



Shree Cement Ltd.

Chairman's Speech

at

40th Annual General Meeting

on

Friday, 9th August 2019

'Rangmanch Auditorium',

Bangur Nagar, Beawar 305 901

Dear Shareholders,

I warmly welcome you to the 40th Annual General Meeting of your Company.

I am pleased to share with you a brief review of your Company's performance during FY 2018-19 and future prospects.

Indian economy posted a growth of 6.8% during 2018-19. Indian cement industry however grew at around 13% during 2018-19 mainly because of Government's thrust on affordable housing and infrastructure sector such as roads, urban infrastructure and metro projects etc.

The financial year 2019-20 started with positive note as Country witnessed re-election of a government at the center with clear majority. Central Government has set its eyes on making India a Five Trillion Dollar economy by 2024. The sectors like infrastructure and housing are likely to get further boost during this period. Interest rates are on a downward trend which is good for overall economy as it should boost consumption and increase private investments.

In the near term the economy is facing challenges of demand slowdown. Government is however taking stock of the situation and is working hard to address sector-specific issues. I am sure that the government will take all the necessary measures to accelerate economic activities. These measures will revive the demand and investment across sectors and put the economy on high growth pedestal.

Accordingly, the outlook for cement demand looks better.

The year gone by was a landmark one for your Company. It completed its first overseas acquisition of Union Cement Company (UCC) in UAE. It also commissioned its first plant in Southern India. Shree now has presence across North, South, East India and even an international footprint. I am happy to share that UCC operations are running smoothly. UCC has undertaken work of increasing the capacity of its Waste Heat Recovery Power Project which will help

it reduce its operational costs. It is also working on multiple operational efficiency improvement projects to enhance its performance.

I am happy to share that your company clocked a growth of 15% in its Cement sale volume during in FY19. Revenue from operations went up 19% to over Rs 11,700 Crore. Operating Costs were higher because of high fuel prices. As such, the operating profit remained at around Rs 2,900 Crore.

Recently in June 2019, Company has commissioned a cement grinding unit of 2.5 MTPA in Jharkhand. With this, our domestic capacity has reached 40.4 MTPA and capacity of Shree Cement as a group stands at 44.4 MTPA. Company is in advanced stage of completing its cement plant of 3 MTPA in Odisha. It has also undertaken work of setting up a cement plant of 3 MTPA in Maharashtra. This plant is scheduled to be completed by Sept 2020.

Shree is a company focused on growing in an environmentally sustainable manner. Over the years, Company has been raising its capacity in the renewable energy space. Its Waste Heat Recovery based power capacity today stands at 186 MW in India which is largest in World cement industry outside China. Company is increasing this further across its integrated plants. Last year, we added captive wind power capacity of 21 MW in karnataka. We are now working upon setting up captive solar and wind power plants at a number of our operational and upcoming cement plants.

Company places significant importance to the conservation of natural resources. In this regard, water conservation has assumed special importance. Company has taken multiple measures to reduce its water consumption as well as its conservation. It has installed Air Cooled Condensers (ACC) in all its power plants that consume only 10% water than Water Cooled Condensers. Its Sewage Treatment Plants help it recycle and reuse the water. Rain Water Harvesting Structures and ponds have been built in and around the plants to collect rain water for recharging the ground water.

Shree has won several sustainability awards like 'Golden Peacock Award for Sustainability- 2018' and 'Corporate Governance and Sustainability Vision Award- 2019' by Indian Chamber of Commerce.

Shree has always followed a balanced growth model wherein economic growth is coupled with care for the society we live in. For providing higher education facilities to girls, Company helped construction of a new building for Girls' college in Didwana. Company has also supported Construction of Girls' hostel in MBM Engineering College, Jodhpur. It has also constructed Road and other infrastructure facilities for local community around its plants. It regularly takes several initiatives in the area of health and sanitation, education, skill development, women empowerment. I am happy to share that the Company's work on social dimension has been well appreciated at various forums. It has been conferred with 'Golden Peacock Award for Corporate Social Responsibility' and 'CSR Leadership award' by World CSR Congress.

Driven by a team of motivated employees who are focused upon innovation led continuous improvement, Shree has been actively contributing to India's growth journey. As Indian economy continues to grow, it offers a great opportunity to companies that are ready to partner in this journey. Your company is committed to stay among the most valuable, most innovative and most admired companies.

On behalf of the Board, I express my sincere thanks and appreciation to all our banks, customers, vendors, government departments and other stakeholders for their cooperation and constant support. I also thank my colleagues on the Board for their enlightened counsel and invaluable support in taking the company to greater heights. I also take this occasion to appreciate the hard work and commitment of the leadership team and all Shree employees. I thank all our valued shareholders for their continuous faith in Company's management. I look forward to ongoing support from all of you.

Thank You,

Benu Gopal Bangur

9th August 2019, Beawar