



Shree Cement Ltd.

Chairman's Speech

at

39th Annual General Meeting

on

Monday, 30th July, 2018

'Rangmanch Auditorium',

Bangur Nagar, Beawar 305 901

Dear Shareholders,

I warmly welcome you all to this 39th Annual General Meeting of the Company.

I am pleased to share with you a brief review of your Company's performance during the year gone by and future prospects.

India's GDP growth during 2017-18 moderated to 6.6% as compared to 7.1% for 2016-17 mainly due to initial challenges from implementation of GST and lingering impact of demonetization. I am happy to share that, despite the challenging macro environment your Company once again performed well and clocked a growth of 9.5% in its Cement sale volume. This is better than estimated cement demand growth of 6.3% during 2017-18. Net revenue from operations grew 14.4% to Rs 9833 Crore. There were cost pressures mainly on account of significant increase in fuel prices. As a result, the operating profit at Rs. 2862 Crore remained almost same as last year.

Cement industry has started witnessing demand improvement from second half of 2017-18 and trend is continuing. Forecast of normal Monsoon, pick-up in the affordable housing projects under Pradhan Mantri Awas Yojna, Government announcement of higher MSP for kharif crop leading to improved rural demand and higher government spending on various infrastructure projects will drive cement demand. Accordingly, Cement demand conditions are expected to be healthy in FY 2018-19.

During the year gone by, your Company commissioned its second clinker unit of 2.6 MTPA at Raipur in Chhattisgarh. This apart, cement grinding units of 3.6 MTPA at District Sriganganagar in Rajasthan and 2.0 MTPA at Aurangabad in Bihar were also completed during 2017-18. As a result, Company's cement capacity as on 31 March, 2018 reached 34.9 MTPA.

In June 2018, Company also completed a cement mill of 3 MTPA capacity at Kodla near Gulbarga in Karnataka. This is another landmark for Shree as its presence has now been created in Southern India as well. The Clinker line at the same place is also in advanced stage of completion.

I am pleased to share with you that your company has now expanded its footprint outside India as well. In this month itself, Company has acquired a majority stake in Union Cement Company (UCC), through its wholly owned subsidiary. UCC is a leading cement manufacturer in UAE and has its operations in the Emirate of Ras Al Khaimah with a clinker capacity of 3.3 MTPA and cement capacity of 4.0 MTPA. With this acquisition, the total installed capacity of the Shree Cement as a group, now stands at 41.9 MTPA.

The company has always made efforts to create long term wealth for its shareholders. The robust financial strength of your company and its consistently rising operational performance has earned the trust of its investors. As a testimony to this, Shree continued retaining its spot in India's top 100 listed companies as well as maintain its highest 'AAA' credit rating from India's leading credit rating agencies.

Your company has always ensured that its operations are environment friendly and sustainable. Recent commissioning of 21 MW captive wind power plant in Karnataka is another step in that direction. Waste Heat Recovery Power plants continue to remain an integral part of all our existing and upcoming clinkerisation plants. It is for a second year in row that our limestone mines at Ras and Beawar have received the prestigious 5 star ratings from Indian Bureau of Mines, Govt of India for sustainable development. Shree's work culture of constant innovation has helped Shree stay at the forefront of energy efficiency and optimal utilization of natural resources.

Shree has always taken pride in acting as a responsible corporate citizen. It has always seen CSR practice as a philosophically interwoven with its business operations. Its CSR activities have made a positive and meaningful impact in the lives of people of local community. I am happy to share that the total amount spent by your company on CSR during year 2017-18 was Rs 27.81 crore.

Tomorrow belongs to those who prepare for it today. That's why; our people are flexible in approach, agile in thinking, probing in their pursuits, and swift in learning and unlearning. Their ideas are the fuel that drive Shree. Success of your company has been driven by the dedicated efforts of its employees. In fact, it is because of their passion and high level of motivation, that Shree has excelled in all areas of operation and developed a sustainable competitive edge. The Company shall continue its efforts towards further strengthening and nurturing its team of committed and talented people.

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

Thank You,

Benu Gopal Bangur

30th July 2018, Beawar