



Chairman's Speech

at

37th Annual General Meeting

on

Friday, 12th August, 2016

'Rangmanch Auditorium',

Bangur Nagar, Beawar 305 901

Dear Shareholders,

It is a great pleasure for me to extend a warm welcome to all of you at the 37th Annual General Meeting of the Company.

I would like to inform you that the Company changed its accounting year during 2015-16 and closed it on 31st March 2016 as against 30th June 2016 for complying with the requirements of Companies Act, 2013.

The Company registered yet another year of outstanding performance during 2015-16. Cement and clinker sale volumes registered an annualized growth of 17.5 percent. Revenue from operations increased by 15 percent on annualized basis to Rs.5568 Crore. The Company was benefitted by lower fuel and diesel prices which helped it rationalize its power & fuel and logistics cost respectively. Operating Profit of the Company saw annualized growth of 30% to Rs.1440 Crore. The Company paid two interim dividends of Rs.12/- each which marks an annualized increase of 33% compared to previous year.

With businesses expanding, management has to make strategic decisions and choices with regard to markets, products, technologies, plant capacities etc. However, it is the ability to rapidly convert strategy into action and plans into profits that makes enterprises successful. Company is known for its “Walk the Talk” philosophy and has always delivered on its promises. Sometime back, the Company had set a target of achieving 25 million tons per annum (MTPA) cement capacity by 2015. During 2015-16, Company realized the target and achieved capacity of 25.6 MTPA. Recently Company has augmented capacity of its plant at Aurangabad, Bihar from 2.0 MTPA to 3.6 MTPA which has taken our total cement capacity to 27.2 MTPA. I take pride in informing you that Shree ranks amongst the top three cement groups in India in terms of cement production.

To further expand its footprint, Company is setting up an integrated cement plant with clinker capacity of 2.4 MTPA and cement grinding unit of upto 4 MTPA in the State of Karnataka. It is also expanding clinker capacity of its plant at Baloda Bazar, Raipur by 2.8 MTPA. Company has also taken advanced steps for setting up split grinding units in neighboring states. I am sure the Company will complete all its projects timely as has been its track record so far.

I feel there are reasons to be optimistic about the cement industry. Government’s focus on policy reforms to drive economic growth and thrust on infrastructure development, housing for all scheme and other initiatives are clearly big positives for cement demand. Implementation of recommendations of 7th Pay Commission and expectation of good monsoon will further boost the cement demand growth this year. On the supply side, the capacity creation has slowed down. Overall the outlook looks promising.

The business environment is becoming more challenging by the day. Our way of navigating through these challenges lies in the word you see on the cover of this year’s Annual Report – Less is More. The adage ‘less is more’ is imbibed in the core of Shree’s business and is key to

our competitiveness. It not only ensures conservation of resources and their optimum utilization but has also led Shree towards a path of continual improvement from use of Materials and Human Capital to technology, Assets, Finances and Marketing Networks. I take pride in sharing that Whitehopleman, a global benchmarking agency which rates cement plants across the globe on various parameters, has assigned a 5 star rating to the cement plants of the Company in year 2015. It is for the first time that the agency has accorded 5 star rating to any cement plant in the world in its 18 years of benchmarking history.

I am happy to inform that as a responsible corporate citizen, we have been contributing towards initiatives that drive societal betterment of people in the local communities. Such initiatives focus on education, healthcare, sustainable livelihood, women empowerment, infrastructure development, environment protection and promotion of art & culture. These initiatives of the Company have been recognized and appreciated at various forums such as World CSR Congress.

The Company has consistently made efforts to reward its shareholders with significant value creation. Company's consistent financial performance and high corporate governance practices are reflected in its ever increasing market capitalization. The Internal Rate of Return (IRR) on investment in Shree's stock since its IPO in year 1985 is staggering 28.3% - post tax as on 31st March, 2016. I am delighted to inform that with more than Rs. 55,000 Crore market capitalization, the Company ranks among top 50 listed Companies in the country.

I would take this opportunity to express my appreciation to the dedicated efforts of our people. Our motivated team works with passion to achieve excellence in everything they do which has given the Company a sustainable competitive edge. The Company has made continuous efforts for strengthening and building people talent. On such initiatives, I am happy to share that in year 2015, the Company was ranked 4th on the "Employee Health & Wellness" parameter in India across all sectors by Society of Human Resource Management (SHRM), World's largest HR professional society.

On behalf of your Company's Board, I express my sincere thanks and appreciation to all our banks, financial institutions, customers, vendors, government departments and other stakeholders for their cooperation, support and continued patronage. I also thank my colleagues on the Board for their enlightened counsel. And to our shareholders, thank you for your presence today, and for your continued support and goodwill that is critical to the success of the Company.

Thank you.

Benu Gopal Bangur
12th August, 2016, Beawar