



An enduring desire
to innovate, inspire and lead.

What next?

A glorious year

This has been quite a remarkable year for Shree Cement. The company put its stamp of innovation and leadership in the year gone by. Its innovative practices were responsible for keeping operational costs one of the lowest in the industry. Its energy conservation initiatives showed the way for India's cement-makers.

A slew of proactive measures across disciplines had made Shree internally more robust and more flexible at the same time. This allowed Shree to make more intensive use of assets and capacity to take advantage of favourable demand conditions brewing across India.

High points

Shree continues to outperform the industry on operating cost. Power consumption was brought down from 77 units per tonne of cement in the previous year to 75 units this year. The company achieved a breakthrough in sourcing high-grade limestone. From a situation of outsourcing it in a fragmented and

unreliable market, the company has become completely self-sufficient in sourcing all its limestone requirement. Apart from reliable supply, the mines also happen to turn out a consistently high quality of limestone. The company continued to bring down freight cost through planning, foresight, better logistics control and real-time systems. Prudent management of the loans portfolio and working capital helped slash interest costs by almost 50%. On the marketing front, the Shree Ultra Red Oxide Cement brand has emerged as a preferred brand in the markets the company operates in. Its share in total sales increased from 37% last year to 41% this year.

Challenges

Prices of diesel rose steeply this year. Pet Coke, the alternate fuel used in Shree's power and cement plants, also registered an upward price movement. This threatened to inflate operating costs. But, a more streamlined logistics, installation of real-time sales and distribution systems, transportation tendering system, along with other cost management measures, actually brought down freight cost and shored up operating margins (on net sales) to 30% - one of the highest in the industry.

People

At Shree, an open work culture, mentor-driven management, supportive resources, transparent policies, safety focus, value-added HR programmes,



Shree

Looking back; looking ahead



performance-driven career progression and good work-life balance produces engaged employees, or people committed to making a difference to the company. This comes right across in a survey of the Best Employers of India carried out in the year 2004 by international HR firm, M/s Hewitt Associates. Shree's overall score of 83% in employee engagement vaulted it to the top-50 league of India's best employers. Shree's rank of 41st was the best among all cement companies which participated in the survey.

Sustainable development

The concept of sustainable development pre-empted a world order where it would be the only mode of progress. Taking a proactive stance, Shree joined a forum of international cement companies formed to help the industry make a transition to the sustainability ethos. Called the Cement Sustainability Initiative (CSI), it has Shree as the first Indian cement company joining it and partnering the World Business Council for Sustainable Development (WBCSD), Switzerland, in its efforts. Sustainable development involves meeting commitments pertaining to climate protection, responsible use of fuels and materials, employee health and safety, emission reduction, local impact on land and community and reporting. Member companies have been given a leeway of 4 years to carry out their chartered commitments. In the first such instance of its kind in the Indian cement industry, the company is presenting its Corporate Sustainability Report in the first year itself.



'What Next?'

We realise that much more than clinkers go into the cement we produce. A generous helping of the faith of our stakeholders in us. A chunk of the lives of people who work for us. A share of the culture of the surrounding community. A portion of the planet's precious resources. Being the privileged trustees of such riches is an awesome responsibility indeed. This is a responsibility that we will discharge with greater dexterity, diligence and dynamism in the coming times so that every segment benefits.

M K Singhi
Executive Director

