is a continuous process which is embedded in all our Company's operations covering the Enterprise, Functions, and our manufacturing plants.

We identify risks inherent in the business operations of the Company considering our goals, external environment, and expectation of our stakeholders among others. This helps us in developing mitigation plans as a response to risks that pose a threat to our long-term goal of creating value for all our stakeholders. A proactive risk management approach also provides opportunities for improvement and development of new solutions that can give us a competitive advantage among our competitors.

To identify and mitigate risks, we have laid down an ERM policy and Enterprise Risk Management framework which provides guidelines to define, measure, control, mitigate and report the

identified risks at the enterprise level which impact the achievement of strategic /enterprise level objectives. It helps to identify potential risk areas in various economic, environmental, social, sectoral, sustainability related, and industrial environments in which we operate. The framework prescribes guidelines for contextualisation of risks by linking them with our business objectives and risk identification, assessment, mitigation, and governance thereof.

Enterprise Risk Management structure

We have multi-level governance structure to monitor, and report risks and relevant mitigation strategies. The structure is led by the Risk Management Committee of the Board of Directors which reviews risk policy and the mitigation measures at specified intervals. The senior executives of the Company and relevant teams, as part of the above structure, identify the risks, evaluate, and take necessary mitigating measures for the Enterprise level risks in line with the ERM policy and Framework.

Risk management process



Risk identification

Risk identification is the process of identifying major risks. It is done in number of ways such as by tracking list of leading events or key risk indicators, brainstorming, discussions with peers and internal analysis, comparison with other organisations, process flow analysis, etc.



Assess risk severity and risk prioritisation

Once risks have been identified, they are evaluated to determine which are of an unacceptable nature and which should be targeted for mitigation. The risks are calculated based on their Impact and Likelihood. The most important risks are identified by using a combination of Risk Impact from Low to Critical, and Risk Likelihood ranging from Remote to Likely.



Define mitigation plan

Mitigation consists of risk responses and control objectives. Senior Executives are responsible for their respective area of oversight and to ensure that appropriate risk responses are in place.

RISKS AND THE MITIGATION STRATEGIES

The top risks identified by us and their mitigation strategies are as follows:

Risk	Risk description	Mitigation strategy
Excess capacity in the industry ▲	Prolonged periods of excess capacity in the industry leads to under-utilisation of plant capacities and output prices falling to unlivable levels, leading to lower profits.	<ul style="list-style-type: none"> Our continued thrust on building a brand equity through high quality products being readily available in the market has helped us consolidate our market share. To maintain and grow market share, we have been continuously adding capacities in the market where the demand-supply situation is favourable and there is no/ low cannibalisation with existing plant.
Availability of limestone ▲	Limestone is the basic raw material for cement manufacturing and its consistent availability at optimum cost is essential for existing and future plant requirements. With depleting reserves at existing mines and acquisition of new limestone mines getting uncertain due to regulatory and competition issues, availability of limestone may be a risk for continued production.	<ul style="list-style-type: none"> We have been making all efforts to optimise the usage of limestone, thereby, conserving the deposits and enhancing their life. These include use of additives in clinker production without compromising the quality, enhanced production of blended cement, deployment of latest mining techniques to reduce overburden and wastage, etc. We have been regularly participating in the auctions for the new limestone deposit and have secured such deposits in some of the auctions.
Availability of water ■	Majority of the plants are located in Northern region water deficient areas with continuously depleting water tables and as such, conserving water becomes very important.	<ul style="list-style-type: none"> In power generation, we have installed Air Cooled Condensers (ACC) in all our thermal power plants which though involve additional capital expenditure, have helped us reduce water consumption significantly. Additionally, we have installed Waste Heat Recovery Systems (WHRS) in all our clinker units thereby, eliminating the need for cooling of waste hot gases and thus, saving water. Water harvesting reservoirs have also been constructed within plant and mines area.
Input cost inflation ■	Cement manufacturing is an energy intensive process and we have witnessed a sharp rise in prices of coal, pet coke, power, etc. due to the surge in demand and geo-political situations. This can severely impact the cost of production and dent profitability.	<ul style="list-style-type: none"> All our plants have multi fuel kilns and can switch to the most economical fuel in a short period of time. We also participate in auction for securing coal linkage as and when organised by relevant authorities. We use agro-waste as well as wastes of various industries such as Pharma, Chemical, Sponge Iron as alternate fuel, thus keeping the Fuel cost under check. We took advance strides to raise our waste heat recovery plants to reduce our dependence on thermal power requiring use of coal. As a result, we have WHR capacity which is highest in the cement industry globally after China. We have been continuously investing in expanding our green energy portfolio (WHR, wind, solar) for meeting our electrical energy requirements. During FY 2021-22, we met 48.2% of electrical energy requirement from green energy sources which in turn reduced the requirement of thermal power.
Cyber Security ●	Digital transformation in majority of our business activities like logistics, marketing, and manufacturing have improved operational efficiency. However, inadequate controls to protect the system against cyber-attacks, unauthorised access, data loss, etc. can lead to disruption of operations.	We have been taking necessary measures like systematic back-up procedures, updating with latest security and firewall systems, employee trainings on preventing data leakages, and better monitoring & control mechanism to mitigate any risks arising due to digitisation.

Risk Category

▲ Sectoral Risk ■ Operational Risk ● Information and technological Risk

EMERGING RISKS

In addition to the enterprise risks listed above, we have also identified some emerging risks that are likely to have a long-term impact on our business. In some cases, they may have already begun impacting the business today. We have already planned strategies to mitigate the emerging risk.

Risk	Risk Description	Mitigation Strategy
Climate change ★	Global warming and consequent impact in the form of erratic and frequent climate change has emerged as a major risk across globe. This may impact our operations also as cement manufacturing is an energy and resource intensive process and releases CO ₂ due to calcination process and combustion of fuels. Efforts to address climate change by reducing emissions of Greenhouse Gases (GHG) through National, State, and regional laws and regulations as well as international agreements will bring about various regulatory requirements impacting the way we carry out our operations. New legislative or regulatory controls may pose risks which could include costs to purchase allowances or credits to meet GHG emission caps, costs required to procure advanced equipment to reduce emissions to comply with GHG limits or required technological standards or higher production costs. In addition, physical risks arising from extreme weather or high temperatures may impact any manufacturing sector in terms of property damage and disruption to operations.	While combating climate change requires collaborative and coordinated efforts from all, we have been continuously making efforts in this field. Efforts towards conservation of natural resources, enlarging renewable energy portfolio at various plant locations, use of efficient and state-of-art technologies in operations, etc. are testimony to the same. We have integrated sustainability as core to our operations and are thus prepared to meet new regulatory and legislative requirements resulting from climate change risks.
Health and safety of employees ■	Unsafe and unhygienic workplace conditions may lead to legal actions, workers unrest, production disruption, discipline particularly observing the safety procedures and may cause injury /fatality to employees/workers.	We continue to work on institutionalising operational and protocols, both for employees and workers. Safety Committees have been formed to oversee safety related issues and implementing best safety practices. Wellness Management Centres have been established at plant level to meet any medical emergency requirement and oversee health related issues of the employees.
Impact of regulatory changes ★	India's regulatory framework is constantly evolving, and regulations in the field of environment, taxation, competition, governance, etc. can change over time. Non-compliance of applicable regulations may lead to imposition of penalties, suspension of operations, among others apart from reputational damage. This may also hinder the pace of innovation, upgradation, transformation within the organisation.	We keep a track of the regulatory environment and take necessary actions wherever required. We regularly incur capex to upgrade operational practices so that we are in-line with the applicable regulations. We are using a statutory compliance tool to track the location-wise legal and regulatory compliance.

Risk Category

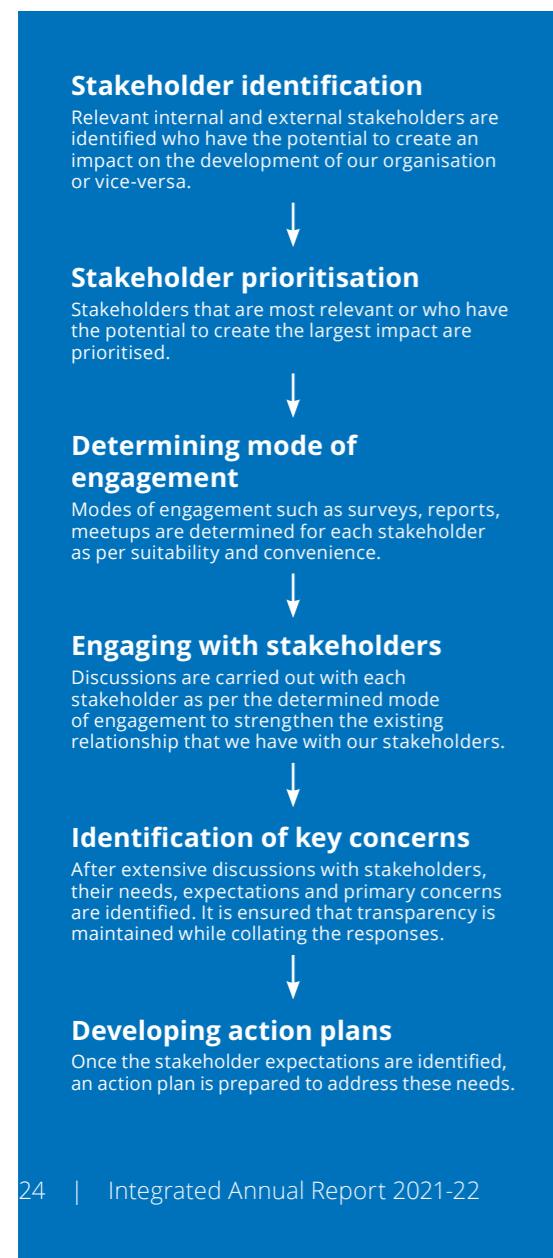
★ Sustainability Risk ■ Operational Risk

STAKEHOLDER ENGAGEMENT

Communicating for a strong sense of community

At SCL, we value the relationship with our stakeholders the most. By engaging with our stakeholders at regular intervals, we get an insight about the key concerns and issues raised by them and try to address accordingly.

To engage with our stakeholders, we carry out the below mentioned steps to ensure effective communication:



Stakeholder	Relevance	Key Concerns / Priorities	Mode of Engagement	Our Response
Customers	<ul style="list-style-type: none"> Customer satisfaction remains our motto for product development and enhancement Customer feedback helps in product quality enhancement, process improvement and cost optimisation. 	<ul style="list-style-type: none"> Product cost and quality Timely delivery Post-delivery concerns Responsible and sustainable production 	<ul style="list-style-type: none"> Online communication Meetups with customer representatives Customer satisfaction survey 	<ul style="list-style-type: none"> Customer satisfaction score of 85% Enhanced customer experience
Employees	<ul style="list-style-type: none"> Employees are our most valuable asset All round development of employees helps in obtaining better output for the business 	<ul style="list-style-type: none"> Career and personal development Training and development opportunities Smooth and effective grievance mechanism Appraisal and compensation 	<ul style="list-style-type: none"> Employees feedback survey Employee grievance mechanism Regular trainings and workshops 	<ul style="list-style-type: none"> Average training hours per employee stood at 20.98 for the reporting year ₹ 91.4 Crore spent on employee benefits (including PF, Superannuation Fund, NPS, Gratuity Fund and ESIC) Robust employee engagement Well defined trainings and skill development programmes for all round development of our workforce
Investors and Shareholders	<ul style="list-style-type: none"> Participates in our growth by providing capital for business development. Provide with business oriented inputs for achieving goals and targets 	<ul style="list-style-type: none"> Improved product value Robust corporate governance Consistent returns Enhancing revenue and market value 	<ul style="list-style-type: none"> Annual shareholders' meetup Management of investor relations Annual and quarterly reports Corporate filings with stock exchange 	<ul style="list-style-type: none"> 13% increase in revenue within the reporting year 3% increase in Profit After Tax within the reporting year
Suppliers	<ul style="list-style-type: none"> Procurement of quality supplies, raw material and services Supplier relationship helps in timely and efficient production cycle 	<ul style="list-style-type: none"> Ethical business practices Payment negotiations and timely payments. Continued business relationship Prevention of violations of human rights in the supply chain 	<ul style="list-style-type: none"> Supplier assessment Meetings with Suppliers 	<ul style="list-style-type: none"> Assessment of new suppliers on environment and social parameters
Government and Regulatory Authority	<ul style="list-style-type: none"> Obtaining necessary licenses and permits for uninterrupted business operations Maintaining legal compliances 	<ul style="list-style-type: none"> Compliance with regulatory requirements Managing the impacts of social and environmental issues. 	<ul style="list-style-type: none"> Meetings with government officials Regular filings with government 	<ul style="list-style-type: none"> Adherence to prescribed regulatory compliance
Media	<ul style="list-style-type: none"> Helps in taking the agendas of climate change and sustainability to wider range of people 	<ul style="list-style-type: none"> Transparency and relevancy of information Disclosure of confidential information Preventing the spread of inappropriate information Last mile reach of media 	<ul style="list-style-type: none"> Meetings with media representatives 	<ul style="list-style-type: none"> Increased awareness of the product Increased sales value
Local Communities	<ul style="list-style-type: none"> Local communities are our partners in development They provide us with social license to operate 	<ul style="list-style-type: none"> Maintaining environmental quality Local employment generation Local community development 	<ul style="list-style-type: none"> Meetings with local communities during CSR activities Meeting with local community representatives for dialogue 	<ul style="list-style-type: none"> ₹ 57.54 Crore spent on community development initiatives 6.27 Lac beneficiaries from community development initiatives
Trade Associations	<ul style="list-style-type: none"> Help in strengthening employee relationship Lays benchmark for ethical business practice 	<ul style="list-style-type: none"> Implementing and managing any changes. Support for managing industry events. 	<ul style="list-style-type: none"> Meeting with representatives of trade associations 	<ul style="list-style-type: none"> We witnessed no strikes or lock-outs for the reporting period and maintained cordial relations with all our union members.

Frequency of Engagement

Continuous Quarterly At regular intervals As and when required

MATERIALITY ASSESSMENT

What matters the most

Materiality assessment is the process of identifying topics across the environmental, social and governance parameters that have the greatest impact on the organisation. Material topics are identified through a wide array of procedures including communication with internal as well as external stakeholders, study of sustainability standards and assessment of industry specific material topics. The identified topics are then classified as high priority topics and low priority topics depending upon the impacts that they have on each of our internal and external stakeholders.

For FY 2021-22, SCL has identified and collated industry specific material topics along with topics provided in sustainability standards such as GRI, SASB, SDGs, and the topics that are material to the peers. These identified material topics have been shortlisted through internal discussions depending upon the impact they have on each stakeholder.

The material topics identified are:



Environment				
Topic	GRI Alignment	Performance Highlight	Related Capitals	SDG Alignment
Waste management	GRI 306: Waste	100% hazardous waste is disposed as per applicable regulatory requirements		
Water	GRI 303: Water and Effluents	0.082 M³/Tonne of cement Specific freshwater consumption		
Emissions management	GRI 305: Emissions	529 Kg CO₂/Tonne of Cement equivalent, for Specific Net Scope 1 CO₂ emissions		
Energy	GRI 302: Energy	373,020 GJ of Renewable energy consumption 48.2% Share of green power in total power consumption		
Biodiversity	GRI 304: Biodiversity	84,646 Saplings planted 90% Survival rate of saplings		
Circular economy	GRI 306: Waste	27.23% Alternate raw material consumption by weight		
Low carbon products	Non-GRI topic	75.13% of low carbon cement produced		
Climate change	GRI 302: Energy GRI 305: Emissions GRI 306: Waste GRI 303: Water	263 MW Total green energy capacity 336,458 KL of water recycled 530 Kg/Tonne of cementitious material Specific Net Scope 1 Emissions		



Manufactured Capital



Natural Capital

MATERIALITY ASSESSMENT

Social

Topic	GRI Alignment	Performance Highlight	Related Capitals	SDG Alignment
Occupational health and safety	GRI 403: Occupational Health and safety	Lost time injury Employees: 1 Contract workers: 14		
Employee relation	GRI 401: Employment	Zero cases Of Labor unrest during the year		
Training and development	GRI 404: Training and development	20.98 Hours Average training hours per employee		
Supply chain	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Third Party Audit of 28 of suppliers on Environment and Social parameters within past four years		
Non-discrimination	GRI 406: Non-discrimination	Zero cases Of discrimination and sexual harassment		
Customer satisfaction	Non-GRI	85% Customer Satisfaction Score		
Community development	GRI 413: Local communities	6.27 Lac Beneficiaries from community development programmes		
Resettlement and rehabilitation	GRI 411: Rights of Indigenous People	Zero incidents Of violations involving rights of indigenous people		
Human rights	GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 407: Freedom of Association and Collective Bargaining GRI 412: Human Rights Assessment	6,242 Man hours of training on human rights		

Human Capital

Social and Relationship Capital

Governance

Topic	GRI Alignment	Performance Highlight	Related Capitals	SDG Alignment
Regulatory compliance	GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior	Regular monitoring and review of compliances		Corporate Governance Report
Cyber security	GRI 418: Customer Privacy	ZERO Cases of complaints concerning breaches of customer privacy and loss of customer data		
Governance and ethics	GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior	Robust governance framework	Corporate Governance Report	
Business performance	Non GRI topic	₹14,306 CRORE Net revenue from operations		
Raw material procurement	GRI 301: Materials	27.23% Low grade material and other companies waste used as raw materials		
Procurement Practice	GRI 204: Procurement Practices	99% Local consumption of raw material and stores and spares out of total raw material and stores and spares consumption		
Indirect Economic Impact	GRI 203: Indirect Economic Impacts	₹23.53 CRORE Expenses on rural development projects including road construction and other infrastructure development		
Risk Management	Non GRI topic	Robust risk management framework		

Human Capital

Social and Relationship Capital

Intellectual Capital

Financial Capital

Manufactured Capital

Natural Capital

FY 2021-22
PERFORMANCE HIGHLIGHTS

Our work shines through in several ways

Intellectual Capital	Manufactured Capital	Natural Capital	Human Capital	Financial Capital	Social and Relationship Capital
 Intellectual Capital 	 Manufactured Capital 	 Natural Capital 	 Human Capital 	 Financial Capital 	 Social and Relationship Capital 
02 New R&D units recognised by Department of Scientific and Industrial Research (DSIR) approved R&D units available at all integrated unit locations	14 Manufacturing locations across India	2.56 GJ/TONNE Specific energy consumption (per tonne of cement produced)	6,445 Permanent employees	₹14,306 CRORE Revenue from operations (net) 13% ↑ Growth YoY	6.27 LAC Number of lives touched
₹24.85 CRORE Investment on Research and Development	46.40 MTPA Cement production capacity	0.082 M³/MT Specific water consumption (per tonne of cement produced)	13,019 Contractual workmen	₹4,185 CRORE EBIDTA	₹57.54 CRORE Amount spent on community development initiatives
04 Patents granted till date	10 Presence in number of States in India	48.2% Share of green power in total power consumption	817 New hires	₹2,377 CRORE PAT	90% Revenue from repeat customers
	2 New cement / clinker projects commissioned	263 MW Total green power capacity (Waste Heat Recovery Power Plant, Wind Power Plant and Solar Power Plant)	89 'Great place to work' survey score	₹8,601 CRORE Investments (Excluding investment in subsidiaries)	30,672 Dealers
		> 5X Water positivity	1,35,244 Hours of training and skill development	₹90 Per share (900%) dividend (including final dividend recommended)	1,156 Depots
				₹86,711 CRORE Market capitalisation (as on 31 st March, 2022)	
					17.2% Return on average capital employed

INTELLECTUAL CAPITAL

Harnessing science for long-lasting impact



Augmenting our innovation capabilities by encouraging partnerships in sustainable product development and process enhancement.

At Shree Cement, culture of innovation is at the core of our business processes. The primary focus on continuously improving processes through innovation helps us to manufacture sustainable products in most efficient manner.

Contribution to SDGs

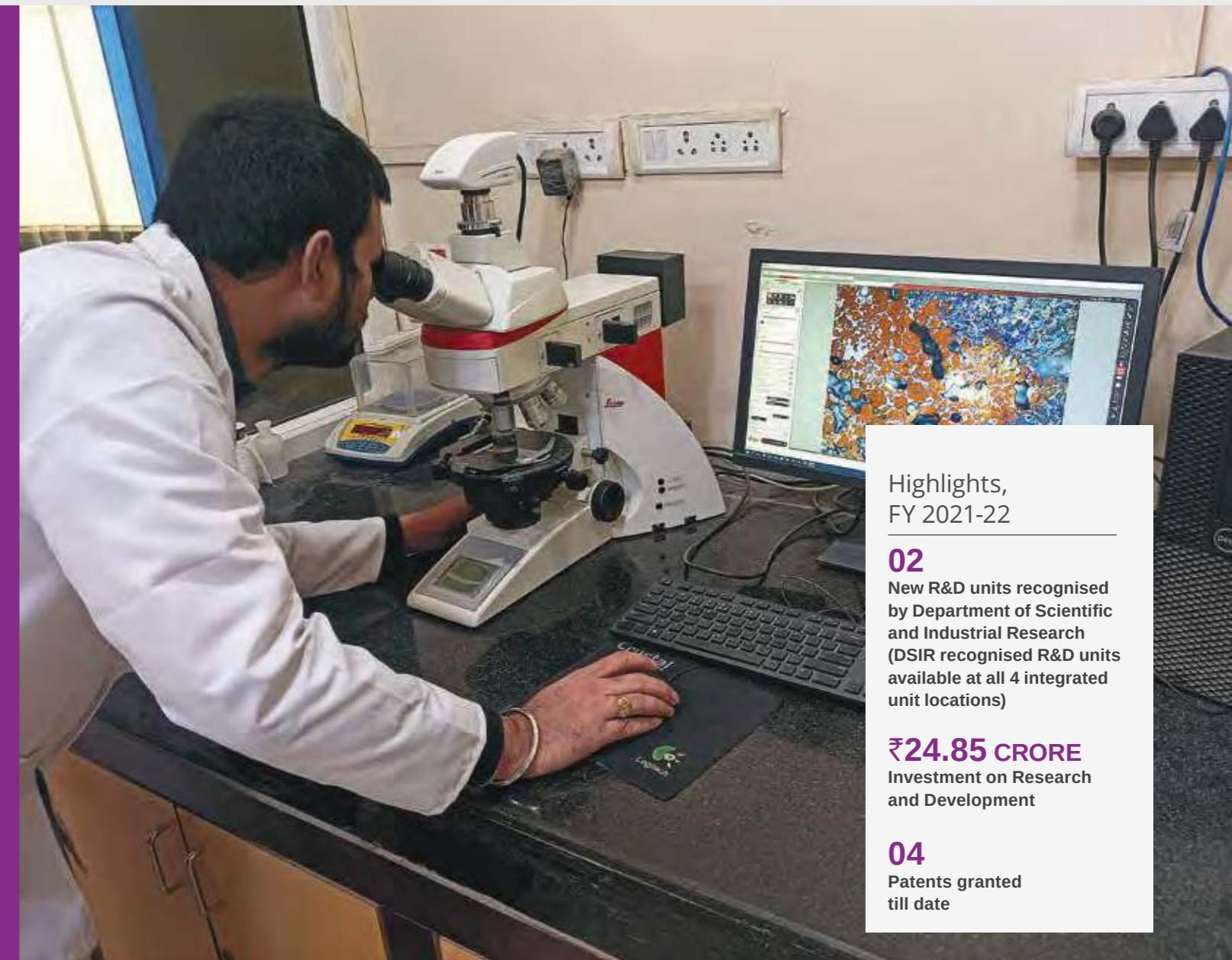


Industry,
Innovation and
Infrastructure



Responsible
Consumption and
Production

Capitals Connected



Highlights,
FY 2021-22

02

New R&D units recognised by Department of Scientific and Industrial Research (DSIR recognised R&D units available at all 4 integrated unit locations)

₹24.85 CRORE

Investment on Research and Development

04

Patents granted till date

Outcomes

- Improved Productivity
- Patents Granted

Associated Material Topics

Low carbon/
green products

Cybersecurity

Focus areas

Strengthening
innovation capabilities

Digitalisation to
be changed to
Digitalisation at all
places

Collaborate
to innovate

Product innovation
with improved carbon
footprint

Inputs

- Investments in Innovation
- Innovation in production and business performance

INTELLECTUAL CAPITAL

Our vision is to lead in creating prosperity and happiness for all stakeholders through innovation and sustainable practices. Thus, we aim to constantly adapt and grow through our continuous innovation and research capabilities. We are focusing on embracing digitalisation and sustainability, optimising performance, and strengthening our innovation capabilities, thereby leading to future-proofing the business.

Our processes and policies are adapted and consistently improved to minimise environmental impact and create inclusive growth. This has been supported by use of efficient technologies and digital transformation leading to design improvements and process automation. Process automation has resulted in improved product quality and process efficiency.

Strengthening the innovation capability

The aim of our Research and Development (R&D) at Shree Cement is to develop innovative products and technologies, and, optimise processes. This results in energy efficiency, reduced CO₂ emissions, and reduced cost of production.

We, at Shree Cement, are committed to finding sustainable ways of making cement. As a part of strategy, we invested in optimised energy and process efficiencies and replaced energy intensive technologies with alternative and more efficient solutions.

In FY 2021-22, we invested ₹ 24.85 Crore on R&D, in line with our purpose to develop value-added and eco-friendly varieties of cement and concrete and improve the existing processes through digitalisation and automation.

As on 31st March, 2022, our R&D footprint covered facilities at Beawar & Ras – Rajasthan (North Zone), Raipur-Chhattisgarh (East Zone) and Kodla-Karnataka (South Zone). All our R&D centers are powered by our world-class technology ecosystem to provide more advanced solution in cement and concrete along with effective utilisation of waste and resources to develop better products that meet quality requirements and are more sustainable. With the most recent accreditation of Raipur and Kodla R&D centers, all our R&D centers are now duly accredited by Department of Scientific and Industrial Research (DSIR).

Patents

We are the first Indian cement company to produce synthetic gypsum to replace natural gypsum in cement production. Our efforts have been acknowledged by the Government of India by awarding two patents on technology developed to manufacture synthetic gypsum.

Two other patents are granted for our innovations in waste heat recovery and cement mill. We have filed one new patent within FY 2021-22, which is under review.

CASE STUDY

Use of modified poly carboxylic ether as a water reducing agent

We conducted several R&D experiments during the reporting period with a central focus on performance improvement and sustainability.

One such experiment was conducted with an objective to determine effect of water reducing additive on the performance of Ordinary Portland Cement (OPC). We used poly carboxylic ether as an additive which is known as high range water reducer, mainly used in making high strength mortar & concrete. The experiment showed an increased strength in concrete at additive dose of 0.20% with reduction in water to cement (W/C) ratio on various days of testing.

Increase in OPC strength	(in %)
Percentage increase in OPC strength	
3	29
7	21
28	25
n th Day	

Collaborate to Innovate

Our research aims to bring together the best thinking and ideas to innovate boldly for people and the planet. We have strengthened our in-house capacity and partnered with different academics and agencies and government institutions such as Global Cement and Concrete Association (GCCA), National Council for Cement and Building Materials (NCCBM), IIT Delhi and others.

We have also held discussions with The World Bank to act as a knowledge partner with them (including their affiliates), on projects / programmes relating to sustainability and climate change. We have offered to participate in initiatives, workshops, training programmes, etc. related to sustainability and also to fund research in the areas of Carbon Capture, Usage & Storage (CCUS), use of waste materials, resource conservation, power storage technology and pollution control measures. We also offered our facilities for setting up pilot projects in these areas.

Strategic partnerships and collaborations during FY 2021-22

To achieve net zero globally by 2050, the Global Cement & Concrete Association started an initiative 'Open Challenge', where selected start-ups from around the globe will be backed by its member companies to develop new technologies around Carbon Capture, Usage & Storage (CCUS). Being one of the member firms of GCCA, we participated in "Innovandi" project designed to accelerate deployment of enabling technologies for CCUS.

We, along with other member firms, will collaborate with Carbon Upcycling Technologies (CUT) a leading firm engaged in identifying solutions and technologies to reduce cement and concrete's carbon footprint. The new technology identified by them utilises captured CO₂ to produce a range of supplementary cementitious materials from hitherto unusable materials to create low carbon cement and concrete. Presently, the process is still in the preliminary stage. If successful, this could be a very good utilisation of CO₂ that is otherwise released into the atmosphere and an important milestone in SCL's net zero journey.



"The prospect of using new state-of-the-art technologies to resolve cement industry's greatest abatement challenge is super exciting. We look forward to deploying one of these technology-based solutions to achieve net zero status and combat climate change."

Mr. Shrinath Savoor
Chief Sustainability Officer



INTELLECTUAL CAPITAL

CASE STUDY

Industrial Internet of Things (IIoT) for smart manufacturing

Driven by the advent of IIoT we have adopted an innovative integrated logistics management system. The solution is targeted to deal with inefficiencies at each step – vehicle fleet, weigh bridges and production facilities.

Earlier, the vehicles entering to load or unload at the plants took a long time to exit as the entire process starting from security checks, loadings to payment were done manually. Moreover, they not only hampered efficiency but were also human resource intensive. There were several other challenges such as vehicle history data could not be verified and extended periods of waiting inside factories with engines running wasted a lot of fuel and caused traffic congestion.

Leveraging IIoT solutions to integrate and automate the process, we deployed integrated logistics management solution and automated the entire process. Now entire vehicle fleet has been registered and given RFID-tags. From gate-entry to gate-out, there is no manual intervention and entire process has been automated.

This has significantly reduced the total turnaround time resulting into increased productivity and capability to load more truck.



Cyber security

Over the last decade, the number of information security breaches has increased exponentially exposing vulnerable users and systems to great risk. The effects of cyberattacks are widespread and can damage an organisation's reputation.

Our cyber security strategy ensures the confidentiality and integrity of business and customer data. We have adopted a 360-degree cyber security framework that covers people, processes and technologies. Our IT policy enhances our cyber security roadmap and is available to all the employees throughout the organisation. We regularly review and update our policy to improve data security and processes.

Our Chief Information Officer (CIO) is responsible for managing various aspects of cyber security strategy and ensures that our organisation remains protected in the context of dynamic cyber threats. Our Risk Management Committee at Board level oversees overall enterprise risks of the organisation related to cyber security.

As part of our continual strengthening of security systems and practices, every year, we carry out end to end assessment of IT infrastructure followed by cyber security awareness sessions for our employees on cyber threats and attacks. Our incident response team detects and eliminates attempts of security breaches or cyber-attacks through proactive planning and monitoring.

Embracing Sustainability

The path forward to having a competitive edge and building resilience through sustainability is clearly embedded into products and processes, and drive innovation with digitalisation. This allows us to anticipate stakeholder expectations, identify potential business prospects, and thus, future-proof our company. As a continued effort, our research team is working relentlessly on product development and process enhancement which are not only innovative in nature but are also responsible and sustainable.

We have diversified our product portfolio to cater to the evolving needs of our wide customer base. We manufacture Ordinary Portland Cement (OPC) and blended cement under categories of Portland Pozzolana Cement (PPC), Portland Slag Cement

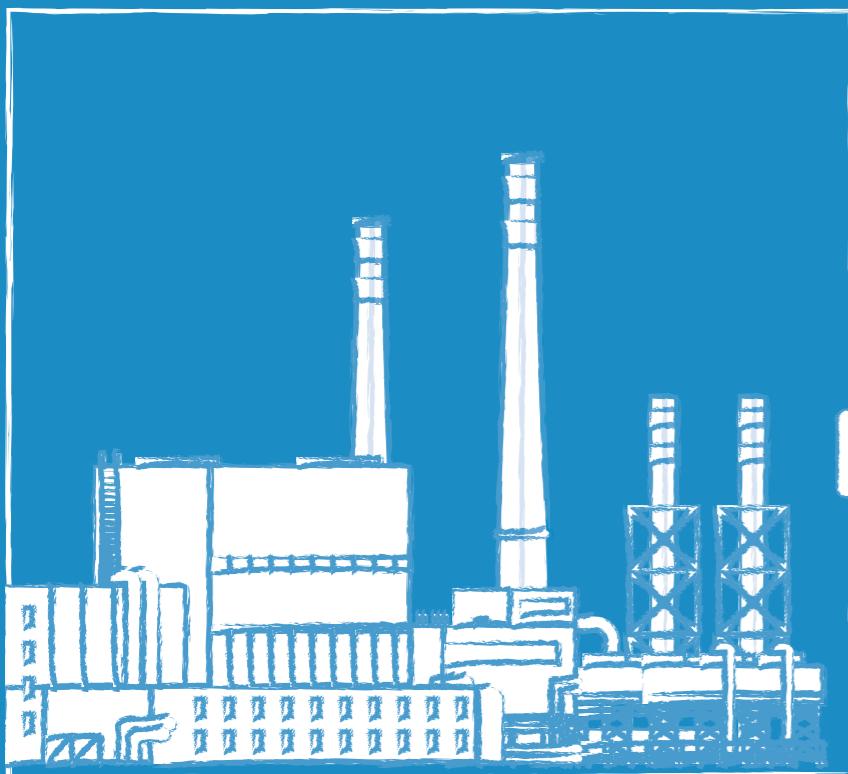
(PSC) and Composite Cement (CC). Blended cement contributes to sustainable design by making concrete stronger and durable, reducing consumption of natural resources such as limestone, lowering greenhouse gas emissions. It contributes to a circular economy by utilising wastes from power, and iron and steel plants. During FY 2021-22; total blended cement production accounted for 75.13% of total cement production.

We are currently in process to explore feasibility of another sustainable alternative to OPC i.e., Limestone Calcined Clay Cement (LC3). LC3 cement can help reduce up to 40% CO₂ emission as compared to OPC and contribute towards sustainable growth. This also supports in meeting our commitment of reducing our specific GHG emissions.



MANUFACTURED CAPITAL

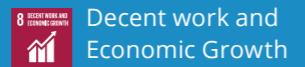
Process excellence, enhanced capacities compound growth traction



Paving the way for sustainable infrastructure

We are proud to be amongst top three cement manufacturers in India. We have been expanding our capacity at a pace higher than the industry which has helped us gain market share as well as spread our presence in new geographies. We constantly focus on improving the efficiency of our manufacturing processes. This contributes to our effective growth and operational excellence. We are also focusing on adoption of Industry 4.0 as we expand our manufacturing footprint. This will facilitate meeting our objective of making our plant 'State of the Art and IT driven' by adoption of newer technologies, safety practices & IT integration.

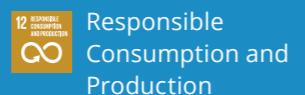
Contribution to SDGs



Decent work and Economic Growth



Industry, Innovation and Infrastructure



Responsible Consumption and Production

Capitals Connected



Highlights,
FY 2021-22

14
Manufacturing locations
in India

46.40 MTPA
Cement production
capacity

10
Presence in number
of States in India

2
New Cement / Clinker
projects commissioned

Associated Material Topics

Circular Economy

Low carbon/green products

Business performance

Focus areas

Capacity Expansion

Promoting Sustainable Manufacturing

Enhancing Quality and Efficiency improvement

Outcomes

- Capacity Utilisation (%)
- Indirect Economic impacts (employment generation, environmental conservation)

Inputs

- Integrated Cement Plants
- Grinding units
- Cement production capacity
- Total power generation capacity
- Clinker Production Capacity