

# Shree

## A quick scan



A major player  
with solid all-round strengths.

## What next?

### Shree means a lot

'Shree' means 'Fortune', 'Prosperity' in Sanskrit. And this Rajasthan-based cement maker is well on its way. Shree Cement pushes initiatives across all functions and levels to make prosperity far-reaching and sustainable.

### Productivity benchmarks

The company currently has installed capacity of 2.6 million tonnes per annum (MTPA) at its two plants in Beawar, Rajasthan. For the last 18 years, it has been consistently producing many notches above the nameplate capacity. And above the industry average. Cement production at 3.02 million tonnes this year was the highest ever. Accounting for capacity utilisation of 116%, while the industry in general managed 84% during the same period.

### Performance efficiency

The company continues to be one of the most operationally efficient and energy-conserving cement producers in the world. A November 2004 report of leading research, investment advisory and stock

broking firm, M/s Motilal Oswal Securities Limited, states that Shree is one of the most cost-efficient cement manufacturers. In fact, according to the report, Shree's cost per tonne of cement for FY 04 is lower than that of Gujarat Ambuja, which according to it, is the most cost-efficient among the large players. The company is one of the few to operate both its captive power and cement plants with an alternate, low-cost fuel like pet coke.

### Prominence

The company retains its position as North India's largest single-location manufacturer with production that is 16.16% of Rajasthan and 11.3% of North India. More than 90% of cement used in the prestigious Indira Gandhi canal project in Rajasthan is Shree's. Such dominance extends to the cement that has gone into the airports, bridges and other landmarks of the northern region.

### Proximity to major markets

Shree serves prime markets like Rajasthan, Delhi, Haryana, Punjab, Uttar Pradesh and Uttaranchal. Location at Beawar in central Rajasthan and proximity to the profitable markets of Delhi and Jaipur renders advantages of lower freight and lead times while servicing the major markets. The company sells its product under two brand names - Shree Ultra Ordinary Portland Cement (OPC) and Shree Ultra Red Oxide Cement (ROC). In the principal markets of Rajasthan, Delhi and Haryana, Shree has cornered market shares of 12.69%, 16.03% and 17.52% respectively.



### Profit

Gross Turnover was at its highest ever, crossing the Rs. 700 crore mark. It rose 19%, from Rs. 607 crore last year to Rs. 723 crore. This was largely on the strength of better price realisations and higher volumes. Operating Profit rose 31%, from Rs. 132 crore to Rs. 174 crore. Higher price earnings and volumes, along with cost reductions, resulted in an operating profit growth higher than turnover growth. Profit After Tax shot up 123%, from Rs. 13 crore to Rs. 29 crore. Shree Cement became a blue-chip company with market capitalisation touching the Rs. 1000 crore high-water mark this year. Market cap as on 31<sup>st</sup> March 2005 was Rs. 1191 crore. The company's shares, listed on the National Stock Exchange and Bombay Stock Exchange, witnessed hectic trading during the year. A dividend of 40% on equity has been proposed by the Board this year.

### Promoters

The B G Bangur family, the principal promoters of the company, hold 63.72% of its equity. The Bangur group is one of India's respected business houses.

## 'What Next?'

The future augurs well for the company. A new plant with a capacity of 1.2 MTPA is scheduled to start functioning by the third quarter of this year at village Ras, about 32 kms away from the existing location. Designed to produce a premium grade of cement, 'Bangur Cement', this plant is expected to capitalise on the favourable demand conditions emerging in North India.

