



Shree Cement Limited

Chairman's Speech at the

44<sup>th</sup> Annual General Meeting on

Wednesday, 26<sup>th</sup> July, 2023

'Rangmanch Auditorium',  
Bangur Nagar, Beawar 305 901

Dear Shareholders,

Good Morning!

On behalf of the Board of Directors of your Company, I welcome you all to the 44<sup>th</sup> Annual General Meeting of the Company. It's a matter of personal delight for me to address you for the first time as the Chairman of your Company.

Year 2022-23 was a year where your Company set out on a transformation journey with new benchmarks, new goals, new priorities, and new aspirations to achieve a reimagined future. Your Company has been a flagbearer of efficiency, sustainability and financial performance in the Indian Cement industry. Following its core belief of '*change is the only constant*', your Company has charted out its plans to push its limits, embrace disruptive thinking, challenge perceived notions and seek unusual answers. I am sure that this will lead to generating extraordinary performance and results.

### **Overview – Indian Economy and Cement Industry**

India's economic narrative presents a bright picture. Apart from becoming the fifth largest economy in the world, it is the fastest growing among the major economies in the world with GDP growth of 7.2% in FY 2022-23. With a government-led push to infrastructure investment and pragmatic policies, there is a visible optimism in the economy.

In FY 2022-23, the cement industry continued its growth momentum with a healthy growth of approx. 12%. Strong demand from all drivers such as infrastructure, commercial and residential contributed to this growth. With rising infra spending by the government and overall buoyancy in the housing demand, the trend of high growth is likely to continue in future as well.

### **Company's performance in FY 2022-23**

Your Company's sale volume witnessed a healthy increase of 15% to 31.82 million tons in FY 2022-23 led by strong performance in Eastern and Southern India operations. Resultantly, the net revenue from operations also grew by 18% to over ₹16,800 Crore in FY 2022-23. On the cost front, there was a steep rise observed in prices of pet coke and imported coal as a result of geo-political events. This resulted in a significant increase in the cost of power and fuel.

Overall, during FY 2022-23, owing to higher fuel costs, Earnings Before Interest Depreciation and Tax (EBIDTA) came down 19% to ₹3,374 Crore from ₹4,185 Crore of previous year.

### **Dividend**

During the FY 2022-23, your Company paid two Interim Dividends of ₹45/- and ₹55/- per equity share respectively aggregating to ₹100 per equity share. This is against the total dividend payout of ₹90 per share during FY 2021-22. Your Company has been steadily increasing its dividend payout to reward its shareholders while maintaining growth in its

business. This reflects your Company's unwavering commitment to shareholder value creation on sustained basis.

### **Capex plans**

To expand its market share across various geographies, your Company has been expanding its capacity on a continuous basis. A capital expenditure program involving investment of around ₹7,000 Crore is under implementation. The work on ₹3,500 Crore project in Nawalgarh is nearing completion while the work on ₹2,500 Crore cement plant at Guntur in Andhra Pradesh is progressing as per schedule. Recently, Company announced start of trial production at its cement plant at Purulia in West Bengal (through its wholly owned subsidiary) where an investment of ₹550 Crore has been made. With completion of this capex programs, the capacity of your Company (including subsidiaries) shall increase to ~60 MTPA by end of calendar 2024. The Company has also raised its focus on generating renewable energy and has added 122 MW during the year involving capex of over ₹600 Crore.

Your Company has drawn up an ambitious plan of ramping up its capacity to beyond 80 million tonnes in the coming years. The Company is working on pre-project and other supporting activities at various sites in different parts of the country. The Company shall be announcing details of these projects as these activities progress.

### **Digitalization initiatives**

Digitalization has become a key business driver across the world, compelling sectors to undergo structural change and alter their existing business model. Your Company is in the process of transforming itself into a very modern organization. It has undertaken several initiatives to deploy advanced IT & digital solutions and AI based analytical tools in manufacturing, sales, logistics and other functions. These technological interventions and digitalization strategies will ensure higher productivity, make the processes faster and efficient and lead the Company to the next level.

### **Sustainability initiatives**

Sustainability is the pillar around which all the strategic plans of your Company revolve. Because of industry leading practices in terms of green power generation, usage of alternate fuel and raw materials, energy efficiency and productivity, your Company is one of the greenest cement Companies in the world. Your Company aims to consolidate its leadership position and has set out to push the boundaries of innovation and work towards shaping a future which is more friendly for people and the planet. Your Company consumed more than 51% of power from green power sources in FY 2022-23 which is the highest in the Indian cement industry. Your Company has planned further investments which is expected to increase this share to >55% in FY 2023-24. Your Company has also been steadily focusing its efforts towards the usage of alternative fuels to reduce its consumption of conventional fuels. A combination of the several of such initiatives have helped your Company to reduce its carbon footprint to 521 kg CO<sub>2</sub>/ton of cementitious material which is one of the lowest in the Indian cement industry. I am also pleased to share that because of its unique sustainable practices on the water conservation front, your Company has become 6 times water positive.

## **Corporate Social Responsibility**

Your Company has continued to work on core areas of education, healthcare, women empowerment, skill development, rural and infrastructure development, promotion of art & culture to make a meaningful difference in the lives of nearby communities. More about such initiatives is detailed in the Integrated Report which is available with you all.

## **Conclusion**

On behalf of your Company's Board, I convey our gratitude to all the banks, business associates, customers, suppliers, dealers, transporters, and the Central and State Governments for their co-operation and support.

No financial metric can truly represent the rigor, passion and dedication that goes behind your Company's performance. And for this, I am grateful to all our employees.

I thank all the shareholders for their continuing faith in the Company. I look forward to your continued support for the future as well.

Thank you.

H. M. Bangur  
Chairman