Building Shared Value

We believe that stakeholders have a very important contribution in a business’ value creation. From business partners’ involvement in mobilizing the supply chain to financial institutions’ contribution in ensuring sustainability of the operations and to the communities that provide a well-disposed neighborhood, every business prospers with vital contributions from its stakeholders.

At Shree Cement, we build shared value for all our stakeholders - when we provide livelihoods, develop social infrastructure, enhance eco-efficiency of our operations, or build local economies. We help them prosper as we move towards a brighter future.

This report showcases our efforts to build shared value across domains that have a significant impact on our stakeholders and are vital for the sustainability of our operations - optimizing costs, material stewardship, community development, people management, water management, innovation and product responsibility.

Philosophy

Let noble thoughts come to us from all over the world - Rigveda

Vision

“To drive and sustain industry leadership of the company within a global context - by developing individual leadership competencies at every level, through a robust backbone of trust, support, innovation and reward”

Mission

- To harness sustainability through low carbon philosophy
- To sustain its reputation as one of the most efficient manufacturers globally
- To continually have the most engaged team
- To drive down cost through innovative practices
- To continually add value to its products and operations meeting expectations of all its stakeholders
- To continually build and upgrade skills and competencies of its human resource for growth
- To be a responsible corporate citizen with total commitment to communities in which it operates and society at large

Guiding Principles

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

“Building Shared Value” is Shree Cement’s seventh annual sustainability report. This report pertains to disclosure of our sustainability performance for the period 1st April 2010 to 31st March 2011 (FY 2010-11).

The report covers our cement manufacturing units, mining area and power plant at Beawar and Ras, and our grinding units at Khushkhera, Roorkee* and Suratgarh*. The report does not include data / information related to any of our joint ventures, subsidiaries or the supply chain.

We have developed internal systems, policies and management processes for disclosure on sustainability performance. All our facilities have undertaken certification of management systems and promote the use of management information systems for monitoring key performance indicators. Though we strive to report data using primary information and calculations derived from analysis done by our research activities, we still use several assumptions, standard equations and calculation methodologies for estimation and quantification purposes. Such assumptions and estimations have been explained at relevant places in the report wherever they are used.

To enhance the credibility of information stated in this report, we have engaged KPMG to provide independent external assurance on this report.

About Shree Cement

The foundation of our business was laid in 1979 and the first plant was commissioned in 1985. Since then we have grown to a total capacity of 13.5 MTPA. We have also made continuous enhancement in our power generation facilities, turning our selves from captive power generators to power traders and sellers. Power generation capacity in FY 2010-11 was 260 MW which is set to increase to 560 MW by December 2011.

During the year gone by, we undertook several measures to boost our production and growth, in line with our vision ‘to drive and sustain industry leadership within the global context’.

We also expanded our power generation business.

The Year At A Glance

Total cement and clinker sales - 10.26 million MT
Total power sales - 621.40 million kWh
Total income from sales (gross) - INR 39,377.8 million
Profit after tax - INR 2,097 million
Total environmental expenditure - INR 209 million
Total expenditure towards social responsibility initiatives - INR 106.72 million

About Shree Cement

Our Achievements

Owing to our efforts in achieving consistent growth whilst enhancing our sustainability mandate, we have won several awards during the year, some of which have been highlighted below:

1. National Award for Excellence in Cost Management 2009 - The Institute of Cost and Work Accountants of India
2. CII-ITC Sustainability Commendation Certificate for Significant Achievement - CII-ITC Centre for Sustainable Development
4. Greentech HR Excellence Silver Award in Best Strategy 2010 - Greentech Foundation
5. Golden Peacock Award for Climate Security - Institute of Directors
6. Green Business Leadership Award - Financial Express & Emergent Ventures India
7. Sustainability Vision Award 2010-11 for “Corporate Social Responsibility Contributing to Inclusive Growth” - Indian Chamber of Commerce (ICC)
8. Best Employer Award - The Employers Association of Rajasthan

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8. Best Employer Award - The Employers Association of Rajasthan

* Roorkee and Suratgarh have been included in the scope of the report for the first time starting this year.
We believe that the word success is plural by definition, in the sense that our success is not separated from the safeguarding of our planet and the well-being of the people that live on it. Our thoughts, planning and implementation contain at its core, environmental improvement and people betterment to ensure a sustainable growth. Some of our initiatives like setting up of Green Power Plants, manufacturing of synthetic gypsum and use of Air Cooled Condensers (ACCs) corroborate our commitment towards building shared value.

The sustainability concept is well-ingrained in our governance framework and non-financial performance issues appear first in the board agenda. Key priorities for us include robust risk management, energy conservation, water conservation and material substitution. We have realized the business case for sustainability and our sound economic performance is testimony to this fact.

This is further complimented by our philosophy “Aah No Bhadra Kartavyo Yantu Vishwatah”, which means “Let the noble thoughts come to us from all over the world”, and we are keen to get information, feedback, suggestions from our stakeholders for further improvements.

B. G. Bangur
Executive Chairman

Understand, Engage and Act – are the keywords that define sustainability at Shree. We understand our responsibility as an energy and resource intensive company literally acting as a building block of our country’s growth and we are proud to be an energy efficient and environment friendly cement company. We believe that initiatives taken by our enterprise are fundamentally innovative, morally compelling and philosophically positive. Our innovative approach to business helps us in addressing some of the critical challenges that the world is facing. These challenges have the potential to jeopardize our rapid advances and have to be addressed proactively.

We engage at right levels, be it climate change forums or Cement Sustainability Initiative or our communities where we operate. We take appropriate actions based on our understanding of issues and feedback received during engagement. Today, sustainability is an everyday business at Shree and we have created a culture that encourages people to try out new things with an aim to produce better results and create shared value across the three bottom lines of economic, environment and social for all our stakeholders.

Integration of sustainability in our day to day practice has helped us in identifying, analyzing and implementing control measures and in mitigating the multiple risks that we, our industry, our country and the planet faces. The success that Shree has attained, time and again, has reinstated our faith in this manner of functioning: building shared value.

H. M. Bangur
Managing Director
Executive President’s Desk

Innovation and timeliness are key pillars of our sustainability agenda. We have consciously created a culture of innovation and our teams continually strive for process and equipment optimization. Some of the initiatives we undertook during the year include higher conversion factor, reduced levels of CO₂ emissions, increased use of alternative raw materials and fuels, use of non-electric detonators for reduced vibration, and reduced energy and water consumption levels. We are at present exploring the possibility of using agro waste as alternative fuel at our plants. We operate in a semi-rural environment in a very dry area. But when we began, we planted hundreds of trees and a recent visiting Chinese delegation even reported that our plant was situated in a garden! We continue this emphasis on maintaining a sylvan environment in our plants and townships.

Our people act as strong enablers to our sustainability agenda and are our valuable asset. It is on the strong shoulders of our people that a remarkable journey has taken place so far and it is on the strength of their support that we envision a better future. It is our constant endeavor to find ways and means to keep our taskforce motivated and foster a culture of building shared value. During the year, we initiated a Mentorship Process to develop new age leaders with strong emphasis on experiential learning. This has resulted in better performance and stronger relationships. As an outcome, our skill enrichment scheme yielded good results and holistic development of over 160 employees. 2010 was celebrated as ‘Youth Year’ and the scheme yielded good results. The scheme yielded holistic development of over 160 employees. 2010 was celebrated as 'Youth Year' and the scheme yielded good results and holistic development of over 160 employees.

Total prosperity management is a mantra at Shree and we have always believed that we can drive prosperity through sustainability. Our priority is our people, right from our own employees to contractors, vendors to our customers, regulators to our immediate neighbors. We strive to capture their expectations and take appropriate steps to address the same. We have always believed that success tastes best when it is shared and we put this belief to action by making people and the planet an equal partner in our growth. We continually strive to create a bridge between business strategies and stakeholders thereby striving for “Building Shared Value”.

Year 2010 was marked by several historical advancements and achievements in terms of adopting sustainable business practices and we took a relook at our sustainability priorities and identified key focus areas namely optimizing costs, material stewardship, product responsibility and innovation, energy and climate change, benefitting local communities, water management, and developing people. We understand that our sector has its unique advantage when it comes to resource conservation. We were among the first to use waste from other industries as alternative fuels in the cement kiln and today we have made significant progress in utilizing wastes/by-products as alternative raw materials. This not only helps us in reducing our carbon footprint but also adds to our bottom-line. We have one of the largest Waste Heat Recovery Power Plants in the global cement industry. From The Executive President’s Desk

Prashant Bangur
Executive President

ED’s Point of View

The Green Power Plants (GPPs) as we call them, use the heat emissions from our pre-heaters and clinker coolers to generate power. This year, these GPPs contributed to overall reduction in our gross CO₂ emissions. Further, these GPPs have also helped to achieve significant water savings by eliminating the use of gas conditioning towers for cooling the waste gases. Our focus on health and safety remained at the top and during the year we scaled up our efforts in the field of health and safety at workplace and nearby villages around our manufacturing operations. This included monitored use of PPEs by the work force, regular health camps, AIDS awareness campaigns to ensure preventive care and a healthy community overall. With constant improvement and effective implementation, we have consistently achieved 100% certification of our operations to OHSAS 18001:2007. Furthering our belief in total prosperity management, we focused our efforts towards enhancing quality of life of our communities. We initiated the Mamta project in seven villages to address issues related to maternal mortality, child mortality, birth control and malnutrition in our surrounding community. During the year we have constructed adequate infrastructure facilities for our communities such as community halls, village roads, helped renovate the Government Hospital in Beawar and boosted water storage facilities with the help of Panchayats to list a few.

We foster and drive innovations using Imagineering - a systematic approach of imagination and engineering. We continually engage, encourage and inspire our team to submit ideas. Such ideas helped us in cost savings, improved production and enhanced efficiencies. What these success stories have meant for us is the strengthening of our initial assessment and instincts that it is more sensible to do business in line with the principles of sustainable development. Over the years we have developed this habit of performing above the set standards and we are confident we will play the important role of a responsible citizen in ensuring prosperity of our stakeholders. I am convinced that our approach to achieving prosperity through sustainable development is apt and it can be further enriched by collective efforts to move towards a more sustainable world, taking our stakeholders along.

M. K. Singhi
Executive Director
Creating Value Through Effective Engagement

We engage in a constructive dialogue with our stakeholders to understand their concerns and expectations while taking business decisions. In such interactions, we communicate to them our efforts, endeavors and targets, and seek their suggestions through various engagement mechanisms. We achieve this through dedicated internal teams responsible for managing various aspects of stakeholder engagement. A constructive engagement helps in continually improving our sustainability performance and ensuring a critical review of our commitments.

Engaging Our Stakeholders

At Shree Cement, there are several mechanisms for interacting with our key stakeholders on a periodic basis. We ensure periodic enhancement of these mechanisms to facilitate transparent governance processes.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Means of Engagement</th>
<th>Level of Interation</th>
<th>Frequency</th>
<th>Key Concerns Identified</th>
<th>Reference Section</th>
</tr>
</thead>
</table>
| Employees   | Regular meetings to discuss work-related issues and define roles and responsibilities | Department, plant | Monthly | • Health and safety  
• Talent development  
• Workplace satisfaction  
• Career progression  
• Educational support for self and children | Developing People |
|             | Use of grievance boxes for employees who are hesitant to discuss their concerns | Corporate, plant department | Variable |  |
|             | Recognition through awards for performance excellence and innovation | Corporate, plant department | Monthly, Annual |  |
|             | Employee engagement through events, celebration of festivals and company initiatives | Corporate, plant department | Annual |  |
| Local Community | Visit to villages and meetings with local community needs | Plant | Weekly | • Availability of safe drinking water  
• Health and safety  
• Livelihood generation  
• Infrastructure needs  
• Education | Benefiting Local Communities |
|             | Panchayat meetings to understand community needs | Plant | Variable |  |
|             | Health camps and events organized towards increasing community health awareness | Plant | Variable |  |
|             | Other community engagement and development exercises | Plant | Variable |  |
| Customers   | Customer satisfaction survey | Plant, corporate | Annual |  |
|             | Customer interaction on product quality and customer requirements | Plant, corporate | Variable |  |
|             | Customer query redressal system | Plant, corporate | Variable |  |
|             | Annual reports and quarterly filings | Corporate | Annual and quarterly |  |
| Investors and Shareholders | Corporate website (providing information on compliance to corporate governance regulations, links for grievance redressal and stock market performance) | Corporate |  |
|             | Shareholder and Investor Grievances committee responsible for monitoring and redressal of shareholders’ and investors’ grievances. | Corporate | Variable (according to statutory frequency) |  |
| Suppliers and Contractors | Regular meetings with major suppliers on day-to-day supply requirements and issues | Plant | Daily |  |
|             | Audit of supplier facilities to assess due consideration of workplace health and safety and product quality | Plant | Variable |  |
| Regulatory Authorities and Government | Filing of returns (tax, environment compliance reports, etc.) | Corporate, plant department | Variable (according to statutory frequency) |  |
|             | Obtaining statutory clearances that are mandatory for certain company activities | Corporate, plant department | Variable (according to statutory frequency) |  |
|             | One-to-one meetings and telephonic conversations on any operational or business issue | Corporate, plant department | Variable |  |
|             | Participation through various industry forums and government committees to put up various industry-specific issues | Corporate | Variable |  |

Executive Director M. K. Singhi presenting a Certificate of Appreciation
Focusing on Key Sustainability Concerns

To build a common platform for shared growth, we consistently review our priorities to enable us to focus on those issues which are most material to our business. In order to focus our efforts on key business issues, we review our business priorities in line with our vision, issues of relevance in the cement sector, and matters of importance as identified by our stakeholders. Through our risk management framework, we identify the most important focus areas for our company through process-based risk identification, prioritization through application of appropriate and relevant filters and determination of risk rating and mitigation plan for prioritized risks. This year along with our senior leadership team, we also interacted with more than 100 key external stakeholders across various groups for assessing these focus areas. During FY 2010-11, we also identified and prioritized 22 risks for our business that have been discussed later in the report.

Prioritization of material sustainability issues through our materiality determination process

Furthering Our Commitment To Sustainability

While we report on our sustainability performance annually and initiate efforts to improve it regularly, we have felt the need to fortify our commitment towards sustainability by defining our actions. During the year we identified key aspects for improving our sustainability performance, based on identified material issues and areas of improvement. These goals and targets will guide our sustainability efforts and enhance governance controls towards achieving excellence in our triple-bottom line performance.

<table>
<thead>
<tr>
<th>Sustainability Focus Area</th>
<th>Indicator</th>
<th>Sustainability Performance Enhancement Target For FY 2011-12</th>
</tr>
</thead>
</table>
| Product responsibility and innovation | Supplier and contractor appraisals on sustainability | • Develop draft of sustainability checklist for vendor appraisal  
• Include sustainability components in existing and new contracts |
| Energy and climate change | Specific energy consumption | • Reduce specific energy consumption by 1.5 percent as compared to FY 2010-11 |
| | Specific air emissions | • Reduce dust emissions by 1 percent as compared to 2010-11 |
| | Specific GHG emissions | • Reduce GHG emissions by 0.66 percent as compared to 2010-11 levels |
| | Alternative fuel for clinker production | • 0.1 percent of total fuel consumed for clinker production to be from alternative sources |
| Benefiting local communities | Employee volunteering in CSR activities | • Initiate a system by 2011-12 |
| Water management | Recycling of water | • Establish a STP at all sites  
• Achieve 100 percent of recycling water used in operations |
| | Manhours for training and development | • Minimum 16 man-hours per employee |
| Developing people | Capacity building on sustainability to employees and suppliers & contractors | • More than 25 percent employees  
• Top 10 suppliers and contractors |
| | Driver and Contractor Safety | • Conduct gap analysis by FY 2011-12 |
| | Fatalities | • Ensure zero fatalities across all units |
| | Lost time injury frequency rate | • Achieve a 10 percent reduction on Lost Time Injury Frequency Rate (LTIFR) over FY 2010-11, eventually reducing it to zero |
| Others | Management of biodiversity | • Conduct biodiversity assessment  
• Plant 50,000 trees of local species |

We have created a roadmap to achieve these targets, the details of which have been reported in the relevant sections of this report. Our aim is to initiate small steps towards defining such commitments. These commitments will lay the foundation of our long-term sustainability strategy and also help increase our confidence.
Embedding Sustainability
Through Sound Governance

Transparency and good governance are essential to creating long term stakeholder value. At Shree, the Board of Directors has the overall responsibility for economic, environmental, social and governance matters. Our Board comprises nine directors out of which there are six independent directors. The Board is headed by the Executive Chairman. Our Board has a balanced leadership with rich sectoral and industry experience, right skill set and diverse backgrounds. They act as responsible trustees for managing affairs of the company on behalf of our shareholders and stakeholders and protect their interests. The Board of Directors is supported by three committees (Audit Committee, Nomination-cum-Remuneration Committee and Shareholders’ and Investors’ Grievances Committee) and an Environmental, Social and Governance (ESG) Sub-Committee.

The Board has constituted the ESG committee to review sustainability matters, chart out action plans, ensure timely action and provide adequate insight to the Board. Our Executive Director, Mr. M. K. Singhi, is responsible on behalf of the Board for managing our sustainability performance and address sustainability risks and opportunities.

Our Management Systems

Sustainability is integrated into the governance mechanism of Shree Cement. We have developed a comprehensive policy framework that ensures and supports sustainable governance in our organization. Our sustainability framework is implemented through a host of management systems and processes in the areas of quality, environment, health and safety, social accountability and energy management. We have ISO 9001, ISO 14001, OHSAS 18001, SA 8000 and BSEN 16001 certifications for all operations except for SA 8000 certification at our Suratgarh and Roorkee grinding units.

Risk Management

Our comprehensive risk management framework assists in evaluation of strategic alternatives, setting related objectives and developing effective mechanisms for identification, assessment, reporting and mitigation of risks. The framework facilitates effective response to interrelated impacts and integrated responses to multiple risks, thereby helping us to proactively seek and convert potential risks to productive opportunities. This framework is reviewed by the senior leadership on a regular basis for any updates resulting from business environment changes. In order to ensure that risk management activities are clearly understood and executed, we have defined an organization structure for risk management with individual roles and responsibilities. The Company Secretary acts as the Chief Risk Officer (CRO). Management and staff are responsible for implementing risk management in their departments and work areas for identification and reporting of risks. Each risk owner, as part of his line responsibilities, demonstrates the extent to which he has been successful in discharging his assigned responsibilities on a periodic basis. The Functional Heads give a quarterly compliance certificate to the Chief Risk Officer through their risk coordinators on the adoption and working of the risk management process. As part of the risk management framework, the Board members are regularly apprised of the risk assessment and mitigation procedures. Sustainability issues form an important part of our risk management exercise. Risk owners have built competencies to identify sustainability risks in their domains of work and develop effective risk mitigation plans.

Strengthening Ethics At Shree Cement

Shree Cement practices a business policy to discourage unfair dealings with any of its stakeholders. This has been achieved by building a high level of awareness amongst all our employees on our Code of Conduct that lays strict guidelines for discouraging corruption and bribery in business dealings. Risks attached with corruption and associated adverse impacts on reputation are included in the risk governance manual readily available to all our employees. The Secretarial and Legal department is responsible for incidence, mitigation procedures and management of risks related to corruption and bribery. We maintain neutral position on political alignment and thus do not contribute financially or non-financially towards political funds. We believe in fair and transparent business practices. This is illustrated by the fact that we have never had any legal actions on account of any anti-competitive, anti-trust and monopoly practices.
How do we build shared value?

We work with our stakeholders to create economic value that has a significant impact on the local and national economy. Our operations focus on enhancing efficiencies and achieving high performance benchmarks to deliver a strong financial performance for the company and its stakeholders.

Through seeking favorable opportunities and optimizing our operations, we plan to keep improving our financial performance in order to create more value for our shareholders as well as other stakeholders. Setting a sound platform in this regard through initiatives stated above, we look forward towards achieving ever higher performance year after year in a sustainable manner.

Optimizing Costs

Over the past few years, we have recorded sound financial growth on the robust platform provided by our operational excellence and focused marketing strategies. In FY 2010-11, however, our turnover has decreased by 1.9 percent over the last year. This was due to a price correction in the cement industry in which we primarily operate.

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Economic value Generated (INR million)</td>
<td>31,745</td>
<td>41,424</td>
<td>40,621</td>
</tr>
<tr>
<td>Revenues</td>
<td>31,745</td>
<td>41,424</td>
<td>40,621</td>
</tr>
<tr>
<td>Direct Economic Value Distributed (INR million)</td>
<td>31,719</td>
<td>41,348</td>
<td>40,620</td>
</tr>
<tr>
<td>Operating costs</td>
<td>16,794</td>
<td>20,175</td>
<td>24,160</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>1,039</td>
<td>1,586</td>
<td>1,985</td>
</tr>
<tr>
<td>Payments to provider of funds</td>
<td>1,093</td>
<td>1,637</td>
<td>2,197</td>
</tr>
<tr>
<td>Payments to Government</td>
<td>5,286</td>
<td>6,034</td>
<td>4,590</td>
</tr>
<tr>
<td>Reinvested to maintain and develop operations</td>
<td>7,507</td>
<td>11,916</td>
<td>7,688</td>
</tr>
</tbody>
</table>

Waste Heat Recovery System at Ras
Our financial performance has been sensitive to the rise in operating costs for manufacturing cement due to a spike in raw material and logistics cost. In FY 2010-11, our operating costs increased by over 20% and the raw material cost by 14.2% per ton of cement as compared to the last year. While we have initiated several measures to optimize utilization of resources through process enhancement and energy-saving mechanisms, we have also strategically planned for enhancing our material use pattern. We have also strengthened our efforts for in-house production of synthetic gypsum to reduce natural resources and ensure continuous availability of the material. In FY 2010-11, we have been able to increase our synthetic gypsum production by 182% to 191,186 MT. Our current business plans accommodate our efforts to look for such innovations to reduce overall production cost and enhance our financial performance to mirror the growth which our company has seen over the past several years. Some of our other significant cost optimization efforts are given below:

<table>
<thead>
<tr>
<th>Cost Optimization Initiative</th>
<th>Benefits</th>
<th>Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoided the use of secondary freight by specific logistics efforts so that Trade/Non-Trade depot consignment from plants could be diverted directly to the customers/dealers’ doorstep in the same vehicle</td>
<td>Good co-ordination of marketing and logistics workforce, saving of cost of running secondary freight</td>
<td>INR 105.86 million in non-trade segment</td>
</tr>
<tr>
<td>Installed a diesel firing system at TAD outlet to heat calciner string in Beawar plant</td>
<td>Kiln process stabilization and achievement of optimum output rate rapidly</td>
<td>INR 2.0 million per annum</td>
</tr>
<tr>
<td>Modified the reclaimer scraper chain tray casing at Beawar</td>
<td>• Production increased by 100 tph on same load • Wear of tray liner reduced • Increased life of scraper chain • Energy saving of 95 KWH per day</td>
<td>INR 0.11 million per annum</td>
</tr>
<tr>
<td>Installation of rotary screen on fly ash silo at Beawar</td>
<td>• Avoidance of jamming of fly ash from silo extraction to mill feed • Improved quality of cement</td>
<td>INR 45 million</td>
</tr>
</tbody>
</table>

### Investing Towards A Greener Future and A Developed Community

We have spent INR 27.19 million on community development programs and initiatives through infrastructure development, development of watershed and other community requirements in this year. Cement at concessional rates was provided to charitable and religious institutions to contribute to the cultural dimension of the society.

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* Our expenditures for environmental management activities include treatment and disposal of waste, depreciation and maintenance cost of equipment used in pollution control, external services for environmental management activities, external certifications of management systems, salary of personnel for general environmental management activities, additional expenditure for installing cleaner technologies and expenditures on maintaining necessary regulatory environmental compliance.
How do we build shared value?

We believe that it is our shared responsibility to ensure the efficient and responsible use of natural resources. We are cognizant of the importance of these resources for other enterprises and communities locally and globally, and thus take conscious efforts in reducing wastage and optimizing their use. During FY 2010-11, our focus in material management was on optimizing resource use through process optimization, enhancement of synthetic gypsum production, and increased use of waste materials like fly ash and slag. As a result, we have been able to achieve better efficiency in the way we manage our resources, create value for our supply chain, and improve our stewardship towards resource use. We look forward towards continuing our optimization efforts as we progress.

Material Stewardship

Material Stewardship

Our Sustainability Performance Enhancement Target

Achieve 0.1% use of alternative fuel for clinker production by FY 2011-12

Our initiatives focused towards materials management have been designed to manage and monitor resource use for efficient production of clinker. These programs focus on strengthening capacity for effective usage of alternative materials to substitute natural resources and reducing the material used per tonnage of clinker produced through optimization.

Our total raw material consumption in FY 2010-11 was 14.25 million MT. Limestone, laterite, sulphuric acid and gypsum are the most significant virgin materials consumed across our manufacturing facilities. It has been our persistent endeavor to utilize alternative resources in lieu of natural resources. We use fly ash, slag, sludge and bed ash as substitutes in cement manufacturing process. These materials account for about 19% of the significant material consumption.

Our Material Footprint (%)

<table>
<thead>
<tr>
<th>Raw Material</th>
<th>Recycled Material</th>
<th>Associated Material</th>
<th>Packaging Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>80.34</td>
<td>0.48</td>
<td>0.18</td>
<td>19.00</td>
</tr>
</tbody>
</table>

Responsible Resource Use Through Fly Ash and Slag

The use of fly ash and slag in cement manufacturing has been advocated at all levels globally, as a substitute to other raw materials, for its better lubrication owing to its bead structure, which creates a superior cement mix. Through use of fly ash and slag, we have been able to reduce virgin material consumption and eliminate waste meant for disposal. Our procurement of fly ash increased by 29% in FY 2010-11 as compared to last year. The total procurement of fly ash for all units was around 2.4 million MT, which is the highest ever annual procurement made by us till date. Additionally, we also procured around 265,169 MT of zinc slag during the year.

Producing Synthetic Gypsum For Our Operations

Gypsum is one of the most important raw materials in clinker manufacturing. We have taken a first-of-its-kind initiative by setting up a synthetic gypsum plant to help reduce our dependence on mineral gypsum. This concept was ideated to increase material availability and to ensure consistency in the desired quality of material required. Currently, synthetic gypsum produced from our Beawar plant is utilized across our plants. The operations of the synthetic gypsum plant have been stabilized enabling a secure and comfortable position for us in comparison to other cement manufacturers in India who are still dependent on supply of mineral gypsum.
How do we build shared value?

We understand that the combined challenges of energy and climate change would require unparalleled investments and changes in production, consumption and behaviour by the world community. Cement industry is one of the major contributors to GHG emissions globally. Naturally, energy and climate change become critical to our organization. During FY 2010-11, we have focused on enhancing our energy security to ensure continuous and effective supply of energy for our operations. In line with this philosophy, we have enhanced our power generation capacity over the past few years. In FY 2010-11, our power generation increased significantly by 26% over FY 2009-10.

Managing Wastes

We aim to reduce waste disposal by encouraging its recycling and reuse in innovative ways. Major wastes produced across operations include battery scrap, used oil, PP wrapper scrap, used cable waste, aluminum, fire bricks, rubber and other electronic scrap. During the year FY 2010-11, we disposed 72.92 KL of used oil*, 5.63 MT of battery scrap, 0.73 MT of biomedical waste, 11 used monitors, and 66 drums of burnt grease. We also disposed 8566.28 MT of non-hazardous metallic and non-metallic scrap.

Managing Used Oil in An Effective Manner

During the year, we have taken several steps to effectively manage disposal of used oil, one of our most significant hazardous waste. Some of the steps include:

- Periodic training programs on hazardous waste management
- Instilling management focus through observing ‘total lubrication management week’ on the shop floor
- Introduction of color code and dust free containers for oil and grease
- Establishing Lube Consumption Database for monitoring machine-wise lube consumption to set norms and enable oil conservation
- Condition monitoring of lubricant to evaluate equipment and oil condition with the objective of extending life of lubricants to its rejection limit
- Filtration and centrifuging of used lubricating oil in lube cell followed by its use in appropriate applications after lab-testing

* We dispose our hazardous waste through CPCB-approved authorized waste handling organizations to ensure minimal environmental impact due to disposal.

Recycled Material Input In Our Operations (million MT)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>15.4</td>
<td>16.0</td>
<td>19.0</td>
</tr>
</tbody>
</table>

Energy & Climate Change

How do we build shared value?

We understand that the combined challenges of energy and climate change would require unparalleled investments and changes in production, consumption and behaviour by the world community. Cement industry is one of the major contributors to GHG emissions globally. Naturally, energy and climate change become critical to our organization. During FY 2010-11, we have focused on enhancing our energy security to ensure continuous and effective supply of energy for our operations. In line with this philosophy, we have enhanced our power generation capacity over the past few years. In FY 2010-11, our power generation increased significantly by 26% over FY 2009-10.

Our Sustainability Performance Enhancement Target

- Achieve 1.5% reduction in specific energy consumption in FY 2011-12 over FY 2010-11 levels
- Achieve 0.66% reduction in specific GHG emissions in FY 2011-12 over 2010-11 levels
- Achieve 1% reduction in dust emissions in FY 2011-12 over FY 2010-11 levels
The cement industry is one of the most energy intensive industrial sectors, thus requiring collaborative efforts by all companies. We understand various challenges and opportunities associated with energy and climate change and contribute by incorporating energy efficiency measures, seizing opportunities associated with energy and climate change and companies. We understand various challenges and industrial sectors, thus requiring collaborative efforts by all sectors.

Climate Change - An Inherent Risk, An Emerging Opportunity

The rise of climate change on the agenda of corporations and governments alike is proof of the emergence of this global phenomenon as a significant business risk for companies across the globe. India’s renewed stance on emission reduction has motivated Indian companies to adjust their lenses to view climate change as a significant business action point.

Climate change poses several risks to our business. While India’s PAT scheme reflects an investment in technology to improve our energy efficiencies, impending regulations such as those on reducing GHG emission intensity will further pose financial implications in the form of significant technology investment and managing regulatory compliance. Through various forums and industry associations like the CSI and FICCI, we have been pushing the envelope on devising policies on climate change in the cement sector in India and abroad.

We have been able to manage our GHG emissions effectively over the years, implementing best practices and sharing knowledge with other companies in the sector.

We are one of the pioneers to have tapped financial opportunities from addressing climate change issues through adoption of the Clean Development Mechanism (CDM). Our effective energy management has been instrumental in making Shree Cement capable of accruing benefits under this mechanism. We have registered several projects under the UNFCCC to avail certified emission reductions, or carbon credits. Our initiative of partial replacement of fossil fuel by biomass as an alternative fuel for pyro-processing has been successfully registered. Our projects on optimal utilization of clinker at Beawar unit have already been granted Certified Emission Reductions (CERs) worth 4.5 lakh tonnes of CO₂. Currently, we are in the process of registering our waste heat recovery projects in Ras and Beawar with the UNFCCC.

‘Green Power Plants’ – Using Waste Heat to Generate Electricity

Our pyro-processing process produces substantial amount of waste gases due to calcinations and fuel combustion. These gases generated from the pre-heater and air clinker cooler, carry a substantial amount of heat that was being let out into the atmosphere.

We realized the potential of tapping energy from these waste gases to produce electricity through a waste heat recovery (WHR) system. We have currently set up WHR systems, or ‘green power plants’ as we refer to them, at our Ras and Beawar plants. Though huge capital investments are associated with these projects due to high number of boilers required, we took a conscious decision to go ahead with this project as it enables us to improve our energy efficiency, eliminate GHG emissions, reduce fuel cost and possibly generate revenues through CDM.

Currently, operational WHR systems generate electricity upto 46 MW and we have planned the replication of this project at other sites as well, owing to its vast environmental benefits.

Optimizing Energy Efficiency in Our Operations

Since inception, we have been exploring every opportunity to enhance our energy efficiency across manufacturing operations and business processes. We benchmark our performance with global performance standards. During the year, we saved 17,288.6 GJ of direct energy through various energy efficiency initiatives to enhance our energy efficiency. Our conscious efforts to improve clinker factor have resulted in a further saving of 105,548 GJ of energy.

During FY 2010-11, our energy consumption increased significantly owing to inclusion of Suratgarh and Roorkee grinding units in the scope of our reports. We are in the process of transferring requisite knowledge and technology to these plants for them to achieve a better energy performance. With this, we expect our specific energy consumption to reduce in the next fiscal year.

**Absolute Gross CO₂ Emission From Our Operations (million MT)**

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.49</td>
<td>7.56</td>
<td>7.26</td>
</tr>
</tbody>
</table>

**Our GHG Emission Intensity (kg of Gross CO₂ Emissions/MT of Cementitious Product)**

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>775</td>
<td>728</td>
<td>694</td>
</tr>
</tbody>
</table>
Air Emissions From Our Operations (MT)

<table>
<thead>
<tr>
<th>Year</th>
<th>PM</th>
<th>SOx</th>
<th>NOx</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>1,310</td>
<td>4,620</td>
<td>15,270</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,400</td>
<td>1,967</td>
<td>5,960</td>
</tr>
<tr>
<td>2010-11</td>
<td>5,960</td>
<td>1,967</td>
<td>1,400</td>
</tr>
</tbody>
</table>

OITDS - Using technology to boost efficiency and safety in our mining operations

Operator Independent Truck Dispatch System, or OITDS, is one of our major achievements in boosting operational efficiency. This system uses GPS technology to locate earth moving equipments such as dumpers and excavators in real-time which is utilized to optimize their movement, thus increasing efficiency and saving time in mining dispatch operations.

The use of earth moving equipment in mines is one of the most important factor for determining overall productivity and profitability. During FY 2010-11, we developed a GPS based system for dynamic allocation of dumpers to excavators in real time thus reducing time lost in queuing of dumpers at excavators or idling of the latter. A real time display of entire mining operations was also set up at the Central Control Room with automatic management of key performance indicators and alerts. We also integrated fuel management system into the OITDS.

Through this initiative, we reaped several benefits. We were able to reduce idle time of dumpers and excavators, increase production of limestone by using less number of dumpers, and reduce unwanted travel of dumpers. We were also able to defer procurement of two dumpers owing to better optimization, resulting in an immediate benefit of INR 30 million.

Through this initiative, we have been able to reduce our GHG emissions from equipment movement in mining operations significantly. The overall cost of the project was INR 5.3 million with a return on investment of six months.

Consumption Of Ozone Depleting Substances In Our Operations (kg of CFC-11 eq.)

<table>
<thead>
<tr>
<th>Year</th>
<th>PM</th>
<th>SOx</th>
<th>NOx</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>4.15</td>
<td>54.09</td>
<td>64.05</td>
</tr>
</tbody>
</table>

Specific Air Emissions from Our Operations (kg/MT of clinker produced)

<table>
<thead>
<tr>
<th>Year</th>
<th>PM</th>
<th>SOx</th>
<th>NOx</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>0.30</td>
<td>0.73</td>
<td>0.72</td>
</tr>
<tr>
<td>2009-10</td>
<td>0.17</td>
<td>0.94</td>
<td>0.74</td>
</tr>
<tr>
<td>2010-11</td>
<td>0.36</td>
<td>1.56</td>
<td>0.94</td>
</tr>
</tbody>
</table>

Benefiting Local Communities

How do we build shared value?

We are extremely sensitive to the needs of the local community and the impact of our operations on them. Through formal and informal interactions, we identify their concerns and address them through focused CSR programs. ‘Village Development Committees’ are formed for engaging in dialogue with the community whilst assessing their needs. These committees are also responsible for planning, monitoring and coordinating activities for CSR programs. We also engage with external agencies like NGOs or government bodies solely on the basis of the need, or their ability to assist in our CSR programs.

Our CSR programs focus on building value for the communities by addressing their key concerns and developing their individual capacities enabling them to earn their livelihood.

Our Sustainability Performance Enhancement Target

Initiate volunteering of employees in CSR activities in FY 2011-12
Our CSR team conducts community needs assessment before the start of each financial year. Based on the results of the FY 2010-11 assessment, we identified four priority areas: education, health, infrastructure development and women empowerment.

**Education**

Our CSR programs have focused on developing education infrastructure in regions having a dismal female literacy rate. During the year, one of our major education programs was the School Intervention Program that aimed at improving student personal development and health along with provision of basic civil amenities.

**School Intervention Programmes**

During the interaction with Government schools near our operations, we conduct school health programmes, career counselling sessions and personality development workshops. We also observed the problem of malnutrition, anaemia, issues of personal hygiene and cleanliness among the students, together with a lack of basic infrastructural facilities. Keeping these concerns in mind, we created our school intervention programme. The following activities were implemented under this programme:

- **School Health Programme**: We conducted school health program in six Government Schools at Andheri Deori, Mundoti and Bharkala with a team of our health management centre. Around 600 students were medically examined. Awareness sessions on personal hygiene and cleanliness were also conducted for the students.
- **Workshops With Students**: We conducted workshops on personal development and career counselling.
- **Promoting Sports Activities**: We supported student participation in sports and other extracurricular activities through sponsorship.
- **Celebrating Cultural Events**: For promoting the culture and nationality among students we celebrated culturally significant days through folk media and conducted events like debate, essay writing and elocution for students.
- **Provision of Basic Amenities**: We constructed sanitation facilities at Government girls primary school in Andheri Deori besides providing the facilities of water for drinking and sanitation purpose.

Total investment for conducting these programmes was around INR 277,000.

**Health**

We conducted annual health check camps, polio vaccination, eye camps and other such health camps for local communities. Weekly health check-up camps were also organized in the local villages through mobile dispensaries. We conducted various awareness programs for the truckers to combat diseases like HIV/AIDS. Family welfare programs were undertaken to further the initiative. One of our major health-related program during the year was the Mamta Project. Through this project, we were able to reach out and provide benefits to pregnant women as well as infants. Vaccination programs for protecting children against diseases like Hepatitis- B and Typhoid were also organized to benefit communities around our operations.

Providing maternal and child healthcare facilities through our ‘Mamta Project’

To address issues related to maternal and child mortality, we have instituted Mamta Centres for group meetings along with health clinics in seven villages adjoining our operations in Ras, Rajasthan. At these centres, the community organizer, health educator and Government Auxiliary Nurse Midwife (ANM) impart education on health and nutrition through monthly sessions to mothers and newly married women. Regular monthly counselling sessions are being conducted by our mobile clinic. Gynaecologists visit these centres for ante-natal and post-natal services and provide medicines, free of cost. Apart from this, training sessions are also given to Dai (traditional birth attendants), community organizers and volunteers on various issues. 262 pregnant women and 369 children have benefited by this programme during this year. We bagged the CII Sustainability Award 2011 and Indian Chamber of Commerce (ICC) CSR Award 2011.

**Infrastructure Development**

We are committed to providing better standards of living to the local communities who face a number of difficulties ranging from lack of infrastructure, access to basic amenities to inefficient means of transport facilities. We have constructed several roads in the area of our operations that serve the dual purpose of facilitating quicker movement of goods for the company as well as providing the local community with safe and faster way of transportation. We have constructed various facilities for the communities like khelis, water tanks, sheds, storage places, bio-manure pits, roof water harvesting system, public conveniences and drainage facilities. We have also instituted several other infrastructure projects like construction of community halls, boundaries of schools, renovation of temples and dharmashalas along with the support of local village panchayats.
Women Empowerment
Economic empowerment of women is a vital element to foster strong economic growth in rural areas. Empowering women enhances their ability to influence changes and to create a better society. While we conducted the Manta Project for maternal healthcare, we have initiated capacity building projects like ‘Shree Shakti Project’ and ‘Swadhar Project’ to provide skill-based training and education to ensure self-sustenance of women.

During FY 2010-11, we started the ‘Shree Shakti Project’ to foster the development of women by developing skills through women-based organizations (WBO). In the initial phase of the project, our efforts focused on skill development training to women on topics like livestock management and agriculture development.

Encouraging Sustainable Livelihoods Through ‘Swadhar’
Economic independence is of utmost importance to an individual. With this philosophy in mind, we started the ‘Swadhar’ Project for socio-economic development leading to improved quality of life for communities around our operations.

Along with avid participation of community, we laid down a project plan with identification of community needs, planning and implementation. Several project activities aimed at resource mobilisation through catalytic approach, motivation of rural women to take up ownership of resources and linking economically under-privileged groups to different income-generating activities.

With livelihood generation as its focus area, the Swadhar Project created a positive impact on the surrounding community economy by instilling an increased sense of belongingness to community resources, improvement in standard of living, and better socio-political awareness.

Our spending in community development activities in FY 2010-11 has been detailed in the table below:

<table>
<thead>
<tr>
<th>SI No.</th>
<th>CSR Initiative</th>
<th>Total Expenditure (INR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Health &amp; Family Welfare Programmes</td>
<td>19.68</td>
</tr>
<tr>
<td>2</td>
<td>Education Promotion Programmes</td>
<td>3.53</td>
</tr>
<tr>
<td>3</td>
<td>Women Empowerment &amp; Development Programmes</td>
<td>8.16</td>
</tr>
<tr>
<td>4</td>
<td>Contribution in Religious &amp; Social Programmes</td>
<td>24.26</td>
</tr>
<tr>
<td>5</td>
<td>Development of Temple / Road / Park / Fodder</td>
<td>5.57</td>
</tr>
<tr>
<td>6</td>
<td>Community Infrastructure Development Projects</td>
<td>8.46</td>
</tr>
<tr>
<td>7</td>
<td>Agriculture &amp; Land Development</td>
<td>0.24</td>
</tr>
<tr>
<td>8</td>
<td>Sponsorship</td>
<td>8.14</td>
</tr>
<tr>
<td>9</td>
<td>Sports Activity (Tournament)</td>
<td>0.25</td>
</tr>
<tr>
<td>10</td>
<td>Charity &amp; Donation</td>
<td>20.10</td>
</tr>
<tr>
<td>11</td>
<td>Concessional Cement Issued To Charitable And Religious Institutions</td>
<td>3.40</td>
</tr>
<tr>
<td>12</td>
<td>Natural Resource Management &amp; Water Shed Development</td>
<td>12.92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>106.72</strong></td>
</tr>
</tbody>
</table>

Social Activities by Shree Ladies Club

Inauguration of Musical Fountain by Ashok Gahlot C.M. of Rajasthan and M. K. Singh, ED
Developing People

How do we build shared value?

A sound workforce is key to a company’s success. Our business has a significant impact on creating value for our employees, our most important resource and the biggest contributor to our success over the years. In order to build a dedicated and effective workforce, we focus on their key concerns – health and safety, workplace satisfaction and skill development. While we strive to make our operations safer than before, we have put emphasis on developing talent within the organization through extensive learning and development exercises. We have taken steps to ensure upholding of human rights throughout our operations. Our specific policies related to human rights and our independent systems to identify and report incidents of human rights violation help us in managing ethical behaviour throughout operations. We are looking forward to extend our responsibility towards upholding human rights across our supply chain in the future.

Ensuring A Safe Workplace

Enhancing our working conditions to enable high standards of safety for our workforce is instrumental for business success. Keeping this philosophy in mind, we consider every single incident as a source of learning and an opportunity for improving our existing systems. We deeply regret the loss of eight lives in our operations during FY 2010-11. We have documented and analysed each incident leading to these incidents and have taken remedial measures with regard to changing worker behaviour, enhancing safety awareness and improving working conditions to ensure a safe workplace for our people.

During the year, there were 13 lost-time injuries leading to a loss of 48,334 man-days of work. We have identified areas for improvement for our safety performance and are working with our contractors and employees to enhance our processes and understanding to tackle this issue.

We have adopted management systems to monitor and manage our safety performance. We are confident that our efforts to improve awareness and identify areas for workplace enhancement will help us improve our safety performance. Safety performance is reported to CSI on calendar basis and is verified.

Our Sustainability Performance Enhancement Target

- Providing awareness on sustainability to more than 25% employees by 2011-12
- Conduct gap analysis for driver and contractor safety by 2011-12
- Achieve zero fatalities for all units by 2011-12
- Achieve 10% reduction in Lost Time Injury Frequency Rate (LTIFR) by 2011-12 over 2010-11 values

Safety Performance Of Our Operations
(Number per million man-hours worked by our employees and contractual labor)

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
<th>Fatality rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>2.15</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>0.66</td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>0.91</td>
<td></td>
</tr>
</tbody>
</table>

Lost-day Rate At Our Operations
(Man-days lost per million man-hours worked by our employees and contractual labor)

<table>
<thead>
<tr>
<th>Year</th>
<th>Lost-day Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>16.26</td>
</tr>
<tr>
<td>2009-10</td>
<td>33.87</td>
</tr>
<tr>
<td>2010-11</td>
<td>336.27</td>
</tr>
</tbody>
</table>
Enhancing Workforce Health

Staying healthy is an important social issue and needs to be extended beyond plant boundaries to alleviate potential impacts. Our health awareness and prevention programs extend beyond our personnel to include their families and local communities. In FY 2010-11, we organized several programs to extend beyond our personnel to include their families and local communities. Several of these programs focused on the need to manage serious diseases like HIV/AIDS and malaria.

Celebrating World AIDS Day

We take the opportunity of World AIDS Day each year to increase awareness of employees, contractors and local communities on HIV/AIDS and its prevention. On December 1, 2010, Shree Rural Foundation undertook a series of programs to spread HIV/AIDS awareness, including providing red ribbons to people coming to the site, an awareness speech in daily safety circle meeting and several meetings and workshops with truckers at canteens.

Empowering Talent

Nourishing suitable talent and developing workforce skills helps us in optimizing our resources and productivity. Nurturing the right talent can help in achieving operational excellence, besides motivating employees. Our learning and development programs are based on the premise of using talent development as a lever for enhancing everyone’s long-term growth.

During the year we conducted several training programs amounting to 63,042 man-hours of employee participation. Our focus areas for training were identified on the basis of needs stated by employees in the regular employee surveys, thrust areas for growth and development, and skill requirement for enhancing operational efficiency. We identified technical skills, communication skills, leadership and mentor development as focus areas for training and development for the year. We provided programs through instructor-led training sessions as well as web-based or computer-based modules.

Improving skills and developing the contractual workforce helps in ensuring better management of plant processes, improve health and safety standards. We focus on extensive work-related safety trainings and exercises on plant operations to develop required skills amongst our contract labour. We are in the process of monitoring the training participation of our contractual workforce and will report on the same from FY 2011-12.

Mentorship at Shree Cement - Extending a warm welcome to our new joinees

Shree Cement strives to provide new joiners a better workplace to feel comfortable and enable a smooth transition with respect to work. In line with this, we initiated a new mentorship process during the year. Going beyond traditional induction procedures, this process involves senior employees who become mentors to new joiners and assist them in their professional, personal and technical needs. Through effective learning and better human interaction, we have been able to effectively build capacities and orient the thought process of new members in line with our business vision and goals.

In order to ensure better mentoring by senior management, we provide them with formal preparation, which involves participation in a two-day external training session on knowledge transfer and mentorship.

Enabling Workforce Satisfaction

Our workforce consists of significant number of people who stay away from their families or native places. Hence, it is our responsibility to keep them happy and make them feel Shree Cement as an extended home. We have taken several steps to enable this:

- Celebration of festivals - We celebrate major festivals and important national and international events together. During this year, we celebrated Independence Day, World Environment Day, Republic Day, Earth Hour, World AIDS Day, Women’s Day and Children’s Day with our employees, along with several festivals like Holi, Diwali, Dussehra, etc.
- Scholarships or other monetary/non-monetary benefits - To support children’s education, we provide various scholarships to employees and their children for learning and higher education. Currently, our focus is on students in ITIs and schools.
- Building places of worship - We have taken measures to keep-up with the religious sentiments of our workforce. We have constructed temples for our employees and nearby communities in Beawar. We have also started construction of similar temples for employees and communities adjacent to Ras and Roorkee plants.
- Enhancing internal employee communication - Our HR function has initiated a new channel of communication for employees. ‘Manthan’, an internal employee blog for employees, enables social networking, accessing e-library and support suggestion schemes and grievance mechanisms at Shree Cement.
- Our efforts in improving the satisfaction of our workforce towards their tenure with Shree Cement has helped us in operating without a single lock-out or strike leading to loss of operation during the year. We strive to continue these efforts and identify further measures to improve our relationship with our workforce.

Shree Manthan - The Way Of Employee Social Networking

We have seen the power and popularity of social networking and consider it as a potential tool to create and maintain team spirit and share knowledge within Shree Cement. For this, we upgraded the existing SCL employee platform to ‘Shree Manthan’, a platform that empowers each one of Shree Parivaar member to create their own social network and private virtual space to post their articles, thoughts, pictures, albums and create common interest groups.

We have integrated the following activities through Shree Manthan:

- Sharing views through an open blog
- Accessing ERP home page and shared online knowledge base
- Facility to upload event photo albums to promote employee team spirit
- Download section to share files
- SCL Learning Academy - an online learning center designed to provide employees with sustainable and technical curriculum with more than 120 articles
- SCL Video Library - consisting of shared videos of organizational activities and documentaries
- HR Blog for HR department to share new updates on policies and practices at Shree Cement, including training invites, new joinees, etc.
- Employee telephone and birthday directory
- SCL Forum to discuss work-related achievements and plant-related discussions

Through Shree Manthan, we have been able to integrate several HR employee initiatives into a single mechanism which has enabled us to focus our employee engagement activities and enhance employee motivation towards work by keeping them interested in various activities and happenings in the Shree Parivaar. We plan to use Shree Manthan as a tool to enhance the bonding between various members of the Shree Parivaar.
How do we build shared value?

Water is one of the most important and stressed resources that we utilize in our operations. Most of our facilities are located in areas of low water availability and hence it is imperative that we commit ourselves to utilize water responsibly and strive to improve the efficiency of our operations with regard to water use.

We build value for ourselves and our stakeholders by reducing our water intake considerably through several initiatives aimed at increasing water conservation and efficiency. We have also taken major steps towards replenishing groundwater through our rainwater harvesting practices, which has increased water availability for both plant operations and nearby communities.

Achieving Excellence in Water Management

Groundwater accounts for 99.9% of our total water use. During this year, our total water consumption was 2122898 m³, a decrease of 36.4 percent from the last year.

During the year FY 2010-11, we took several steps to improve water efficiency across operations. We regularly conducted assessment of our water use to identify opportunities to reuse the treated wastewater from our facilities. We were able to use 8.6 percent of our total water consumption through recycled water across facilities in FY 2010-11. Some of the major water conservation measures (apart from rainwater harvesting) are mentioned below:

- Installation of waste heat recovery Green Power Plants in all cement manufacturing units
- Installation of air-cooled condensers in all power units
- Enabling recycling of all waste water from power plant in our mining areas in dust suppression

We have been able to reuse the total waste water generated from our facilities to ensure that there is no discharge of treated effluent outside our plant boundaries.

Harvesting for Water Positivity

We have taken a conscious step to offset our water footprint by devising a company-wide strategy to promote harvesting of rainwater for replenishment of existing groundwater resources. Moreover, our mines serve as good facilities for harvesting rain water as limestone bearing rocks and base rocks are impermeable. We have constructed rainwater harvesting facilities at both Sheopura-Kesar pura and Nimbit limestone mines.

Some of our rainwater harvesting initiatives are listed below:

<table>
<thead>
<tr>
<th>Location</th>
<th>Description of Initiative</th>
<th>Capacity (m³) or Rainwater Harvesting Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beawar - Plant and mine</td>
<td>1. Rainwater harvesting in mining area</td>
<td>1. 66 ha</td>
</tr>
<tr>
<td></td>
<td>2. Reservoir behind temple at Shree Vihar Colony</td>
<td>2. 53,000 m³</td>
</tr>
<tr>
<td></td>
<td>3. Reservoir near Prest Vihar colony</td>
<td>3. 10,400 m³</td>
</tr>
<tr>
<td>Ras - Plant and mine</td>
<td>1. Rainwater harvesting in mining area</td>
<td>1. 2.1 ha</td>
</tr>
<tr>
<td></td>
<td>2. Reservoir near dispensary</td>
<td>2. 103,000 m³</td>
</tr>
<tr>
<td></td>
<td>3. Reservoir near gate</td>
<td>3. 50,000 m³</td>
</tr>
<tr>
<td></td>
<td>4. Earth check dam upstream of bitumen dam near Jawangar</td>
<td>4. 11,500 m³</td>
</tr>
<tr>
<td>Suratgarh</td>
<td>Two roof top rain water harvesting structures to recharge groundwater</td>
<td>35 m³</td>
</tr>
<tr>
<td>Khushkhera</td>
<td>Rooftop harvesting</td>
<td>8,183 m³</td>
</tr>
<tr>
<td>Roorkee</td>
<td>Rain water harvesting structure for groundwater recharge</td>
<td>588 m³</td>
</tr>
</tbody>
</table>

Our Sustainability Performance Enhancement Target

- Establishment of STP at all units
Product Responsibility And Innovation

How do we build shared value?

The Indian cement industry, second largest in the world after China, boasts of a healthy competition among both local and global cement players. With numerous cement companies competing with each other in terms of product pricing, market access, production and operational efficiency, it is imperative for us to focus on innovation across the value chain of cement production.

Our marketing initiatives, operational efficiency strategies and R&D projects aim towards increasing market access of our products through consistent focus on innovation and building new strategies for market access. Through this, we create value not only for us but also for our stakeholders by providing them better products at affordable prices.

Product Responsibility And Innovation

Our Sustainability Performance Enhancement Target

- Establishment of sustainability checklist for vendor appraisal by FY 2011-12
- Inclusion of sustainability components in new and existing contracts by FY 2011-12

Research And Development - Providing A Cutting Edge To Our Success

Research and development forms the crux of our product development processes. Through the past few years, the R&D function has been responsible for identification and testing of new chemicals to boost product effectiveness.

During FY 2010-11, our major R&D achievements included optimization of fly ash feeding system, fine tuning and enhancement of particle size distribution for increased production quality and evaluation of opportunities to use alternative fuels and materials.

Managing Life-cycle Impacts Of Our Product

The cement sector involves a vast supply chain, involving mining operations, logistics, cement production, grinding, distribution and marketing. There are several impacts of the sector across various nodes of its complete supply chain, as depicted below:

<table>
<thead>
<tr>
<th>Product Supply Chain</th>
<th>Mining of raw materials</th>
<th>In-bound logistics</th>
<th>Cement manufacturing operations</th>
<th>Out-bound logistics</th>
<th>Marketing and sales</th>
<th>Product use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental concerns</td>
<td>Biodiversity, dust, energy, waste</td>
<td>Energy, vehicular emissions</td>
<td>Energy, water, waste, emissions materials</td>
<td>Energy, vehicular emissions</td>
<td>Energy</td>
<td>Waste, energy, water</td>
</tr>
<tr>
<td>Health &amp; Safety concerns</td>
<td>Dust, driver safety</td>
<td>Driver safety, HIV/AIDS risk</td>
<td>Dust</td>
<td>Driver safety, HIV/AIDS risk</td>
<td>-</td>
<td>Dust</td>
</tr>
<tr>
<td>Social concerns</td>
<td>Rehabilitation, human rights</td>
<td>Child labor</td>
<td>Livelihood generation, CSR, human rights</td>
<td>Child labor</td>
<td>Livelihood generation, responsible marketing</td>
<td>-</td>
</tr>
</tbody>
</table>

We have attempted to broaden our view for a holistic approach towards mitigating potential/current impacts of several sustainability issues across the supply chain. Our sustainability reports provide detailed insight into this approach through disclosure of associated company strategies and initiatives.

Partnering For A Sustainable Future

We have always believed in the strength of industry associations and workgroups in setting up a roadmap for the cement sector to attain sustainability. With this philosophy, we have always looked to leverage the advantage of our membership in strategic associations to contribute towards sustainable development in the sector. In this regard, we have been connected with several associations working in this direction, like TERI, WBCSD-CSI, FICCI, CMA, CII, BEE and GRI. Our core sustainability team participates regularly in such discussions and forums on sustainability issues.

Shree Cement has put an emphasis on the need of climate change management across sectors. During FY 2010-11, our discussions on climate change have formed a major part of our interactions with the aforesaid associations. We maintain a firm stance on the need of corporations to mitigate their climate change impact and improve their performance in this regard. We also participate and are inclined towards discussions on policy development on climate change across various levels - sectoral, regional, national and global.
Working On Climate Change

We support FICCI’s role in policy dialogue on climate change through its contribution as an active member of the FICCI Climate Change Task Force. As a part of this task force, we have put forth various points of discussion on policy and regulatory issues pertaining to climate change. We have also provided our insight on the concerns in the cement sector with regard to climate change and carbon markets. In this regard, we leverage the position of our ED, Mr. M.K. Singh, as the Chairman of Cement Sub-Committee of FICCI, to put forth our thought and vision on climate change and sustainability issues in the cement sector.

We represented our vision and strategy for sustainability in the cement sector through various avenues apart from CSI, FICCI and BEE. Our representatives provided their key inputs in following policy development initiatives:
- CII - Green technology, water management, waste management
- TERI - Sustainability best practices
- FICCI - Climate change task force
- Global Compact - Innovation in sustainability

Extending Support Towards India’s PAT Scheme

The National Mission on Enhanced Energy Efficiency, a part of India’s National Action Plan on Climate Change introduced a unique scheme, Perform, Achieve and Trade (PAT) to enhance cost effectiveness of improvements in energy efficiency in large industries. Introducing tradable certificates of energy savings, the NMEEE has proposed targets for reduced specific energy consumption defined as percentages from baseline value to that of target year.

With our leadership in addressing climate change and energy management concerns in the cement industry, the Bureau of Energy Efficiency has appointed Shree Cement as the cement sector task force leader. We are an avid participant in technical discussions on audits pertaining to the PAT scheme and roadmap for cement companies under the Designated Entities of PAT scheme to improve energy efficiency and achieve desired reductions in specific energy consumption. During this year we also hosted the Technical Workshop on PAT for cement sector. Our ED, M. K. Singh is member of Sectoral Expert Committee for Cement Sector constituted under PAT scheme.

Extending CSI’s Sustainability Agenda

Shree Cement was the first Indian company to become a signatory to the Cement Sustainability Initiative, a global sectoral initiative commenced by WBCSD to further its sustainability agenda for the cement sector. Since then, we have been an active member in all activities of CSI. We have recently been nominated the Co-chair of India Cement Technology Roadmap 2050 developed by CSI. During FY 2010-11, we focused our discussions in CSI on development and update of climate change in India, technical attributes of alternate fuels and resources, and update on development of ‘India Cement Technology Roadmap’.

Extending Responsibility Towards Our Customers

It is extremely important for us to commit ourselves to make efficient products and aim for perfection in use with minimal shortcomings at customers’ end. However, even after thorough R&D and product quality checks, we observe certain customer complaints or problems faced by customers during use. The most significant complaints that we received during the year were related to roof plaster damage, water seepage through RCC roof, and efflorescence in cement concrete road work. These complaints were thoroughly addressed, analyzed, validated, and specifications were followed and solutions brought out. We observed that one of the major root causes was the awareness at the customer’s end of the use of concrete mix and cement. Thus, we provided adequate training to customers in the use of cement and concrete in construction activities.

We conduct our customer satisfaction survey on product and service quality annually. This survey seeks customer response on specific quality parameters like setting time, product strength and other cement quality characteristics.

Our Sustainability Performance

ECONOMIC PERFORMANCE

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Units</th>
<th>2008-09</th>
<th>Performance 2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>INR million</td>
<td>31,745</td>
<td>41,424</td>
<td>40,621</td>
</tr>
<tr>
<td>Direct economic value</td>
<td>INR million</td>
<td>31,745</td>
<td>41,424</td>
<td>40,621</td>
</tr>
<tr>
<td>Operating costs</td>
<td>INR million</td>
<td>16,794</td>
<td>20,175</td>
<td>24,160</td>
</tr>
<tr>
<td>Employee wages, bonus and allowances</td>
<td>INR million</td>
<td>821</td>
<td>1,159</td>
<td>1,509</td>
</tr>
<tr>
<td>Employee benefits, including contribution to PF, superannuation, gratuity, employee welfare</td>
<td>INR million</td>
<td>218</td>
<td>428</td>
<td>476</td>
</tr>
<tr>
<td>Interest payment to providers of capital</td>
<td>INR million</td>
<td>744</td>
<td>1,185</td>
<td>1,709</td>
</tr>
<tr>
<td>Dividends to shareholders</td>
<td>INR million</td>
<td>348</td>
<td>453</td>
<td>488</td>
</tr>
<tr>
<td>Payment to government</td>
<td>INR million</td>
<td>5,286</td>
<td>6,034</td>
<td>4,590</td>
</tr>
<tr>
<td>Reinvestment to maintain and develop operations</td>
<td>INR million</td>
<td>7,507</td>
<td>11,916</td>
<td>7,688</td>
</tr>
<tr>
<td>Total</td>
<td>INR million</td>
<td>31,745</td>
<td>41,424</td>
<td>40,621</td>
</tr>
<tr>
<td>Significant financial assistance received from government</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assistance from government</td>
<td>INR million</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Spending on locally available goods and services*</td>
<td>INR million</td>
<td>635.67</td>
<td>1242.52</td>
<td>1345.49</td>
</tr>
<tr>
<td>Total procurement of goods or services</td>
<td>INR million</td>
<td>841.67</td>
<td>1301.96</td>
<td>1400.14</td>
</tr>
<tr>
<td>Percent of goods or services procured locally</td>
<td>Percent</td>
<td>75.52</td>
<td>95.44</td>
<td>91.83</td>
</tr>
<tr>
<td>Expenditures on social and environmental activities</td>
<td>INR million</td>
<td>87.10</td>
<td>105.62</td>
<td>98.96</td>
</tr>
<tr>
<td>Spending on environmental expenditures</td>
<td>INR million</td>
<td>5.6</td>
<td>12.83</td>
<td>27.20</td>
</tr>
<tr>
<td>Spending on other community development activities</td>
<td>INR million</td>
<td>27</td>
<td>96</td>
<td>70.52</td>
</tr>
<tr>
<td>Total financial provision in mine closure plans</td>
<td>INR million</td>
<td>8.93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Environmental Performance

**Parameter** | **Units** | **Performance 2008-09** | **Performance 2009-10** | **Performance 2010-11**
--- | --- | --- | --- | ---
Material consumption | Raw materials |  |  |  
Limestone | MT | 9,412,035 | 11,851,846 | 11,087,779 |
Laborite | MT | 16,079 | 5,060 | 30,478.66 |
Gypsum¹ | MT | 410,552 | 300,650 | 358,598.74 |
Packaging materials | PP bags | 8,724 | 12,531 | 25,326.09 |
Associated process materials | Sulphuric acid | 0 | 0 | 68,518 |
Recycled material input | Fly Ash | 1,621,986 | 1,976,040 | 2,398,655 |
Skag | MT | 183,215 | 329,007 | 265,169.92 |
Sludge | MT | 0 | 1,391 | 624 |
Bed Ash | MT | 0 | 16,896 | 42,646 |
Water management | Groundwater consumption | M³ | 3,275,957 | 2,121,048 |  |
Surface water consumption | M³ | 57,133 | 0 |  |
Tanker water consumption | M³ | 1,850 | 0 |  |
Total water consumption | M³ | 2,122,988 | 198,741 | 180,515 |
Wastewater generated | M³ | 198,741 | 180,515 |  |
Wastewater discharged | M³ | 0 | 0 |  |
Wastewater recycled/reused | M³ | 219,876 | 198,741 | 180,515 |
Air emissions | ODS consumption | Kg of CFC-11 equivalent | 4.15 | 54.09 | 64.05 |
Particulate Matter | MT | 1,151 | 1,325 | 1512.59 |
Sos | MT | 1,014 | 1,009 | 831 |	
NOx | MT | 12,948 | 13,461 | 11,646.95 |
Waste management | Hazardous waste disposal | Used oil | KL | 135.62 | 135.07 | 72.92 |
Battery scrap | MT | 6 | 9 | 5.63 |
Burnt grease filled drums | Nos. | 86 | 86 | 66 |
Used oil filled drums | KL | 183 | 183 | 276 |
Used monitor scrap | Nos. | 15 | 19 | 11 |
Non-hazardous waste disposal | Total non-hazardous waste disposal | MT³ | 684,979 | 7,485.54 | 8,566.27 |
| Nos | 130,391 | 1,011,364 | 1,347,681 |
Total over burden generation in mining operations | Million MT | 4.02 | 4.47 | 5.36 |

¹ Gypsum reported here does not include synthetic gypsum produced at the site. The figure reported here includes normal gypsum and marine gypsum consumed by our facilities.
² We started using sulphuric acid from FY 2010-11 onwards for production of synthetic gypsum. Hence, the table does not reflect any consumption for previous years.
³ Fly ash consumption reported here includes fly ash used as raw meal as well as a blending material.
⁴ Non-hazardous waste reported in numbers includes empty tin scrap, PP bag scrap, empty MS drums, tyre scrap, pipe scrap, CI scrap, and empty PVC drums.
⁵ This figure includes energy sold to the grid. The total direct energy consumption for our facilities (minus the energy sold to grid) for FY 2010-11 is 41.63 million GJ.

---

**Parameter** | **Units** | **Performance 2008-09** | **Performance 2009-10** | **Performance 2010-11**
--- | --- | --- | --- | ---
Energy consumption | Total direct energy consumption² | Million GJ | 30.8 | 36.7 | 43.01 |
Electricity purchased | Million GJ | 0.31 | 0.19 | 0.46 |
Electricity sold to the grid | Million GJ | 0.43 | 0.95 | 1.38 |
Direct energy conservation through initiatives | GJ | Information not monitored | Information not monitored | 17,288.6 |
Indirect energy conservation through clinker factor improvement | GJ | Information not monitored | Information not monitored | 105,548.05 |
GHG management | Total CO₂ emissions | Million tCO₂e | 7.56 | 7.62 |
Specific CO₂ emissions | Kg tCO₂e per ton of cementitious product | 827 | 728 | 694 |
Biodiversity management | Total plant area | Ha | 2,040.19 | 2,040.19 | 2,065.69 |
Area covered by plantation | Ha | 207.32 | 218.74 | 238.63 |
Total saplings planted up to 31 March 2011 | Ha | 334,002 | 362,197 | 447,900 |
Total number of saplings planted during reporting period | Ha | 28,195 | 34,159 | 46,319 |
Land disturbed by mining operations | Total land disturbed and not yet rehabilitated | Ha | 138.2 | 159.11 | 159.11 |
Total amount of land newly disturbed within the reporting period | Ha | 19.91 | 0 | 46.56 |
Total amount of land newly rehabilitated within the reporting period to the agreed end use | Ha | 0 | 0 | 0 |
Total land disturbed and not yet rehabilitated | Ha | 158.11 | 159.11 | 178.11 |

² Direct energy consumption includes indigenous petcoke (total 15.42 million GJ from two sources: supplying the fuel of an average NCV of 8143 and 8232 kcal/kg), Imported petroleum (total 7.36 million GJ with an average NCV of 8807 kcal/kg), Imported fuel (total 8.29 million GJ with an average NCV of 8802 kcal/kg), Coal (total 1.71 million GJ from three sources with an average NCV of 3128, 4656 and 5170 kcal/kg), LCV fuel (total 6.52 million GJ from two sources with an average NCV of 5586 and 5170 kcal/kg), Diesel (total 0.38 million GJ with an average NCV of 8747 kcal/kg), LPG (total 3564.8 GJ with an average NCV of 12500 kcal/kg). This figure includes energy sold to the grid. The total direct energy consumption for our facilities (minus the energy sold to grid) for FY 2010-11 is 41.63 million GJ.
### Workforce Management

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Units</th>
<th>FY 2009-09</th>
<th>FY 2009-10</th>
<th>FY 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce breakdown</td>
<td>Nos.</td>
<td>35</td>
<td>36</td>
<td>43</td>
</tr>
<tr>
<td>Senior Management (locally hired)</td>
<td>Nos.</td>
<td>27</td>
<td>31</td>
<td>40</td>
</tr>
<tr>
<td>Senior management (other)</td>
<td>Nos.</td>
<td>158</td>
<td>189</td>
<td>214</td>
</tr>
<tr>
<td>Middle Management (locally hired)</td>
<td>Nos.</td>
<td>109</td>
<td>146</td>
<td>160</td>
</tr>
<tr>
<td>Supervisory (locally hired)</td>
<td>Nos.</td>
<td>1,340</td>
<td>1,665</td>
<td>1,824</td>
</tr>
<tr>
<td>Supervisory (other)</td>
<td>Nos.</td>
<td>442</td>
<td>503</td>
<td>744</td>
</tr>
<tr>
<td>Trainees (locally hired)</td>
<td>Nos.</td>
<td>185</td>
<td>274</td>
<td>325</td>
</tr>
<tr>
<td>Trainees (other)</td>
<td>Nos.</td>
<td>23</td>
<td>51</td>
<td>53</td>
</tr>
<tr>
<td>Non-management workers (locally hired)</td>
<td>Nos.</td>
<td>259</td>
<td>234</td>
<td>230</td>
</tr>
<tr>
<td>Total workforce (locally hired)</td>
<td>Nos.</td>
<td>1,953</td>
<td>2,400</td>
<td>2,636</td>
</tr>
<tr>
<td>Total workforce (other)</td>
<td>Nos.</td>
<td>614</td>
<td>844</td>
<td>1,009</td>
</tr>
<tr>
<td>Total workforce</td>
<td>Nos.</td>
<td>2,567</td>
<td>3,244</td>
<td>3,645</td>
</tr>
<tr>
<td>Percent of workforce hired locally</td>
<td>Nos.</td>
<td>76.08</td>
<td>73.98</td>
<td>72.32</td>
</tr>
</tbody>
</table>

### Workforce Diversity

- **Age**:
  - Less than 30: Nos. 726, 1,212, 1,291
  - Between 30 and 50: Nos. 1,579, 1,549, 1,984
  - More than 50: Nos. 266, 236, 370

- **Gender**:
  - Male: Nos. 2,551, 3,223, 3,623
  - Female: Nos. 20, 21, 22

### Employee Turnover

- **Senior Management (locally hired)**: Nos. 1, 2, 3
- **Senior management (other)**: Nos. 2, 2, 2
- **Middle Management (locally hired)**: Nos. 4, 6, 12
- **Middle management (other)**: Nos. 7, 5, 14
- **Supervisory (locally hired)**: Nos. 69, 36, 110
- **Supervisory (other)**: Nos. -5, 0, 1
- **Trainees (locally hired)**: Nos. -20, 6, 39
- **Trainees (other)**: Nos. 0, 0, 0
- **Non-management workers (locally hired)**: Nos. 163, 154, 398
- **Non-management workers (other)**: Nos. 0, 0, 0

### Lost Days due to Reportable Injuries

Lost days due to reportable injuries include 6,000 man-days lost per fatality as per Indian regulations.

### Safety Performance

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Units</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of health and safety performance</td>
<td>Nos.</td>
<td>69</td>
<td>94</td>
<td>121</td>
</tr>
<tr>
<td>Non-management representatives in formal health and safety committees</td>
<td>Nos.</td>
<td>50</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>Health and safety performance¹</td>
<td>Nos.</td>
<td>Not monitored</td>
<td>Not monitored</td>
<td>Not monitored</td>
</tr>
<tr>
<td>Employee safety</td>
<td>Nos.</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Minor injuries and first aid cases</td>
<td>Nos.</td>
<td>Not monitored</td>
<td>Not monitored</td>
<td>Not monitored</td>
</tr>
<tr>
<td>Supervisors injuries</td>
<td>Nos.</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Lost days due to reportable injuries</td>
<td>Nos.</td>
<td>3,764,920</td>
<td>2,063,485</td>
<td>5,203,648</td>
</tr>
</tbody>
</table>

### Health and Safety Performance

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Units</th>
<th>2008-09</th>
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<td>Nos.</td>
<td>Not monitored</td>
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<td>5,203,648</td>
</tr>
</tbody>
</table>

¹ Lost days due to reportable injuries include 6,000 man-days lost per fatality as per Indian regulations.
**Workforce Management**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Units</th>
<th>FY 2008-09</th>
<th>FY 2009-10</th>
<th>FY 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee turnover by gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>Nos.</td>
<td>159</td>
<td>162</td>
<td>396</td>
</tr>
<tr>
<td>Female</td>
<td>Nos.</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Training and development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior management</td>
<td>Hours</td>
<td>589</td>
<td>528</td>
<td>1,668</td>
</tr>
<tr>
<td>Middle management</td>
<td>Hours</td>
<td>3,729</td>
<td>3,545</td>
<td>17,335</td>
</tr>
<tr>
<td>Junior management</td>
<td>Hours</td>
<td>16,229</td>
<td>11,109</td>
<td>36,891</td>
</tr>
<tr>
<td>Trainees*</td>
<td>Hours</td>
<td>Not available</td>
<td>Not available</td>
<td>4,262</td>
</tr>
<tr>
<td>Workers</td>
<td>Hours</td>
<td>2,692</td>
<td>8,012</td>
<td>2,886</td>
</tr>
</tbody>
</table>

*We are in the process of improving our systems to monitor the amount of training provided to our contractual workforce. We will report on training man-hours of our contractual workforce in our future sustainability reports.*

*Training figures for trainees not available for previous years since monitoring systems were established for monitoring from FY 2010-11.*

This section provides information on the adherence of our report to globally accepted reporting standards. We have referred to Global Reporting Initiative’s G3.1 Guidelines, Cement Sustainability Initiative guidelines, and UNGC Principles to develop our reports to these globally accepted standards. Detailed content index can be assessed at http://www.shreecement.in/csr.html

### Content guide

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<th>Pages</th>
<th>GRI Reference</th>
<th>UNGC Reference</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>About the report</td>
<td>4</td>
<td>3.9, 3.1, 3.2, 3.3, 3.4, 3.7, 3.8, 3.9, 3.11, 3.13</td>
<td>3.9-Data measurement techniques are also disclosed in relevant sections where sustainability performance is reported. 3.10-There were no restatements of information in previous reports.</td>
<td></td>
</tr>
<tr>
<td>About Shree Cement</td>
<td>4-5</td>
<td>2.1, 2.2, 2.3, 2.7, 2.8, 2.10</td>
<td>2.5-Shree Cement's operations are located in India only. 2.6-Shree Cement Limited is a privately owned company listed in India. 2.8-For net sales, total assets, debt and equity, please refer our Annual Report for FY 2010-11 at web-link EC1-India is not candidate to EITI, where Shree Cement operates through all its manufacturing facilities.</td>
<td></td>
</tr>
<tr>
<td>From the Chairman's desk</td>
<td>6</td>
<td>1.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our MD's views</td>
<td>7</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Executive President's desk</td>
<td>8</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ED's point of view</td>
<td>9</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating sound value through effective engagement</td>
<td>10-11</td>
<td>4.4, 4.14, 4.15, 4.16, 4.17</td>
<td>4.4-For more information, please refer our Annual Report for FY 2010-11.</td>
<td></td>
</tr>
<tr>
<td>Focusing on key sustainability concerns</td>
<td>12-13</td>
<td>1.2, 3.5, 4.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embedding sustainability through sound governance</td>
<td>14-15</td>
<td>4.8, 4.9, 4.11, SD3</td>
<td>Principle 10</td>
<td>4.1, 4.2, 4.3, 4.5, 4.6, 4.7, 4.10 - Please refer our Annual Report for FY 2010-11. SD3-We cover corruption-related risks as a part of our overall risk management process. This process is applicable to all operations covered in the scope of the report. SD3-Our employees are provided training related to Code of Conduct that has several aspects of anti-corruption, ethical behavior and transparency integrated into the training module. SD4-No incidents of corruption were reported during FY 2010-11.</td>
</tr>
<tr>
<td>Optimising costs</td>
<td>16-19</td>
<td>DMA-EC, EC1, EC2, EC8</td>
<td>EC1-Payments to local communities as part of land use agreements are included in operating costs.</td>
<td></td>
</tr>
<tr>
<td>Material stewardship</td>
<td>18-23</td>
<td>DMA-EN, EN1, EN2, EN22, MM11</td>
<td>Principle 8</td>
<td></td>
</tr>
<tr>
<td>Energy and climate change</td>
<td>23-25</td>
<td>DMA-EN, EN3-S, EN7, EN10, EN18, EN20</td>
<td>Principle 7, Principle 8</td>
<td>EN17-We are upgrading our systems and processes to ensure environmental compliance. EN20-Currently, we do not monitor emissions from mobile sources operating in our mining operations.</td>
</tr>
<tr>
<td>Benefiting local communities</td>
<td>27-31</td>
<td>DMA-SD, SD1</td>
<td>SD1-All operations have implemented local community engagement, need assessments, impact assessments and structured programs towards community development. SD9,10-During FY 10-11, no significant potential or...</td>
<td></td>
</tr>
</tbody>
</table>
actual negative impacts of our operations were identified on local communities adjacent to our operations. Through a needs assessment exercise conducted annually, we always aim to identify potential impacts of our operations on these communities.

MM5-6-Our operations are not located adjacent to Indigenous Peoples’ territories.

MM6-There were no disputes relating to land use and customary rights of communities.

MM7-Not applicable.

MM8-Our mining operations are not located in areas where ASM takes place on or adjacent to the site.

MM9-No activities related to rehabilitation and resettlement were taken during FY 2010-11.

Developing people 32-35 DMA-LA, DMA-HR, Principle 1, LA15-All female employees entitled to maternity leave.

LA7-8, LA10 Principle 2, There were no cases in FY 2010-11 where any female employee took maternity leave.

Principle 3, LA4 - All non-management employees are covered under collective bargaining.

Principle 4, LA1-2-Currently our contracts and investment agreements do not include clauses pertaining to human rights. We are in the process of establishing processes to initiate human rights screening of our suppliers and contractors.

Principle 5, HR4-There were no incidents of discrimination reported during FY 2010-11.

HR5,6,7-None of our operations have been identified as having significant human rights risks, including right to freedom of association or incidents of forced, compulsory or child labor. We did not perform an assessment of our significant suppliers for human rights risks during FY 2010-11.

HR10-Aspects of human rights are covered in various social impact assessment reports and other internal audit measures in the company. However, we are working towards a structured framework for assessing human rights risks in our operations.

HR11-No grievances were filed in our operations relating to human rights violation.

MM4-There were no strikes or lockouts during FY 2010-11.

Water management 36-37 DMA-EN, EN10, EN21

EN8, EN10, EN11, EN12-There are protected areas or areas of high biodiversity value in, adjacent to or near to any of our facilities.

EN16, 22, 23, LA1-2, LA13, LA13, HM1, HM3, HM10

Product responsibility 38-40 DMA-PR, 4.12, Principle 8, EN27-We are currently not reclaiming our product and innovation packaging. We are looking forward to establishing a system to look at taking benefits from such an exercise.

PR1-We are currently not reclalmimg our product packaging. We are looking forward to establishing a system to look at taking benefits from such an exercise.

PR11-We work with marketing agencies which are authorized by ASCI and thus help us in adhering to national legislations on marketing, communication and advertising.

Our sustainability performance 41-46 3.9, ECS, ECA, ECR, ECD, ECR,

EN23-There were no significant spills, including spillage of mining wastes, during the reporting period.
Independent assurance report to Shree Cement Limited 2010-11 Corporate Sustainability Report

KPMG was engaged by Shree Cement Limited ("Shree Cement" or the "Company") to provide assurance on its Sustainability Report ("the Report") for the financial year 2010-11.

What was included in the scope of our assurance engagement?

Assurance has been provided for the sustainability data and information presented by Shree Cement in its Report. Our scope of assurance included data and information for the period 01 April 2010 to 31 March 2011 based on Global Reporting Initiative (GRI) G3.1 Guidelines and GRI Mining and Metals sector supplement.

We have carried out site visits to two cement manufacturing plants and two mining areas of Shree Cement at Beawar and Ras.

Which assurance standards and guidelines did we use?

We conducted the assurance in accordance with:

- ISAE 3000: “Limited Assurance” requirements of ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information by International Federation of Accountants’ (IFAC) International Standard for Assurance Engagements
- AA 1000 AS: "Type 2, Moderate Level" assurance requirements of AA1000 Assurance Standards 2008 for all reported GRI G3.1 indicators

Under this standard, we have reviewed the accuracy and quality of sustainability performance data/information disclosed by Shree Cement and evaluated Shree Cement’s adherence to the following AA1000 Accountability Principles (2008):

- Inclusivity: To assess if Shree Cement has included stakeholders in developing and achieving an accountable and strategic response to sustainability
- Materiality: To assess if Shree Cement has included in its report the material information required by its stakeholders to be able to make informed judgements, decisions and actions
- Responsiveness: To assess if Shree Cement has responded to stakeholder concerns, policies and relevant standards and adequately communicated these in the Report

How were we independent?

We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other things, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

What were the limitations in conducting the assurance?

Our assurance process was subject to the following limitations:

- Verification of claims was limited to data and information presented for the period 01 April 2010 to 31 March 2011. Data and information outside this reporting period was not subject to any verification
- Any statement indicating intention, opinion, belief and / or aspiration by Shree Cement was excluded from the scope of assurance
- The assurance statement does not include verification of financial performance indicators that were sourced from Shree Cement's 2010-11 annual report

What did we do to arrive at conclusions and observations?

The assurance work was executed by KPMG's multi-disciplinary team comprising of environmental and social experts who have prior experience of working on assurance engagements. Our work was planned and executed to obtain all the evidence, information and explanations that were considered necessary in relation to the above scope. Our work included the following procedures involving a range of evidence-gathering activities as explained below:

- Interaction with the company's senior management and sustainability core group at the Ras and Beawar cement manufacturing plants
- Review of the stakeholder consultation processes and the methodology used for determining the material issues;
- Assessment of report contents to ensure consistency with the requirements of the GRI G3.1 guidelines (principles and performance indicators) and AA1000 AS 2008 principles;
- Evaluation of the existence and operation of the systems and methods used to collect, process and aggregate the performance data presented in the Report
- Testing the reliability of underlying data and information for the performance data within the scope of our assurance

What are our conclusions?

Based on our review, nothing has come to our attention to indicate that the information presented in the Report is not consistent with the findings of our work as described below:

- The outcome of assurance engagement provided confidence on the systems and processes used by Shree Cement for presenting the sustainability performance data and information in terms of reliability along with fair and accurate representation of data and information within the reporting period
- Principle of Inclusivity: Shree Cement has deployed appropriate mechanisms to engage with its key stakeholders in order to assess their concerns and address them. During the assessment of key focus areas, the Company has extensively considered inputs from its internal stakeholders as well as the external stakeholders' expectations.
- Principle of Materiality: Shree Cement has a robust risk management framework to identify the company's material concerns. The output of this framework forms a part of the company's strategy and sustainability focus areas with the Company. The Company has funnelled the identified risks to arrive at the top seven critical sustainability issues: optimizing costs, material stewardship, energy and climate change, community development, workforce management, water stewardship, and innovation and product responsibility. The company has adhered to GRI G3.1 guidelines, GRI Metal and Mining sector supplement, UNGC principles and WBCSD CSI protocol to report on its sustainability performance
- Principle of Responsiveness: Shree Cement has responded to the major concerns and expectations raised by its key stakeholders. The Company’s response to the requirements of its internal stakeholders is more robust as compared to its external stakeholders. The Company has reported its performance on the identified material issues through its sustainability report. The Company has undertaken specific goals and targets on sustainability and has instilled systems to monitor and report on progress against them

What were the key observations?

- The Company has successfully incorporated the sustainability risks within the business risk management process
- The report addresses the criteria for meeting the requirements of GRI G3.1 A+ application level
- Shree Cement has effectively integrated the GRI Metal and Mining sector supplement indicators into its reporting protocol
- The Company can further streamline and standardize the reporting protocols

How are the responsibilities assigned?

The Management of Shree Cement is responsible for development of the Report and its contents. Shree Cement is responsible for identification of stakeholders and material issues, define commitments with respect to sustainability performance, establish and maintain appropriate performance management and internal control systems from which reported information is derived. Our responsibility is to express our conclusions in relation to the scope mentioned above. This assurance statement is made solely to Shree Cement in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Shree Cement those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Shree Cement for our work, for this report, or for the conclusions we have reached. By reading this assurance statement, the stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Arvind Sharma
Director
KPMG, India
Company Details

Board of Directors

Shri B.G. Bangur - Executive Chairman
Shri H.M. Bangur - Managing Director
Dr. Abid Hussain - Joint Vice President
Dr. K.K. Talwar - Joint Vice President
Dr. M.K. Singhi - Executive Director

Management Team

Shri Prashant Bangur - Executive President
Shri Ashok Bhandari - Chief Finance Officer
Shri Dikshak Puri - Joint President (Marketing)
Shri Kuldip Verma - Senior Vice President (Marketing)
Shri Arun Bhatta - Chief Executive (Power Business Development)
Shri P.N. Chhanganani - Joint President (Works)
Shri Shrimath Savors - Senior Vice President (Strategy)
Shri Ramanat Sharma - Senior Vice President (PR)
Shri K.C. Gandhi - Senior Vice President (Material Management)
Shri Gopal Daga - Senior Vice President (Project Management)
Shri Sanjay Mehta - Senior Vice President (Commercial)
Shri S.K. Gupta - Advisor (Commercial)
Shri R.C. Jhawar - Vice President (PPA)
Shri S.C. Suthar - Vice President (Mines)
Shri Arvind Khicha - Vice President (Commercial)
Shri M.C. Gupta - Advisor (Technical)
Shri R.C. Bohra - Joint Vice President (PPA)
Shri R.S. Singhvi - Joint Vice President (HR)
Shri M.M. Rathi - Joint Vice President (Power Project)
Shri R.K. Agarwal - Joint Vice President (Grinding Units)
Shri R.K. Tiwari - Joint Vice President (Liaison)
Shri R.K. Manavat - Joint Vice President (Operation)
Shri Vrindavan Saxena - Joint Vice President (Power Plant)
Shri Jagdish Bhandari - Joint Vice President (Project Management)
Shri Hari Bajwa - Joint Vice President (Marketing)
Shri Himanshu Dewan - Joint Vice President (Marketing)
Shri K.S. Soni - Assistant Vice President (ERP & IT)
Shri G.L. Nandwana - Assistant Vice President (Land acquisition)
Shri R.K. Srivastava - Assistant Vice President (IT)
Shri A.K. Gupta - Assistant Vice President (Civil Project)
Shri A.K. Srivastav - Assistant Vice President (Project)
Shri Rakshad Daima - Assistant Vice President (Corporate MIS)
Shri R.N. Dani - Assistant Vice President (Costing & MIS)

Shri N.C. Jain - Assistant Vice President (Finance)
Shri Yogesh Mehta - Assistant Vice President (Logistics)
Shri K.K. Jain - Assistant Vice President (Accounts)
Shri S.K. Gupta - Assistant Vice President (Project Accounts)
Shri S.L. Bhanasi - Assistant Vice President (Legal)
Shri S.C. Maheshwari - Assistant Vice President (Taxation)
Shri Vijay Barathwale - Assistant Vice President (Power Business Development)
Shri Vivek Mathur - Assistant Vice President (Marketing)
Shri Anil Kaulshik - Assistant Vice President (Marketing)
Shri K.K. Talwar - Assistant Vice President (Marketing)
Shri P.S. Sharma - Assistant Vice President (Marketing)

Company Secretary
Shri S.S. Khandelwal - Assistant Vice President (Works)

Bankers
State Bank of Bikaner & Jaipur
State Bank of India
ICICI Bank Ltd.
State Bank of Bikaner & Jaipur

Auditors
M/s. B.R. Maheshwari & Co., New Delhi
M/s. K.G. Goyal & Associates, Jaipur
Internal Auditors
M/s. P.K. Ajmera & Co., Ahmedabad

Registered Office
Bangur Nagar, Beawar - 305 901, Distt. Ajmer, Rajasthan
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Toll free no.: 1800 180 6003-04
website: www.shreecement.in
email: sclcal@shreecementltd.com

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A 6 Yudhthather Marg, Opp. Yojana Bhawan, C Scheme, Jaipur - 302 005, Rajasthan
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Plot No 17, Ground Floor, Jeevan Enclave, Mission Compound, Ajmer Road, Jaipur - 302 001
Phone: (91) 141-2371477, 2379141, 2379198

Company's Plants & Marketing Offices

Plants
Units I & II and Power Plants, Beawar
Bangur Nagar, Beawar - 305 901 Distt. Ajmer, Rajasthan (India)
Phone: (91) 1462-228110-06

Units III to VIII and Power Plants, Ras
Bangur City, Ras, Tehsil Jaitaran - 306 107, Dist.: Pali, Rajasthan (India)
Phone: (91) 1462-228110-06

Cement Grinding Unit(s)
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Phone: (91) 1493-255521 / 22 / 23 / 24

Suratgarh: Near N.H. 15, Udaipur Udasar, Teh: Suratgarh, Dist. : Shriganganagar, Rajasthan

Rooree: Akapur - Oud, Teh: Laksar, Dist.: Haridwar, Uttarakhand
Phone : (91) 1332-225810-11

Jaipur: Mahela, Jolker Road, Village: Adapur, Tehsil: Phulera, Dist.: Jaipur, Rajasthan

Email: shreebrw@shreecementltd.com
List of Abbreviations

ANM  Auxiliary Nurse Midwife
BEE  Bureau of Energy Efficiency
CDM  Clean Development Mechanism
CER  Certified Emission Reduciton
CI   Cast Iron
CII  Confederation of Indian Industry
CMA  Cement Manufacturers' Association
CRO  Chief Risk Officer
CSI  Cement Sustainability Initiative
CSR  Corporate Social Responsibility
ESG  Environmental, Social and Governance
FICCI Federation of Indian Chambers of Commerce and Industry
FY   Financial Year
GHG  Greenhouse Gas Emissions
GNR  Getting Numbers Right
GPS  Global Positioning System
GRI  Global Reporting Initiative
HR   Human Resources
ICC  Indian Chambers of Commerce
INR  Indian Rupee
ITI  Industrial Training Institutes
LCV  Low Calorific Value
LPG  Liquefied Petroleum Gas
LTIFR Lost Time Injury Frequency Rate
MMTPA Million Metric Tons Per Annum
MS   Mild Steel
NCV  Net Calorific Value
NMEEE National Mission on Enhanced Energy Efficiency
ODS  Ozone Depleting Substances
OTIDS Operator Independent Truck Dispatch System
PAT  Perform, Achieve and Trade
PP   Polypropylene
PPE  Personal Protective Equipment
PVC  Poly-Vinyl Chloride
R&D  Research & Development
RCC  Reinforced Cement Concrete
RTI  Reproductive Tract Infection
SCL  Shree Cement Limited
SD   Sustainable Development
SPM  Suspended Particulate Matter
STP  Sewage Treatment Plant
TAD  Tertiary Air Duct
TERI The Energy Resources Institute
TPH  Tonnes Per Hour
UNFCCC United Nations Framework Convention on Climate Change
UNGC United Nations Global Compact
WBCSD World Business Council for Sustainable Development

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Feedback form for Shree Corporate Sustainability Report 2010-11

Your feedback is very valuable to us and will help us improve our climate.

1. Quality of content covered in the Report
   - [ ] a) High
   - [ ] b) Medium
   - [ ] c) Low

2. Clarity of information provided in the Report
   - [ ] a) High
   - [ ] b) Medium
   - [ ] c) Low

3. The quality of design and layout of the Report
   - [ ] a) Good
   - [ ] b) Average
   - [ ] c) Poor

4. Suggest what other issues should be covered in the Report

5. Suggest the areas, if any, where more details should be reported

Name:
Designation:
Organisation:
Contact Address:
E-mail:

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Please mail your feedback to:
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