

# SYNERGY MEETS STRENGTH

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A true visionary,  
A legendary industrialist,  
A great philanthropist,  
A legacy that will always be cherished!

— — — — —  
**Shri O.P. Jindal** | 7th August 1930 - 31st March 2005  
Founder and Visionary, O. P. Jindal Group  
— — — — —

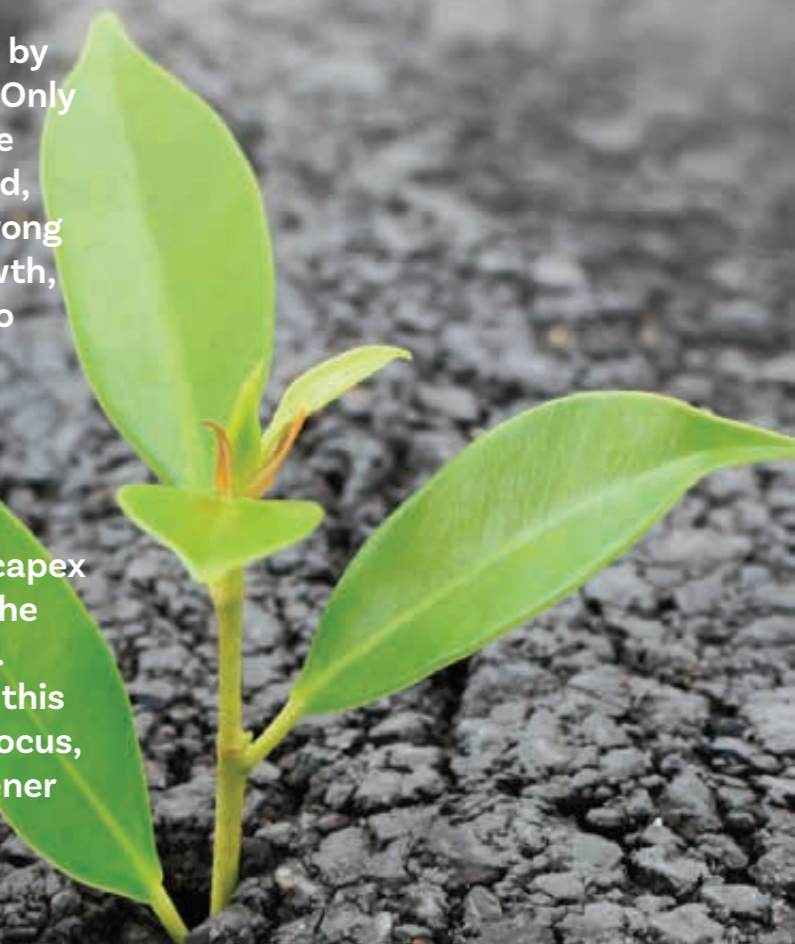
His life was an inspirational journey leading millions to follow the enlightened path.

We will always carry on his values, an epitome of indomitable courage, endurance and integrity, his legacy will always remain with us. As we take leaps towards the future, we are fully committed to honour his vision and keep his legacy alive & carrying it forward to greater heights.

# SYNERGY MEETS STRENGTH

At Shiva Cement, we are guided by the maxims that 'Growth is the Only Way Forward' and 'Change is the Only Constant'. Towards this end, over the years, we have built strong foundations for consistent growth, and have aligned our business to changing business realities.

Today, driven by our synergies with JSW Cement, we are growing stronger than ever. We are progressing well on our capex plan, and are ready to cater to the rising demand from a new India. More importantly, we are doing this with a stringent sustainability focus, making our newer facilities greener than ever before, while creating lasting stakeholder value.



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## FY 2021-22 Highlights

### Projects under progress

**4,000** TPD  
Cement clinker plant

**8.9** MW  
Waste heat power plant

### People and society

**146**  
Employee strength

**ZERO**  
Lost Time Injuries

**79,516**  
Safety training hours

**ZERO**  
Fatalities

**59**  
Hours of training per  
employee



## INTRODUCTION TO SHIVA CEMENT ABOUT US

Shiva Cement is a well-placed player in the cement value chain, and is presently a part of the prestigious JSW Group. Starting our operations in Odisha in 1986, we are today expanding our capacities, ready to cater to the emerging opportunities in the Eastern India markets. We are enabled by robust raw material reserves, proximity to market and a strong focus on sustainable growth.

We are increasing our production to 4000 TPD Clinker, and to extend our reach throughout Odisha, West Bengal, Jharkhand, and Bihar, by leveraging the considerable captive limestone supply from our Mines. Our objectives and strategies for the future are aligned with our goal of being the market leader in India's Eastern area.



### Vision

We, at Shiva Cement, share a vision to emerge as an innovative, cost-efficient and socially responsible organisation to augment growth along with that of our stakeholders and serve the nation. Shiva Cement is a strategic investment to make its parent company, JSW Cement a 10 MTPA (Million Tonne Per Annum) player in the eastern part of the country and a 25 MTPA player across India. With a state-of-the-art setup for manufacturing sustainable products, we endeavour to support India's growth as an industrially advanced nation.



### Key Advantages

Our long-standing success and history have allowed us to build a strong organisation with various competitive advantages. We have consolidated our footprint, improved cost efficiency and resource management, and strengthened our supply chain networks over time by implementing best-in-class procedures and practices. We have looked at expanding our operations further, using the experience of our parent firm, JSW Cement.

Our manufacturing facility is strategically located at the geographical border of three Eastern states of India, namely Odisha, Chhattisgarh, and Jharkhand, in close proximity to the raw materials that we require for our operations including limestone, clay, laterite, iron fines, slag, gypsum and fly ash and is well connected to our key markets by road and railways. We believe that this shall enable our manufacturing facility to act as a feeder to the Eastern plants of JSW Cement Limited providing us a competitive advantage.

In addition, our facility is located at a distance of 2.00 km from the state highway connecting Rourkela and Jharsuguda. The nearest railway stations are located at Sagra, and Sonakhan which are about 24.00 km and 19.00 km, respectively, from our manufacturing facility by road making transportation cost-effective and time-efficient at the same time.

### Strategic Location

We are ideally located, with quick access to critical raw materials and the ability to reach markets at a low cost. Additionally, our production facilities are located near key markets.



### Robust Governance

Our leadership team is comprised of individuals with a wide range of expertise. Their extensive experience of the cement business gives valuable insight into the Company's future development and expansion plans.

### Raw Material Accessibility

We will be able to increase our market share by having more raw materials available. Limestone, coal, minerals, and energy are the primary raw materials used in cement production, and their continued availability is vital to the industry's long-term success. Coal is essential for the fast-growing cement industry, and the state of Odisha has enough of it.

Further, as part of our expansion project, we are in the process of installing a dedicated captive railway siding at our manufacturing facility and have undertaken a feasibility study for the same. The proposed railway siding project will be set up for importing coal/pet coke and for dispatching clinker to our consumption centres. Being located close to the raw materials and principal markets helps us save time and cost towards transportation of raw materials and allows for lesser turnaround time for the supply of final products to our customers while maintaining cost efficiency.

### Synergies with JSW Cement

As part of JSW Group, we supply clinker and cement to JSW Cement Limited with a view to increasing the efficiency and productivity of the JSW Group. Our Expansion Project is a strategic initiative to enable the supply of clinker to JSW Cement Limited since the cost of imported clinker is high in the Eastern region of India and the domestically sourced clinker from the Nandyal unit of JSW Cement Limited, is significantly higher. The strategic location of our manufacturing facility enables us to also act as a clinker feeder to JSW Group's Eastern plants at Salboni in West Bengal and Jajpur in Odisha.

Further, the JSW Group recently acquired Bhushan Power & Steel Limited, which has its steel manufacturing plant located in Jharsuguda, Odisha within a radius of 80-100 km from our manufacturing facility, providing us the ability to source cost-efficient input raw materials such as slag and fly ash. With easy access to these important raw materials, we will also be able to introduce new products such as PCC, which is a blend of PSC and PPC types of cement.

### Scope for Expansion

A total of 1.4 million tonnes of clinker will be produced by Shiva Cement. Following the conclusion of the project, we will look for new ways to expand. The whole complex will ultimately generate up to 3 million tonnes of clinker, which is comparable to 10 million tonnes of slag cement, in India's Eastern area.

### Health and Safety

To safeguard the wellbeing of our employees and workers, we adhere to JSW Cements' health and safety policy and conduct various seminars, training, and promotional activities. Our promotional campaigns and on-site recognition events informed and inspired our employees on health and safety. To guarantee the safety of our personnel, we scheduled safety action meetings for off-site incidents at the fabrication yard and mock safety drills at mines on a quarterly basis.

### Information Technology

We believe that an appropriate information technology infrastructure is important in order to support the growth of our business. We have implemented an integrated business management software for planning and management of operations at our manufacturing facility, including an integrated SAP enterprise resource planning solution covering sales, production planning, material management, quality control, finance and accounting, plant maintenance, and human resources. We believe such systems and processes enable us to manage our operations efficiently, quality, and customer service along with incorporating necessary controls and checks and balances in the business operations. Our IT infrastructure also enables us to generate the reports and information required to assist our management in decision-making.



## EXPANSION STRATEGY OF SHIVA CEMENT AND PROJECT STATUS

The expansion project comprises of the following facilities:

- a 1.05 MTPA cement grinding unit,
- a 1.32 MTPA clinkerisation unit (4000 TPD),
- an 8.9 MW waste heat recovery power plant,
- a 4 MTPA crushing plants at our mines at Khatkurbahal, Odisha, and
- a dedicated incoming power line of 132 KV.
- a captive railway siding
- an OLBC from mines to plant



### Project

132 KV Incoming Power

### Status

The civil work on 23/40 line towers is completed while the balance work is still under progress. Further, a total of 12 towers have been erected. 70% of Line in line out (LILO) substation and 80% of control and KIOSK room work is completed.



### Project

Road work from plant gate to highway

### Status

Out of 1.55 KM, RCC work of 0.7 KM has been completed and demarcation of balance land is under progress. This is a 14-mtr wide road.



### Project

4000 TPD Clinker Plant

### Status

100% Civil Work has been completed. In total 85% of the project work has been completed.



Shiva Cement's clinker facility is designed with best-in-class features and is compliant with European Union Best Available Technology (EU BAT) criteria.

The status of the various ongoing projects to facilitate sustainable sourcing and supply chain are as stated below:



### Project

Railway Siding

### Status

Detailed Project Report (DPR) is approved and Engineering Scale Plan (ESP) approval is under progress and expected to be received by July 2022. The technical acceptance for proposed railway siding has been received from shortlisted vendors and the final commercial discussion are in progress.



### Project

Existing mines and reserve status

### Status

Currently there are four operational pits with a total minable reserve with available land of 24.04 MnT.

We are dedicated to environmental protection and combating climate change. This high-level endeavour will have far-reaching social and economic consequences in the long run. We hope that our efforts will result in the establishment of employment opportunities which, when coupled with our social work in skill development, education, healthcare, and community development, will help people's economic wellbeing and livelihoods.

#### New auction Khatkurbahal (N) Block Mine - 1.6 MTPA (Limestone)

- Environment Clearance has been granted by MOEF & CC
- CTE has been granted by OSPCB

#### Khatkurbahal Existing Mine Expansion: 1.5 MTPA (Limestone)

- Environment Clearance has been granted by SEIAA
- CTE has been granted by OSPCB

#### 3 MTPA Clinker & 2 MTPA Cement

- Environment Clearance has been granted by MOEF & CC
- CTE has been granted by OSPCB

## WHOLE-TIME DIRECTOR'S MESSAGE

# Progress Led by Perseverance

It gives me great pleasure to present to you Shiva Cement's annual report for the year 2021-2022. I'm happy to report that during the year, we were able to deliver very good progress on our strategic capacity expansion project.



We are finally seeing a semblance of normalcy returning after multiple COVID-19 waves. However, the Russia-Ukraine conflict has created volatility in the global markets causing demand-supply disruptions, and rise in energy prices. Closer home, India continues to be a resilient economy and has retained its place among the fastest growing large economies across the globe. The opportunities presented by India, coupled with encouraging policy reforms, increasing investments and rising consumption sets us up for strong growth prospects.

### Cement Sector Dynamics

The year began with the 2<sup>nd</sup> wave of COVID-19, imposing prolonged lockdowns and strict restrictions to control the pandemic situation. Consequently, the economy underwent adverse effects and the cement industry too witnessed low activity and reduced demand. However, the industry picked up scale as people and businesses began to adapt to the new normal, with widescale vaccination drives and ease of restrictions. The prolonged lockdown created pent up demand which the industry tapped into to cater.

India still remains the 2<sup>nd</sup> largest cement market globally in both consumption and production. This is due to the continued level of demand in the real estate sector and heavy government expenditure on infrastructure and smart cities development. The cement industry started reporting healthy growth from the 3<sup>rd</sup> quarter in the previous fiscal year as a result of resuming normal construction activity post lockdown.

Your Company has covered different milestones over the last couple of years. Our main project, the 4000 TPD clinker plant is almost complete and will be operational this year. We have also dismantled the older plants to focus on developing and upgrading our facilities.

### Supply Chain Pressures

The 2<sup>nd</sup> and 3<sup>rd</sup> quarter of FY 2021-22 witnessed a severe shortage of coal due to excessive and unpredictable rainfall, hike in international prices, operational constraints and supply chain bottlenecks due to COVID-19 restrictions. The cement industry was affected by this shortage as most cement plants are energy intensive and this rise in fuel prices would only increase the costs. This rise in fuel prices has not only affected factories, but has also placed strain on the transportation and logistics part as well, due to increase in transport prices.

### Our Performance

Your Company has covered different milestones over the last couple of years. Our main project, the 4000 TPD clinker plant is almost complete and will be operational this year. We have also dismantled the older plants to focus on developing and upgrading our facilities. We have integrated unique design features, such as full automation of processes and energy optimisation, making it a green plant. Additionally, we have acquired new limestone mines allowing us to expand and diversify our product portfolio.

From a strategy standpoint, our plant in Odisha gives us a competitive edge as most limestone deposits in Eastern India are situated in Chhattisgarh. We are ideally placed to manufacture and provide a steady supply of good quality clinker to JSW Cement grinding units at Jajpur and Salboni.

### Opportunities for Cement in India

The cement sector will only continue on their upward growth trajectory with favourable conditions such as higher infrastructure investments by the government to boost the economy further. Initiatives such as the 'PM Gati Shakti - National Master Plan (NMP)' and 'National Infrastructure Pipeline (NIP)' will contribute to the rising demand from the infrastructure side. Additionally, initiatives like 'Housing for all' will drive demand in the housing sector, thereby driving cement demand.

### Giving back to Communities

We recognise and act on our responsibility of uplifting the communities and society we operate in. This year, we focused our CSR initiatives around the fields of education, healthcare and livelihood promotion. We undertook major initiatives to help the locals with organic farming, restarting mushroom farming in the region, handicrafts production, etc. These were majorly carried out by the women of the communities to empower them and to supplement their household incomes.

### Our Way Forward

We soon plan on expanding our plant of 1.36 MTPA clinker to a 3 MTPA clinker plant for which we recently got clearance for the expansion and expect to commission the plant by FY 2024-25.

Finally, I would like to convey my heartfelt appreciation to the management team, our workforce, stakeholders and everyone who have placed their trust in our journey of growth. Your constant and sincere efforts have motivated us and has helped take the Company to greater heights.

Best regards,

**Manoj Kumar Rustagi**  
Whole-Time Director

## BOARD OF DIRECTORS

## Governed by Excellence



1

**Mr. Manoj Kumar Rustagi**  
Whole-Time Director

Manoj is a senior business leader, and has significantly contributed to the strategic initiatives, new business development and capex projects resulting in sustainable growth in Cement and Steel sectors in his 29 years of professional career. In his present role as Chief Sustainability and Innovation Officer (CSIO), he is spearheading initiatives in Sustainability and R&D, and new Business development for JSW Cement Limited (JSWCL), India. JSWCL is a leading green building materials company in India with business interests in Cement, GGBS, Constructions chemicals and Ready-Mix concrete, and has lowest carbon intensity per tonne of cementitious product. He is also a director on the board of Global Cement & Concrete Association, India chapter, in his personal capacity. He is passionate about sustainable growth adopting state-of-the-art and new cutting-edge technologies and Innovative solutions and speaks at various global forums on these topics. He is a Mechanical Engineering graduate from BITS Pilani, India and an MBA from Indian School of Business (ISB), Hyderabad, India.

2

**Mr. R.P. Gupta**  
Independent Director

Mr. R.P. Gupta has worked in the cement sector for over 26 years. During his early career, he led various firms in a variety of verticals, including turnkey contracts and iron and steel trading. He is a member of a number of prestigious business forums and groups. From Vice-Chairman of the OASME (Orissa Assembly of Small and Medium Enterprise) to Vice President of the All India Mini Cement Plant Association in Hyderabad and member of the Govt. of Odisha's Industrial Advisory Board. He is also a prolific writer, addressing themes such as the Indian economy with the goal of raising awareness and demonstrating how to serve the country. He is also a member of the Lions Club and the Rotary Club, and is a humanitarian at heart. To enhance his humanitarian activities, he serves as the general secretary of Jai Hanuman Samiti Charitable Trust as a devotee. He believes in universal education and has served on the Boards of Directors of educational institutions.

3

**Mr. Narinder Singh Kahlon**  
Non-Executive Director

Mr. Narinder Singh is a seasoned financial accounting, auditing, central excise & customs regulations, sales tax including VAT, direct taxes, FEMA, costing, budgeting, and working capital management specialist with a 20-year track record. Haldia Petrochemicals, Bhushan Power & Steel Limited, MGM Group of Companies, and K.C.T & Bros (C.S) Limited were among his clients. He has a Bachelor's degree in business from Punjab University in Chandigarh and is a member of the Institute of Chartered Accountants of India in New Delhi.

4

**Ms. Sudeshna Banerjee**  
Independent Director

Ms. Sudeshna Banerjee holds a post-graduate diploma in computer applications from Vidyasagar Academy in Kolkata and an Executive MBA in entrepreneurship management from Indian Business School in Hyderabad. She founded DIGITECH-HR in 2007 and has served as the Company's Head of Business

Development since its start. Since May 2011, the business's status has changed from sole proprietorship to private limited company, and the Managing Director and Head of Business Development roles have been added. She is adaptable and diverse, with a good eye for detail.

5

**Mr. Sanjay Sharma**  
Independent Director

Mr. Sanjay Sharma graduated from REC, Rourkela (NIT), with a B.E. in Metallurgy. He has over four decades of effective experience in a variety of jobs, including Plant Management and Steel Plant consultant services. As Chairman of TPM (Total Predictive Maintenance) and Head of the QIPs Jury (Quality Improvement Projects like SMILE, KAIZEN), he has made a significant contribution. He has a rare combination of plant management, managerial, and operational experience, as well as advanced talents in strategy planning, international process implementations, commissioning, derivatives turnarounds, new set-ups, and resource allocation.

\*Resigned wef 27 April, 2022

6

**Mr. Mahendra Singh**  
Independent Director

Mr. Mahendra Singh has 36 years of expertise in several commercial domains and is a B.E (Electrical) graduate with a Master's degree in Management.

\*Term expired on 31 March, 2022

7

**Mr. B.K. Mangaraj**  
Independent Director

Mr. B.K. Mangaraj has over 28 years of expertise in limestone mining and other minerals, as well as over 11 years of experience in cement plant operations. He was also honoured by India's President for his achievements. He has also previously worked with TISCO and BSL (a SAIL subsidiary).

8

**Mr. JC Toshniwal**  
Independent Director

Mr. Toshniwal holds a B.E. Degree in Mechanical Engineering from Birla Institute of Technology & Science, Pilani (Rajasthan). He has nearly 45 years of a successful career with diverse roles distinguished by commended performance in Cement Industry with visionary leadership, high achievement orientation, innovative capabilities, strong business acumen, a thorough cement professional having exposure in Plant operations, Green Field/Brown Field Project, Marketing, Procurement and Business Development. He has worked with Ambuja Cement Limited and Heidelberg Cement India Private Limited.

Mr. Toshniwal has also worked as a Managing Director from January 2015 till 31 March, 2021 in Wonder Cement. He was responsible for managing the entire business of the Company including plant operations, project planning and execution, sales and marketing across nine states, setting up processes, developing the organisation for rapid growth of the Company, developing business strategies.

\*Appointed wef 21 April, 2022

## CORPORATE SOCIAL RESPONSIBILITY

Committed to Care.  
Committed to Communities.

We make every effort to meet the requirements and expectations of all stakeholders, including customers, communities, suppliers, and workers. We are devoted to uplift and assist society at large, from ensuring the quality of our products to maintaining a sustainable supply chain, investing in communities for the growth of society, supporting livelihood, and establishing a safe work environment.

159.16 LAKHS

Beneficiaries  
from CSR schemes

474

Patients treated at  
health camps

107

Women trained in mushroom  
cultivation

417

Students benefitted  
from water purifier

Achievement award for **“Corona Warriors”** from Construction Industry Development Council (CIDC) - Established by NITI AYOGE, Government of India at New Delhi

Achievement award for **“Best Impactful CSR Practice”** at the event AMA SANKALP-2021 (Our Aspiration) organised by News7 and PRAMEYA National News at Rourkela.



## CSR Initiatives

We strive to empower communities and with our impactful initiatives, we assist them in becoming self-reliant and confident. To us, sustainability is to grow together with the communities, and through various initiatives focused on education, livelihood, health, rural development, and women empowerment we believe in creating value for the communities.



## Healthcare and COVID-19

Under our initiative War on Covid, we have organised COVID screening camps in two villages and screened over 1,773 people. We conducted regular sanitisation drives covering 12 villages, established blood donation camps in Telighana and Kutra, collected 57 units of blood and organised about seven health camps in DIZs villages, and treated 474 patients.

We continuously put efforts to support NTPC hospital with oxygen supply and successfully installed advanced laboratory equipment at CHC, Kutra. We conducted 14 awareness camps on COVID prevention and vaccination. We also supported widows, physically disabled, and destitute women by providing them with rations, and distributing masks, soaps, and sanitisers to frontline workers and villagers, attempting to ensure at least the bare minimum for them.



100

Oxygen cylinders supplied  
to NTPC Hospital

1,773

People screened for COVID

14

Awareness sessions on  
COVID prevention and vaccination

57 Units

of blood collected

1,606

Families provided with ration

7

Health camps established

17,000/3,500/1,300 Ltrs

Masks/Soaps/Sanitisers distributed

474

Patient treated at  
health camps

## CORPORATE SOCIAL RESPONSIBILITY



### Livelihood

With the objectives of uplifting weaker sections by providing them with livelihood opportunities, we are committed to helping communities and women become self-sufficient. We organised capacity-building training for women: tailoring training, papad making, mushroom cultivation, fishery training, and handholding support.

We trained 23 farmers in organic vegetable cultivation, 37 women in tailoring, 107 women in mushroom cultivation, and around 27 SHG were trained in fishery and provided with handholding support. To generate awareness among the communities, we conduct International Women's day annually and about 203 women participated this year.

#### Impact Story

Kuili Dhanwar from Khatkurbahal faced resistance from her family to join the livelihood training. However, she was able to overcome the challenges and under our training initiatives, joined the **mushroom cultivation training programme**. It has helped her earn an average monthly income of ₹10,000 – 15,00,00. Moreover, today, her family supports her in the marketing of mushrooms. Kuili is now an inspiration to many women.



### Education

To facilitate quality education for children in villages, we are focused on developing proper infrastructure for students and taking measures to ensure zero student dropouts and improved learning outcomes. We undertook various initiatives to make this a reality and successfully ensured this. To better the infrastructure, we have developed kitchen gardens for 27 Anganwadi children and installed water purifiers cum freezers in junior college. To foster the holistic development of children, we took the initiative to organise mass plantation drives in four schools and other district-level scouts and camporees.

#### Impact

**9**  
SHGs received a loan of  
**₹12.50 lakhs** in government aid

**20**  
SHG now earning  
**₹6,000-7,000 pm**  
through stitching

**21**  
Women now earning  
**₹5,500 pm** through  
mushroom cultivation

**26**  
women now earning  
**₹5,000 pm**  
through Papad making

#### Impact

**417**  
Students benefited  
from water purifier

**ZERO**  
Dropouts from schools



### Rural Development

To foster rural development, we developed infrastructure in the DIZs and promoted sports and mass plantation drives. We renovated two community halls and constructed one new community hall, along with the installation of 70 solar streetlights to properly illuminate nine villages and five solar water structures in five villages.

We also focused on bridging the gap between community and government schemes to help communities become more independent. Through the JSW- Haqdarshak project, we collected relevant documents from villagers by visiting them door to door. Additionally, we worked towards adding nutritional value to mid-day meals for Anganwadi students and developed nutria gardens for 25 Anganwadi children.

We organised an inter-district football championship at Kutra and an inter-village Hockey championship for girls (under 16) to aid students to develop their talents and skills.

#### Impact

**700**  
Saplings planted

**5,300**  
Fruit saplings distributed to SHG, PRI  
members and local youths

**415**  
Players participated in the  
Football championship

**175**  
Girls participated in  
Hockey championship

**9**  
Villages illuminated with  
solar streetlights

**5**  
Villages supplied with  
solar powered water

#### Impact Story

The villagers of Kandeimunda Panchayat and Khatkurbahal Panchayat had to walk 1-2 km to collect drinking water. We worked towards developing sustainable infrastructure with a vision to ease this burden. We installed **10 solar-based drinking water systems** in these villages to provide access to safe drinking water. Additionally, we also have installed **solar streetlights** to conserve energy and the environment. These resulted in access to clean drinking water for the 10 DIZ villages in two Panchayats and the project has benefited 6,000 residents in 1,200 households, with improved health outcomes. The project also helped in reducing the consumption of conventional energy, and hence ensures environmental sustainability.

#### Impact Story

Anand Kumar Lakra lives in Tellghana village of Sundargarh. He is a farmer working on his smallholding farm of 0.53 acres, on the produce of which, his family depends. During the project **Haqdarshak** implementation, he was identified as being eligible for the **PM Fasal Bima Yojana**. Accordingly, he was helped in the application process and in receiving the benefit under which he received affordable crop insurance with the lowest premium available. Now his crops are insured for over Rs. 36,000 this season.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Company Status and Performance

The Company was incorporated in the year 1985 and its first commercial production commenced in 1986. The manufacturing facility is located at a strategic location in Odisha, with raw material and ready markets in the vicinity. It's natural marketing territory is Odisha, West Bengal, Jharkhand & Bihar. These states are historically in cement supply deficit, due to poor availability of limestone reserve. The Company also boasts of captive limestone mines with surplus reserve to ensure uninterrupted availability of quality raw material. The state of the art infrastructure facility coupled with surplus core equipment capacity provides SCL with the potential to expand.

2. Outlook & Future Prospects

A. Global Economy

In the beginning of FY2022, the pandemic continued to wreak havoc, causing significant negative impact on businesses and society as a whole. New variants of the COVID-19 led to a fresh round of lockdowns across the globe. The most immediate impact was felt in the form of rising prices of crude oil and supply chain disruptions, leading to a rise in inflation that weighed down growth in emerging economies considerably. This moderated the projected growth rate for FY2022 to 4.4%, down from 5.9% in FY2021.

With the widespread administration of covid vaccines, a level of immunity was achieved against the ever-growing threats of new covid variants, boosting economic recovery. Apart from vaccines, governments and central banks play a major role in reviving the economy. They drive traction and capital expenditure to ensure that money keeps flowing in the economy, expedited through relevant policy framework. Many sectors were revitalised owing to the outburst of pent up demand and a growing flexibility in aligning to the changing dynamics. Sectors like tourism and hospitality need more stimulus and will only regain a degree of normalcy once countries open up their doors to international travel. The recovery rate for each country depends on investments made on advanced healthcare, along with accommodative fiscal policies. Countries with a strong infrastructural foundation find it much easier to bounce back from the impact of the pandemic.

The ongoing Russia-Ukraine conflict will have major ramifications for the global economy. Both these countries are major commodity producers and supply chain disruptions will have prices going upwards in the rest of the world. There is also a severe concern around rampant climate change that has been showing its effect all over the world. A UN report released in August 2021 warns about an impending climate catastrophe unless strong measures are taken to control green house gas emissions. Another report from Deloitte suggests that increased occurrence of natural calamities like

storm, floods and droughts will impact 70% of industrial production around the planet.

B. Indian Economy

India set an ambitious target of vaccinating 1 Billion+ people at the beginning of 2021. This large-scale vaccination drive has injected immunity into our vulnerable populations to safeguard from covid related fatalities. However, infections skyrocketed with advent onew strains of the virus. Hospitals were once again overwhelmed with severe shortage of oxygen supply, while frontline workers were once again overburdened. With subsequent lockdowns and accelerated vaccinations, India gradually emerged out of the second wave, witnessing an uptick in economic growth. The central government prioritised capital expenditure by allocating ₹ 7.5 Lakh Crores, an increase of 35% over previous year. The central government also had strong focus on projects promoting infrastructure development with the belief that increased investments in infrastructure will propel growth in other industries. The Reserve Bank of India predicted that the economic growth rate will stand at 7.8% for 2022-2023. However, the overall Consumer Price Index would remain higher at 6% as of January 2022 due to high input cost, supply side disruptions and rising crude oil prices.

Future Outlook

The cement demand during the financial year 2022 was around 350 million tonnes. The expected demand growth during the financial year 2023 is around 7 to 8%. This growth is expected to be driven by the Government's infrastructure and continued growth in rural housing and steady revival in urban demand. While the financial year 2023 is likely to witness one of the highest capacity additions, most of it are grinding units, set-up to optimise costs more than adding supplies. Capacity utilisations is therefore expected to remain at around 65%.

However, we believe that the Central Government initiatives on the infrastructure, including proposal to allocate funds in the form of interest free loans to fund the PM Gati Shakti Scheme and other infrastructure projects and issue green bonds for projects would all help to drive cement demand. Cement demand from the housing segment continues to have support from Central and State Governments under the affordable housing PMAY Scheme. This will be in addition to the regular demand from construction of new houses (due to population growth and increasing urbanisation and nuclearisation) and replacement / renovation of existing houses. Demand from urban housing, which was hit hard by the pandemic during the last couple of years, witnessed a mild recovery during FY22. However, with the on-going Russia-Ukraine conflict, impacting input costs and constrained supply position as weather and environmental concerns in key producing countries such as South Africa, Indonesia and China, pose a serious



challenge for the sector. Power and fuel costs, which were earlier expected to peak during second half of FY22, will now witness a sharp increase in FY23, as coal and pet coke prices hit new high in March 2022. Thus, taking an overall view of the above, your Board is cautiously optimistic about the future outlook for your Company.

Opportunities:

As per ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited), in FY22, the cement production in India is expected to increase by ~12% YoY, driven by rural housing demand and government's strong focus on infrastructure development. As per Crisil Ratings, the Indian cement industry is likely to add ~80 million tonnes (MT) capacity by FY24, the highest since the last 10 years, driven by increasing spending on housing and infrastructure activities.

Long-Term Potential

- Oligopoly market, where large players have partial pricing control.
- Low threat from substitutes.
- Indian cement companies are amongst the world greenest cement manufacturers.
- With high allocation under the Union Budget 2021-22 for infrastructure, affordable housing schemes and road projects to fuel the economy, the domestic cement industry is poised for a volume surge.

4. Financial Performance:

4.1 Highlights of FY 2021-22

Particulars	FY 2021-22	FY 2020-21	Change
Gross Turnover	346.55	2,845.20	(88%)
Operating EBIDTA	(801.72)	(835.98)	(4%)
Depreciation & amortisation	705.55	781.89	(10%)
Finance cost	879.26	1,495.61	(41%)
Profit before exceptional items	(3,451.75)	(2,948.22)	(17%)
PAT	(2,551.91)	(2,196.82)	(16%)

Gross turnover and net turnover for FY 2021-22 stood at ₹ 346.44 lakhs registering reduction in sales by 88 % on Y-o-Y basis. The reduction primarily on account of suspension of plant operation.

The Company's operating EBIDTA is ₹ (-) 801.72 lakhs as against ₹ (-) 835.98 lakhs in FY 2020-21, reporting an decrease in loss by 4% on Y-o-Y basis. The decrease in loss is mainly on account of lower sales volume and increase in cost of production due to lower scale of production of Cement.

4.2 Other Income

Other Income for the year is ₹ 380.49 lakhs as compared to ₹ 409.99 lakhs in FY 2020-21. The reduction primarily is on account of profit on transfer of lease land amounting ₹ 357 lakhs which is not there in current year however this has been compensated with scrap sales ( net) and write back of provisions amounting ₹ 339.04 lakhs. Further there is a reduction in interest on bank deposits & others amounting ₹ 10.32 lakhs in current year due to interest rate reduction and maturity of FDR's .

Increasing Investments

FDI inflows in the industry, related to manufacturing of cement and gypsum products, reached US\$ 5.28 billion between April 2020 and June 2021.

In 2021, as remote work is being adopted at a fast pace amid the pandemic, the demand for affordable houses, with a ticket size of < ₹ 40-50 Lakh, is expected to rise in Tier 2 and 3 cities, leading to an increase in demand for cement.

3. Review of financial & Operational Performance

3.1 Highlights of FY 2021-22

1. Cement sales volume has been reduced by 89 % compare to FY 2020-21.
2. Similarly, production of cement has been decreased by 86 % compare to the production in FY 2020-21. The reduction mainly due to suspension of plant operation for on going project activity.

3.2 Way Forward

- The Project for setting up new Clinkerisation facilities on the existing leased land is in progress and would be operationalise during FY 2022-23.
- Revised mining Plan submitted to increase the mining capacity from existing 1,20,000 MT to 15,00,000 MT limestone.

4.3 Material Cost

The Company's expenditure on raw material for FY 2021-22 has been reduced to ₹ 100.87 lakhs from ₹ 834.87 lakhs in FY 2021-22. The decrease is primarily on account of reduction in production volume.

4.4 Employee benefits expense

Employee benefits expense decreased by 30 % to ₹ 276.75 lakhs from ₹ 395.50 lakhs in FY 2020-21. The decrease is primarily due to shifting of certain manpower from operation activity to project work on requirement basis.

4.5 Power and fuel cost

Power and fuel cost has been reduced by 80 % to ₹ 319.83 lakhs from ₹ 1596.00 lakhs in FY 2020-21. The decrease in fuel cost is due to decrease in clinker production volume.

4.6 Loss on Asset Write-off

The loss on asset write-off of assets for ₹ 1340.72 lakhs is on account of dismantling of certain civil and mechanical structures in the plant in order to utilise the space for project expansion.