Rating Rationale

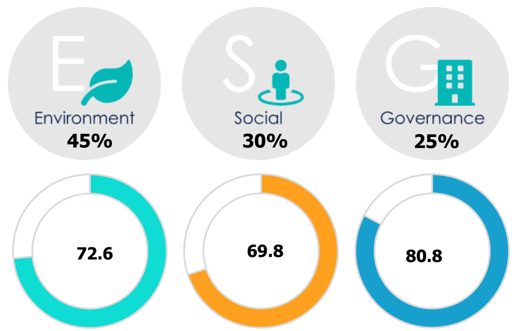
Shree Cement Limited	Rating Score	Rating Symbol*	Rating Action
ESG Rating	**73.8**	**CareEdge-ESG 1**	**Assigned**

* *Please refer www.careedgeesg.com for detailed understanding of CareEdge-ESG's rating symbols and definitions.*

Leadership *position in managing ESG Risk through* ***best-in-class*** *disclosures, policies, and performance*

ESG Score

Pillar Weights & Scores



Data Transparency Level: **High**

Data Reporting Boundary: **Standalone**

Overall Transition Pathway Trajectory: **Strong**

Environment Transition Pathway Trajectory: **Leadership**

Social Transition Pathway Trajectory: **Adequate**

Please note: all scores mention in this document are on the scale of 0 – 100

Rating Rationale

The ESG rating upgrade of Shree Cement Limited to 73.8 reflects the company's continued strengthening of sustainability practices, operational efficiency, and governance oversight across its business operations. The rating improvement captures measurable progress in environmental performance, waste management, water stewardship, workplace safety, and ESG governance during FY25, demonstrating SCL's evolving ESG performance within India's cement sector. The company's sustainability approach is supported by enhanced monitoring systems, operational integration of ESG initiatives, and continued focus on resource efficiency and low-carbon growth.

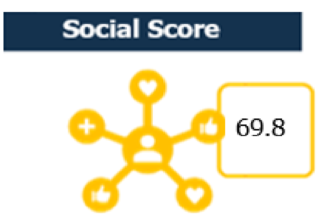
SCL's sustainability strategy is centered around energy-efficient operations, emissions management, renewable energy integration, water positivity, and circular economy practices. This is reflected through its low emissions intensities, high waste recovery, Zero Waste to Landfill achievement, deployment of Waste Heat Recovery Systems (WHRS), and continued investments in renewable energy and advanced emission control technologies. The company also demonstrates strong occupational health & safety practices, employee welfare initiatives, and governance transparency supported by Code of Conduct, whistleblower mechanisms, and anti-corruption frameworks. However, the assessment also considers certain areas requiring continued improvement, including biodiversity management frameworks, workforce diversity, gender pay parity, and comprehensive emissions monitoring across all operational sites.

The cement sector is inherently resource-intensive and environmentally impactful, characterized by high greenhouse gas emissions, significant energy consumption, substantial water usage, and large-scale raw material extraction. Given these sectoral characteristics, the Environmental pillar is given the highest weight of 45% in the overall ESG assessment framework. Within this context, Shree Cement Limited (SCL) demonstrates a strong and well-rounded environmental performance in FY25, achieving a score of 72.6, thus placing in the top quartile among its industry peers. The company performs well across key environmental themes, including carbon & other emissions, effluent & waste, product footprint & stewardship, and water usage & management which together contribute significantly to the overall pillar score.

SCL continues to demonstrate leadership in water stewardship, supported by a comprehensive approach encompassing water conservation, recycling, and replenishment. The company has established 100% of its sites with water recycling system and maintains zero liquid discharge systems across all its manufacturing facilities. It has implemented several initiatives such as installation of air-cooled condensers, utilization of non-operational mine pits for rainwater harvesting, and use of treated municipal sewage water in water-stressed regions. These efforts are reflected in the company's improving water positivity, increasing from 7 times water positive in the previous year to over 8 times water positive in the current year, thereby replenishing significantly more water than it consumes. However, water consumption intensity stood at 0.08 kilolitres per unit of production in FY25, which remained significantly better than the industry median of 0.18. This reflects the company's relatively efficient water management practices despite operational expansion and capacity additions during the year. SCL complies with regulatory emission norms and has aligned its Scope 1 and Scope 2 emission reduction targets with the Science Based Targets initiative (SBTi). During FY25, Scope 1 emissions intensity witnessed an increase due to the commissioning and operational ramp-up of new plants. Particulate Matter (PM) emissions intensity stood at 0.00002 in FY25, which remained better than the industry median of 0.00005. Similarly, NOx emissions intensity stood at 0.00048 in FY25, slightly better than the industry median of 0.00052, reflecting continued operational controls and emission management practices. Scope 2 emissions intensity stood at 0.0128 tCO_2e per unit of production, primarily due to relatively higher grid electricity consumption associated with the newly commissioned facilities; however, the performance remained better than the industry median of 0.0208. Overall, the combined Scope 1 and Scope 2 emissions intensity stood at 0.65 in FY25, slightly higher than the industry median of 0.62. Likewise, energy intensity stood at 3.14 GJ per unit of production in FY25, higher than the industry median of 2.61 GJ, indicating scope for further operational and energy efficiency improvements. Air emissions intensity was also better than the industry median, reflecting effective environmental management systems. Please note that in last year's rating, provisional intensity data figures of FY25 were assessed, whereas in current year's rating the audited FY25 intensity data figures have been considered; resulting in multiple intensity values being broadly in line with that of previous year's assessment. The company has not yet achieved complete emissions data coverage and is actively working towards strengthening its data collection and improving the completeness and consistency of emissions reporting going forward.

5.8% of SCL's total energy consumption stems from renewable sources, slightly higher than the industry median of 5.7%. The company continues to leverage Waste Heat Recovery Systems (WHRS), along with solar and wind energy installations, to reduce dependence on fossil fuels. WHRS plays a critical role in improving energy efficiency and reducing emissions intensity by capturing waste heat from kiln operations. Waste intensity stood at 0.0006 metric tonnes per unit of production in FY25, significantly better than the industry median of 0.0031, reflecting efficient waste management practices. The company's clinker-to-cement ratio stood at 0.635 in FY25, better than the industry median of 0.668 in FY25, supporting relatively lower process emissions. Participation in the Perform, Achieve, and Trade (PAT) scheme further reinforces its commitment to energy efficiency, with the company consistently meeting its targets. These initiatives collectively contribute to reducing overall energy consumption and improving operational efficiency. The company has achieved nearly 100% waste recovery, reflecting effective utilization of by-products and minimization of landfill disposal. These practices not only reduce environmental impact but also enhance cost efficiency and resource optimization across the value chain. In terms of energy efficiency, SCL reports a specific power consumption of FY25 0.25 GJ per metric tonne, which is higher than the industry median of FY25 0.23 GJ per metric tonne of production, indicating some scope for improvement in electricity efficiency. Similarly, the company's specific fuel consumption stands at FY25 4.25 GJ per metric tonne, significantly higher than the industry median of FY25 2.40 GJ per metric tonne. Additionally, the company demonstrates strong compliance with environmental regulations, including the Environment Protection Act, and actively collaborates with government bodies, industry associations, and other stakeholders on environmental initiatives. Its operations are supported by established environmental management systems, it has ISO 14001 certification, reinforcing a systematic approach to environmental governance. Furthermore, SCL has implemented comprehensive waste management policies and practices, supporting circular economy principles through efficient resource utilization and waste minimization across its manufacturing operations. The company deploys technologies such as electrostatic precipitators, bag filters, and other process optimization tools to reduce emissions intensity across operations. It also ensures that all its performance data undergo independent external assurance, enhancing the credibility and transparency of disclosures. In addition, SCL actively promotes the use of alternative fuels, including biomass and industrial waste, to reduce dependence on conventional fossil fuels, although current adoption levels remain moderate. The company has also introduced internal mechanisms such as carbon pricing considerations to support climate-related decision-making and long-term decarbonization planning. Collectively, these initiatives reflect a proactive and evolving approach toward emissions reduction, aligned with regulatory expectations and global climate commitments, while also indicating areas for further scale-up and impact. Under the Product Footprint & Stewardship theme, SCL has demonstrated a strong focus on environmentally responsible products and sustainable practices. The company offers environmentally friendly and Green Pro certified products, reflecting its commitment towards sustainable construction materials and reduced environmental impact. SCL has also implemented strategies to promote responsible products and services throughout its operations and is undertaking Extended Producer Responsibility (EPR) initiatives as part of its broader sustainability and waste management efforts.

In the area of biodiversity management, Shree Cement Limited adopts a proactive approach toward ecological conservation through Environmental Impact Assessments (EIAs), afforestation initiatives, water body development, and wildlife conservation programmes across select locations. The company also uses tools such as the WWF Biodiversity Risk Filter to assess biodiversity-related risks at operational sites. However, the absence of formally disclosed biodiversity management objectives, mitigation frameworks, and measurable action plans under Biodiversity Management Plans (BMPs) remains an area for improvement. Additionally, the company has scope to further strengthen its performance in areas such as energy intensity optimization and emissions reduction through enhanced operational efficiency and increased adoption of cleaner energy initiatives.



The Social pillar, which carries a weightage of 30% for the cement sector, evaluates a company’s management of workforce, community, and stakeholder-related practices across key material themes such as Product Safety & Quality, Human Rights, Human Capital, Employee Health & Safety, Value Chain, and Community Support & Development. SCL achieved a social score of 69.8 in FY25, reflecting its structured approach towards workplace safety, employee welfare, responsible value chain practices, and community engagement. The company continues to demonstrate strong performance in product quality, occupational health & safety, human rights awareness, and CSR initiatives focused on education, healthcare, women empowerment, and rural development, supporting its overall social sustainability performance.

The company continues to demonstrate a strong commitment to social investment and has significantly increased its CSR spending in Aspirational Districts, with the per rupee of crore of turnover adjusted spend rising to 534.89 in FY25, compared to 196.80 in FY24. This reflects a strong strategic focus on supporting underserved and priority regions aligned with national development goals. However, despite this substantial improvement, the company's performance remains below the industry median of 1246.20 rupee per crore of turnover, indicating further scope to scale interventions in these districts. SCL has a grievance redressal mechanism in place for consumers to effectively address and resolve customer concerns and complaints.

The company resolved 56.3% of the total complaints filed by communities during FY25, reflecting its ongoing efforts towards community grievance redressal and stakeholder engagement, lower than the industry median of 100% resolution, thus indicating scope for improvement in grievance resolution and community engagement mechanisms. SCL has established policies and strategies focused on community services and continues to undertake impact assessments for its CSR projects to evaluate the effectiveness and outreach of its social development initiatives. The company has continued to create employment opportunities in rural and semi-urban areas during FY25 and remains focused on supporting vulnerable and marginalized communities through its CSR initiatives and development programs.

Under the Employee Health & Safety theme, Shree Cement Limited demonstrates strong workplace safety practices and employee welfare mechanisms supported by structured EHS frameworks and ISO 45001 certification across its operations. The company reported no significant health and safety concerns during FY25 and resolved 100% of the complaints received during the year. SCL has established processes to identify work-related hazards, assess risks on both routine and non-routine basis, and enables workers to report unsafe conditions and remove themselves from hazardous situations. The company also extends life insurance and compensatory support packages in the event of death of both employees and workers, reflecting its commitment towards workforce wellbeing. In terms of performance, the company reported a fatality rate of 0.0002 in FY25, which remained higher than the industry median (of 0), while its total recordable injury rate of 0.00009 remained lower than the industry median of 0.0004. Further, the Lost Time Injury Frequency Rate (LTIFR) improved significantly from 0.12 in FY24 to 0.03 in FY25, indicating enhanced safety performance and reduced workplace injuries. However, employee and worker health & safety training coverage remains an area of improvement, particularly for workers, as the company transitioned from offline to online training systems during FY25, which resulted in lower participation among workers due to limited technological familiarity.

From a human capital and employee welfare perspective, SCL has established policies/strategies on diversity, inclusion, and training & development. 41.9% of employees were trained on skill upgradation. However, worker training in skill upgradation remains minimal at 0.03%. The decline in training coverage for both employees and workers during the year is attributed to the transition from offline to online training system. Gender diversity continues to remain an area of concern, with a female-to-male employee ratio of 0.012 and worker ratio of 0.014, indicating low representation. The female-to-male pay ratio of 0.98 reflects near pay parity; however, the female worker pay ratio is not reported due to the absence of permanent female workers during the year. Additionally, SCL does not have a standalone paid paternal leave policy. The company has clarified that employee benefits are structured under a combined leave framework, within which paternal leave provisions are implicitly covered.

Employee wellbeing expenditure stood at 0.08% of total revenue in FY25 as compared to 0.06% in FY24, reflecting an increase in the company's spending towards employee wellbeing initiatives. Additionally, union participation rate has reduced to 0.86% in FY25 from 1.8% in FY24. In terms of human rights, SCL demonstrates a strong governance framework with clearly defined policies, oversight mechanisms, and integration into business operations. The company reports zero human rights complaints and has assessed 100% of its sites for human rights compliance. POSH compliance is robust, with zero complaints reported, 100% resolution, and 100% employee training coverage. Additionally, FY25 0.53 employees and FY25 0.99 workers have been trained on human rights policies, indicating strong awareness and implementation. The company provides training to its employees on Prevention of Sexual Harassment (POSH) guidelines, with 100% employee coverage during FY25, reflecting its commitment towards maintaining a safe and inclusive workplace environment.

Under the Product Safety & Quality theme, SCL conducts customer satisfaction surveys and has established a grievance redressal mechanism for consumers to address customer concerns effectively. The company reported no serious concerns related to consumer issues, reflecting strong customer engagement and product responsibility practices. SCL has established policies and strategies focused on maintaining product and service quality across its operations. The company has implemented certified quality management systems, including ISO 9000 certification across all its operational sites, and has also undertaken external verification of its production facilities, reflecting its commitment towards quality assurance, operational reliability, and continuous improvement practices.

SCL's value chain management reflects a proactive approach, with 91.8% of its value chain partners assessed for environmental impacts, significantly higher than the industry median of 8.0%. Additionally, 20.3% of SCL's total inputs are sourced from MSMEs (industry median: 10.0%) while 42.7% of total input materials are sourced from suppliers within India. SCL has demonstrated engagement with external institutions and industry bodies such as XLRI, Confederation of Indian Industry (CII), Cement Manufacturers' Association (CMA), Federation of Indian Chambers of Commerce and Industry (FICCI), and the National Council for Cement & Building Materials (NCCBM), to adopt best industry practices and ensure continuous capability development.

Overall, Shree Cement Limited demonstrates a well-rounded and mature social performance, underpinned by strong community engagement, robust health and safety practices, and comprehensive governance mechanisms. The company has continued to create employment opportunities in rural and semi-urban areas and undertakes impact assessments for its CSR initiatives. However, areas such as gender diversity, inclusive supply chain practices, and targeted outreach towards vulnerable and marginalized groups present opportunities for further enhancement. The company's disclosures could be further strengthened through reporting of the percentage of beneficiaries from vulnerable and marginalized groups under its CSR initiatives. The company has clarified that a significant portion of its CSR programmes continue to support vulnerable communities, including women and elderly people. However, the reported metric remained below the industry median of 82.0%. Enhanced disclosure and reporting practices going forward are expected to further strengthen the company's social reporting framework.

The Governance pillar, which carries a weightage of 25% for the cement sector, evaluates a company's ability to maintain ethical conduct, transparency, accountability, and effective oversight of ESG-related risks and opportunities. The assessment covers key material themes including Reporting, Filing & Disclosures, Remuneration, Business Ethics, Board Functioning, Board Composition, and Oversight on ESG. SCL achieved a strong Governance score of 80.8 in FY25, reflecting its robust governance framework, strong business ethics practices, and structured ESG oversight mechanisms. The company continues to demonstrate strong performance through transparent disclosures, effective board oversight, established compliance frameworks, and integration of ESG considerations into its business strategy and decision-making processes. At the core of its governance structure is a well-composed Board of Directors, which ensures a balance between executive leadership and independent oversight. The Board complies with key provisions of the Companies Act, 2013 and SEBI Listing Regulations, including board size, composition, and independence requirements. More than half of the board comprises non-executive directors, ensuring objective supervision of management decisions. Furthermore, the company has constituted all mandatory board committees, including the Audit Committee, Nomination & Remuneration Committee (NRC), Risk Management Committee, Stakeholders Relationship Committee, and CSR Committee. These committees' function with clearly defined charters and play a critical role in overseeing financial reporting, risk management, stakeholder concerns, and CSR initiatives. The Audit Committee demonstrates strong compliance with financial literacy and expertise requirements, ensuring robust financial oversight and integrity of reporting. The committee meets regularly in accordance with SEBI norms, and its independence further enhances the credibility of financial disclosures. Similarly, the NRC plays a key role in succession planning, board evaluation, and remuneration structuring, ensuring alignment between performance and compensation. The presence of a Risk Management Committee indicates the company's proactive approach to identifying and mitigating enterprise-wide risks. Shree Cement Limited has demonstrated strong focus on sustainable innovation and environmentally responsible investments. In FY25, the percentage of R&D expenditure towards technologies aimed at improving the environmental and social impact of products and processes stood at 0.0514, significantly higher than the industry median of 0.005. Similarly, the percentage of capex investment in such technologies stood at 0.458, substantially above the industry median of 0.072, reflecting the company's continued commitment towards sustainable technologies, operational efficiency, and low-carbon growth initiatives.

Board effectiveness is further reflected in its functioning and operational discipline. The company conducts regular board meetings with adequate frequency, maintains quorum requirements, and ensures proper documentation and disclosure of proceedings. AGM-related disclosures, including participation and minutes, are transparently reported, reinforcing accountability. Additionally, the company complies with statutory requirements related to board and auditor rotation, which enhances independence and reduces the risk of familiarity bias. The Board also demonstrates strong sectoral expertise, with all members possessing relevant industry experience, thereby enabling informed strategic decision-making. Despite these strengths, diversity remains an area of concern. While the company has a board of diversity policy in place, it does not exceed the regulatory threshold for gender diversity. Moreover, the absence of women in senior management positions highlights a gap in leadership inclusivity. Strengthening diversity at both board and executive levels would not only improve governance scores but also bring varied perspectives into decision-making, which is increasingly recognized as a driver of long-term value creation. The company has established a comprehensive framework for business ethics, which is integral to its governance philosophy. A formal Code of Conduct governs the behavior of employees and management, ensuring adherence to ethical standards. This code is extended to value chain partners, reflecting the company's commitment to responsible business practices beyond its direct operations. Policies on anti-corruption, anti-bribery, and conflict of interest are well-defined and implemented across the organization. The absence of reported incidents related to corruption, anti-competitive behavior, or conflicts of interest indicate strong internal controls and a culture of ethical compliance. The whistleblower mechanism further strengthens the ethical framework by providing a channel for reporting misconduct. While the company has implemented such a policy, the score indicates partial coverage, suggesting an opportunity to enhance its effectiveness, awareness, and accessibility. Regular training in the Code of Conduct, anti-corruption policies, and whistleblower protections is conducted, with 100% employee coverage reported. However, similar training initiatives for suppliers and value chain partners are not fully disclosed, indicating an area for improvement in extending ethical governance across the supply chain.

SCL also demonstrates strong governance practices in managing related party transactions (RPTs). All RPTs are subject to approval by the Audit Committee and shareholders, ensuring transparency and fairness. The proportion of RPTs in loans and advances is negligible, and opposition votes from minority shareholders are minimal, indicating confidence in the company's governance practices. The company maintains a formal RPT policy, which aligns with regulatory requirements and best practices. Stakeholder engagement is another key pillar of the company's governance framework. SCL has established a structured approach to stakeholder identification, engagement, and feedback integration. A formal stakeholder engagement policy is in place, and the Board is regularly informed of stakeholder concerns and feedback. This ensures that environmental and social considerations are integrated into strategic decision-making. The company has also implemented robust grievance redressal mechanisms for investors and shareholders reflecting strong responsiveness and accountability. The company has made significant progress in ESG governance and oversight. It has aligned its policies, targets, and initiatives with BRSR principles, ensuring comprehensive coverage of sustainability aspects. A dedicated ESG or sustainability committee, supported by a management team, oversees ESG-related initiatives and performance. The presence of environmental and social expertise within the Board and senior management further strengthens oversight capabilities. The company has also conducted materiality assessments and developed an ESG materiality matrix, enabling prioritization of key sustainability risks and opportunities. Transparency and disclosure practices are strong, with the company publishing detailed sustainability/ESG reports and conducting independent external evaluations of its policies. Regular reviews of performance and compliance with BRSR principles are undertaken, with no pending reviews reported. This demonstrates a high level of governance, maturity and commitment to continuous improvement. From a financial governance perspective, the company maintains high standards of reporting and disclosure. There have been no instances of restatement or delays in financial reporting over the past two years, indicating reliability and consistency in financial disclosures. The external auditor has issued an unqualified opinion on the company's financial statements, further reinforcing confidence in financial integrity.

Risk management practices at SCL are robust and comprehensive. The company has implemented an enterprise risk management (ERM) framework that covers a wide range of risks, including operational, financial, regulatory, and strategic risks. The presence of a business continuity plan enhances resilience against disruptions, ensuring operational stability. Given the sector's exposure to environmental regulations, energy price volatility, and supply chain disruptions, such a structured approach to risk management is critical. In terms of capital allocation towards sustainability, the company demonstrates a forward-looking approach. A significant portion of its capital expenditure is directed towards ESG-related technologies, indicating a commitment to improving environmental and social performance. Investments in cleaner technologies, energy efficiency, and sustainable processes are aligned with long-term value creation and regulatory expectations. The remuneration framework reflects transparency and alignment with regulatory requirements. The company discloses board and KMP compensation, and shareholder opposition to remuneration resolutions remains low.

While the company's governance framework remains well established, there is scope for further strengthening across several areas to align with evolving best practices. The increase observed in certain governance-related metrics, such as the CEO pay ratio and the proportion of non-audit fees, indicates an opportunity to further enhance transparency around remuneration alignment, pay equity considerations, and the balance between audit and non-audit engagements. Although the company has linked higher CEO remuneration to strong financial performance and performance-based incentives, continued disclosures on long-term value creation metrics could further reinforce stakeholder confidence. Similarly, while the rise in non-audit fees has been attributed to additional certifications and regulatory reporting requirements, maintaining a prudent mix of audit and non-audit services may support perceptions of auditor independence. In addition, the company may further strengthen its governance profile by improving gender diversity at the board and senior management levels, increasing independence within the Risk Management Committee, and broadening ESG- and ethics-related training initiatives across its value chain partners.

Key rating drivers

Strengths

Leading initiatives towards development of low carbon cement with reduced emissions up to 40%

SCL has demonstrated strong innovation capabilities through the development of Limestone Calcined Clay Cement (LC3) at the lab scale, utilizing clay sourced from mining deposits at its RAS unit in Rajasthan, with a potential production capacity of 3–4 MTPA. This low-carbon alternative can reduce CO_2 emissions by up to 40% compared to Ordinary Portland Cement (OPC), primarily due to its lower clinker requirement. The initiative has been undertaken in collaboration with Technology and Action for Rural Advancement (TARA) and the Indian Institute of Technology (IIT) Delhi, reflecting a strategic focus on R&D and sustainable product innovation. LC3, a ternary blend of clinker, calcined clay, limestone, and gypsum, enhances performance while reducing environmental impact, thereby supporting the company's long-term decarbonization goals.

Multiple initiatives driving efficient water management and consumption reduction across operations

SCL adopts a comprehensive water management approach focused on optimizing consumption, enhancing wastewater treatment and recycling, and promoting rainwater harvesting. Key initiatives include the installation of air-cooled condensers in thermal power plants to reduce water dependency and the utilization of non-operational mine pits for rainwater collection. The company has also developed rainwater harvesting structures across operational locations and surrounding communities, contributing to groundwater recharge. Additionally, 100% of wastewater generated is recycled within plant operations and reused for applications such as horticulture, dust suppression, and industrial processes. Sewage Treatment Plants (STPs), water audits, and efficient irrigation systems further strengthen water stewardship practices, especially in water-stressed regions. Reflecting the effectiveness of these measures, SCL's water consumption intensity stands at 0.08 KL per MT of cement production, significantly better than the industry median of 0.18 KL per MT.

Detailed Life Cycle Assessment enabling identification and management of environmental impacts

SCL has conducted comprehensive Life Cycle Assessments (LCA) for key products including OPC, PPC, PSC, and Composite Cement, which together contribute over 80% of its revenue. The LCA, conducted by an external agency under a cradle-to-gate framework, enables the company to quantify environmental impacts per tonne of cement and identify key hotspots across the value chain. The findings highlight climate change and resource depletion as major impact areas, guiding the company's strategic focus on increasing alternative fuel usage, enhancing renewable energy share, and optimizing product composition. This structured approach supports data-driven decision-making and continuous environmental improvement.

Demonstrated strong commitment to community development through impactful CSR initiatives

SCL has consistently exceeded its statutory CSR obligations, reflecting a strong commitment to inclusive growth and social responsibility. In FY24, the company invested over INR 51 crore in CSR initiatives focused on healthcare, education, livelihood generation, women empowerment, and rural development. Key programs include skill development initiatives, access to clean drinking water, sanitation improvements, and infrastructure development in underserved communities. The company also supports families of martyred soldiers through Project Naman and promotes environmental awareness through plantation drives and sustainability programs. Additionally, target investments in Aspirational Districts further strengthen its contribution to national development priorities.

Weaknesses

Limited coverage of long-term targets across all environmental parameters

While SCL has established emission reduction targets aligned with the Science Based Targets initiative (SBTi), the coverage of long-term, quantitative targets across other critical environmental areas remains limited. Key aspects such as air pollutant emissions (NOx, SOx, PM), water consumption in water-stressed regions, waste intensity, and energy efficiency lack clearly defined, time-bound reduction targets. The absence of a comprehensive target framework across all material environmental parameters may restrict the company’s ability to drive a fully integrated and measurable sustainability roadmap.

Decline in Inclusive CSR Beneficiary Coverage

SCL has not specifically disclosed the percentage of beneficiaries from vulnerable and marginalized groups under its CSR initiatives, while the industry median for such disclosure stands at 82.0%. The company has clarified that several CSR programmes continue to support vulnerable communities, including women and elderly people. Enhanced disclosure and reporting of beneficiary outreach would further strengthen transparency and inclusiveness within its social performance framework.

Limited progress in diversity, equity, and inclusion at senior levels

SCL continues to face challenges in achieving balanced gender representation across leadership and workforce levels. Female representation remains absent in senior management, with no women reported in senior management positions, while female worker participation also remains negligible. At the board level, representation appears limited to the minimum regulatory requirement of appointing one female director, indicating scope for a more proactive approach toward inclusive governance. Although the company has initiated efforts to improve diversity through increased hiring of women, there is limited evidence of structured programs such as leadership pipelines, mentorship initiatives, succession planning, or diversity-focused capacity building. Compared with peers, this suggests significant scope for a more strategic and sustained focus on diversity, equity, and inclusion.

Key ESG Parameters of SCL

Parameters	Unit	SCL FY25	Industry Median
Environment			
Scope 1 intensity	tCO2e/unit of production	0.64	0.58
Scope 2 intensity	tCO2e/unit of production	0.01	0.02
Scope 3 intensity	tCO2e/unit of production	0.01	0.07
Renewable energy consumption	% (of total energy consumption)	5.84%	5.77%
Energy intensity	GJ/unit of production	3.14	2.64
Water consumption intensity	KL/unit of production	0.08	0.18
Waste generation intensity	MT/unit of production	0.001	0.00
Waste recovery rate	%	100%	99.3%
Zero waste to landfill	Waste to landfill/total waste	Yes	-
Achieved Zero liquid discharge	Yes/No	Yes	-
Social			
Employee turnover	%	19.5%	17.0%
Female to male employees' ratio	Per 100 male employees	1.2	3.5
Female to male employees' median pay	Per Rs. 100 of male employees' median pay	98.6	75.20
Health & safety complaints	#	0.0	0.0
Differently abled workforce	% of total workforce	0.03%	0.07%
POSH complaints upheld over reported	X/Y	0.0	0.0
Workforce fatality rate	Per employee	0.0002	0.0
Governance			
No. of female in board	#	1	0.0
% board members trained on BRSR	%	100%	100%
% KMPs trained on BRSR	%	100%	100%
Income gap ratio (CEO pay to median pay)	X:Y	307.1	89.0

Data source: company information, public sources, CareEdge-ESG research & analysis
tCO2e = tonnes of carbon dioxide equivalent | MT = metric tons | GJ = gigajoules | KL = kilolitres

Rating Sensitivities

Positive factors

- Increase in training for workers
- Higher female representation in workforce
- Lower employee turnover rate
- Formation & implementation of BMP

Negative factors

- Decrease in waste recovery rate

- Breach in zero waste to landfill
- Increase in lost time injury frequency rate
- Rise in serious concerns

Analytical approach

Rating boundary: CareEdge-ESG has considered standalone data of SCL for assessment. The same is in line with their disclosure in BRSR.

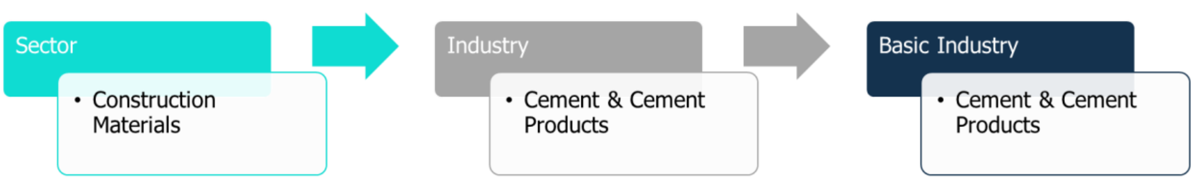
Methodology/Criteria

For detailed understanding on the criteria and methodology used by CareEdge-ESG, please refer to the methodology document available on the company's website www.careedgeesg.com.

About the Company and industry

SCL, established in 1979 and headquartered in Kolkata, is one of India's leading cement manufacturers with an installed capacity exceeding 50 MTPA and a strong pan-India presence across key states such as Rajasthan, Chhattisgarh, Odisha, Bihar, West Bengal, Uttar Pradesh, Maharashtra, Karnataka, and Andhra Pradesh. Operating primarily in the cement sector with a supporting power generation business, the company has built a reputation for operational efficiency, disciplined capital allocation, and consistent financial performance driven by demand from infrastructure, housing, and government-led capex. As one of the major players in India's highly competitive and infrastructure-linked cement industry, SCL continues to expand in eastern and southern markets while strengthening its position through cost optimization, geographic diversification, and sustainability-focused growth initiatives.

Industry Classification



Source of information

While assigning the ratings, CareEdge-ESG has considered publicly available information such as annual reports of the company and other policies, sustainability reports, certifications, BRSR reports, additional information and comments provided by the company.

Status of non-cooperation with previous ERP: Not applicable

Rating history for the last three years:

Sr. No.	Name of Product	Current Rating		Rating history		
		Rating	Score	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1	ESG Rating	CareEdge-ESG 1	73.8	May 12, 2025 CareEdge-ESG 1 – 70.8	-	-

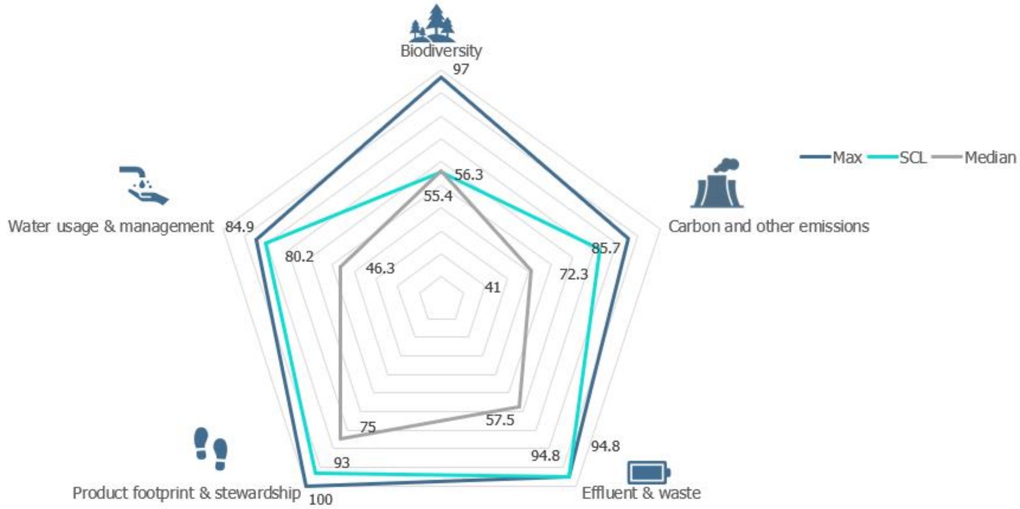
Annexure: Graphical summary of key rating drivers[1]

Hierarchy: While arriving at pillar level scores for SCL, CareEdge–ESG has assigned theme weights based on relative importance and sectoral hierarchy as depicted in the exhibit below.

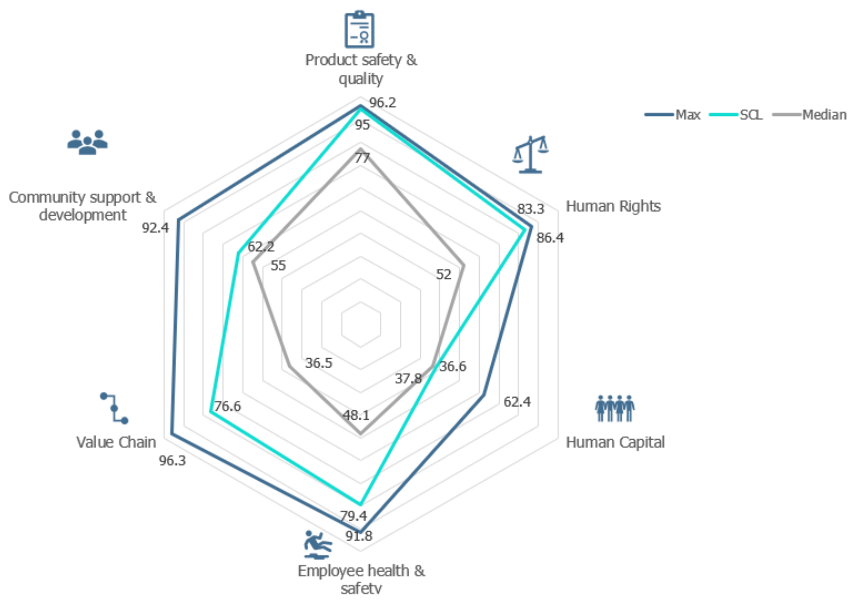
Materiality	Environment	Social	Governance
HIGH	Carbon and other emissions Biodiversity	Employee Health & Safety Community support & development	Business Ethics Oversight on ESG
MEDIUM	Effluent & Waste Water Usage & Management	Human capital Human Rights	Board composition Reporting, Filing and Disclosures
LOW	Product Footprint & Stewardship	Value Chain Product Safety & Quality	Board Functioning Remuneration

[1] *Comprehensive analytical insights, inferences and benchmarking is provided in CareEdge-ESG's detailed ESG Report*

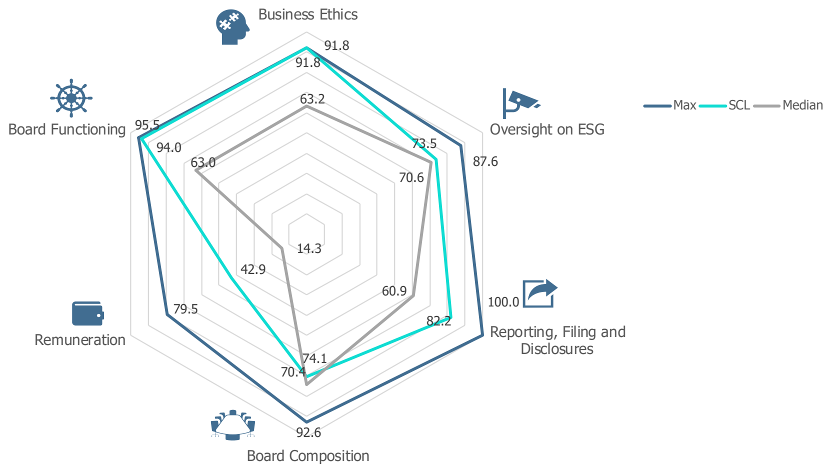
Environment Pillar: SCL's theme-wise performance and industry benchmarks



Social Pillar: SCL's theme-wise performance and industry benchmarks



Governance Pillar: SCL's theme-wise performance and industry benchmarks



Summary of Pillar & Theme Scores:

Theme	SCL FY25	Industry Median
Biodiversity	55.4	56.3
Carbon and other emissions	72.3	41.0
Effluent & waste	94.8	57.5
Product footprint & stewardship	93.0	75.0
Water usage & management	80.2	46.3
Total Environment Score	**72.6**	**55.2**
Product safety & quality	95.0	77.0
Human Rights	83.3	52.0
Human Capital	37.8	36.6
Employee health & safety	79.4	48.1
Value Chain	76.6	36.5
Community support & development	62.2	55.0
Total Social Score	**69.8**	**48.3**
Reporting, Filing and Disclosures	82.2	60.9
Remuneration	42.9	14.3
Business Ethics	91.8	63.2
Board Functioning	94.0	63.0
Board Composition	70.4	74.1
Oversight on ESG	73.5	70.6
Total Governance Score	**80.8**	**62.6**
Total ESG score	**73.8**	**54.8**

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About:

CareEdge is a knowledge based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE ESG Ratings Limited (CareEdge-ESG) is one of the India's pioneer ESG rating provider fostering sustainability with ESG insights. With an aim of being a catalyst of change for a sustainable future with the most credible ESG assessments, CareEdge-ESG provides a 360-degree appraisal for the ESG performance benchmarking cum transition enabling ESG risk mitigation and enhanced decision-making capabilities for all stakeholders.