



# **Shree Cement Limited**

## **Chairman's Speech**

**at**

**The 36<sup>th</sup> Annual General Meeting**

**on**

**Saturday, 14<sup>th</sup> November, 2015**

**"Satkar", Bangur Nagar, Beawar**

Dear Shareholders

I warmly welcome you all to this 36<sup>th</sup> Annual General Meeting of the Company. I will begin with an overview on the health of the economy in general and cement industry in particular and our performance report card during 2014-15. I will also touch upon the outlook for future growth of the industry and our planned growth track going forward.

The Indian economy has grown at 7.3% during 2014-15. External positives like fall in oil prices combined with internal measures such as mineral sector reforms and deregulation of diesel prices among other initiatives provided the momentum to this growth. The cement sector, however, did not perform well and recorded mild growth of around 3.9%. The subdued growth was mainly because of poor demand from the rural areas as a result of deficit monsoon. Lack of investment and lower infrastructure spending further impacted the situation.

In this background, your company delivered relatively better performance. Its cement sale volumes registered a decent 13% growth which stood at 161.6 lac tons. The revenues from operations clocked a growth of 10% to Rs.6454 crores. Operating profit was, however, lower by 6% at Rs. 1482 crores mainly because of poor sales realization. Our constant efforts to increase efficiency and improve productivity through innovative practices have helped us rationalize costs and earned us the mantle of Cost Leader in the industry. We have got one of the best ratings in the areas of power consumption, fuel consumption, productivity and other parameters in international benchmarking done by reputed agencies. This gives us a sense of accomplishment and fulfilment.

We have added 6.1 million ton cement capacity during 2014-15. We have completed first integrated cement unit outside North India of 2.6 million ton at Balodabazar, near Raipur, Chhattisgarh. Our Ras site in Rajasthan which is the biggest set up of integrated cement, clinker and power capacity in world cement industry saw addition of 2.0 million ton new cement grinding capacity. Company acquired a 1.5 million ton cement grinding unit at Panipat from Jaiprakash Associates Ltd. which was the first inorganic expansion of cement capacity for the Company. Recently, we have set-up a new Cement Grinding Unit of 2.0 Million Tons capacity at Bulandshahr, Uttar Pradesh. With this, our total Cement capacity stands increased to 25.6 Million Tons. I am happy to say that your company has almost doubled its cement capacity in nearly two years thereby making it one of the fastest growing cement Company. This journey of growth has been very satisfying. There is, however, still a lot to look for and I believe our best is yet to come.

We actively contribute in the areas of education, women empowerment, healthcare, infrastructure development and sustainable livelihood of the local community. As a recognition of our systematic integration of CSR activities with the core business operations and more particularly for exemplary work in the area of CSR undertaken at Ras site, Company has been selected as the winner of the "FICCI CSR AWARD 2013-14" in the category of private sector companies having turnover above Rs. 3000 crore. We accord high priority to making our operations clean and green and have accordingly

taken multiple initiatives to be environment friendly and energy efficient. Our thrust on conserving natural resources and improving productivity has helped us reduce our carbon footprint significantly and made Shree a truly sustainable Company. Our efforts have been recognized at various levels as reflected in several awards and accolades earned during the year. Company was awarded the “Best Sustainability Performance Award 2015” by World CSR Congress in recognition of its overall sustainability performance.

Looking ahead, the Indian economy is steadily entering a high growth trajectory. There are clear signs of increasing public investment in various infrastructure segments. The Highways sector has witnessed signs of revival. Road ministry has set a target of awarding road projects of 1000 kms per month which has given much needed impetus to the road construction industry. Indian railways is witnessing increased spending as part of its declared investment of around Rs. 8.5 lakh crores in developing railways infrastructure. Continuing softness in prices of oil and other commodities have given extra headroom to push developmental spending. Government’s plan to provide houses to all by 2022 and creation of smart cities together with Initiatives such as “Make in India” and “Digital India” are aimed at giving a structural push towards an inclusive economic growth. This growth will have a multiplier effect on cement demand both from rural and urban sector. The capacity augmentation undertaken by us in last 2-3 years will help us benefit from the incremental demand.

Shree has consistently rewarded its investors with significant value creation and regular payment of dividends. We have been highly transparent in our communication with the shareholders. Our consistently increasing market capitalization and high premium accorded to our share is reflective of the trust that our investors have in us and our future.

I take this opportunity to express my sincere appreciation for the motivated and committed team of more than 5000 people which is our primary strength. I am happy to share that an employee perception survey conducted by a globally reputed agency “Great Place to Work” has shown high engagement levels of the people in the company. The engagement level of the team is one of the best in the industry. It is the continued passion of our team for achieving excellence in everything that they do that has given Shree a formidable competitive edge and made it a leading player in the industry.

I would like to thank all our customers and vendors, government departments, lenders and other stakeholders for their cooperation, support and good wishes. I also thank my colleagues on the Board for their enlightened counsel. I look forward to your continued support and guidance.

Thank you.

14<sup>th</sup> November, 2015

B. G. Bangur  
Chairman