



A STRONG
LEGACY
A PROMISING
FUTURE

76TH
ANNUAL REPORT
2020-2021

**SHREE DIGVIJAY CEMENT
COMPANY LIMITED**



Shree Digvijay Cement Co. Ltd stands to be a trusted building materials organization creating value for all our stakeholders through Excellence. Over the last **76 years**, we have strived untiringly, in our own humble way to create long term value and Excellence through:

- Customer Delight
- Empowering People
- Building Trusted Partnerships
- Sustainable Business Practices

Our values are best represented by our continuous efforts to UPRISE



UNITY

We are one company, one team, creating immense value for our stakeholders.



PEOPLE

We value people by respecting all individuals and their contributions.



RESPONSIBILITY

We are accountable for all our actions, and committed to transparency.



INNOVATION

We value innovation in pursuit of excellence.



SUSTAINABILITY

We believe in sustainable and socially responsible practices.



ETHICS

We value integrity and good governance.



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Annual Report 2020-21

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From the desk of Chairman



“As we move into another year, we have miles to walk - no complacency, eyes on ground and with our cement plant now ready to meet increased demand of Kamal Cement, we are looking at the current year with greater optimism. We are also preparing ourselves for growth in future.”

Dear Fellow Members,

Trust you and your dear ones are in good health and keeping safe.

When I was writing my previous letter to you at the same time last year, I was reasonably hopeful that we will come out of this pandemic well and may skip the proverbial second wave. But that remained just 'hope'. As I sit down to write this second letter to you, I am reminded of the 'Spanish Flu', which was just about a century ago. The second wave then, as now, was the deadliest. It seems nothing much has changed even a century later. I will deal with this in detail a little later.

As you all know, last year was a challenging year in more than many ways. The Pandemic resulted in nationwide lockdowns and factories were shut, demand had collapsed, and markets and streets looked deserted. But as I mentioned, in my previous letter, I always remain optimistic and great believer of human agility and ability to overcome the adversities and create opportunities.

It was perfect time for us at SDCC to look inwardly. We were confident the markets and demand will re-emerge. But this may take some time, and this was perfect window for us to reboot ourselves. We used this time to look closely at our plants, markets, product, product mix, consumer preferences and prepare ourselves for a sustainable profitable future. We also looked at our weaknesses and impediments. We realized that we had two major challenges. 1. Limestone availability and 2. Productivity and cost of production. We needed to address both of them to be future fit.

Limestone has been a major cause of concern for our company for a long time. We prepared a blueprint of how to secure ourselves for the smooth operations of today and growth plans for tomorrow. I am glad to share with you that your company has been successful in securing new limestone deposit mines and today we have over 20 years of limestone for sustaining the current production, and plans are afoot to increase this availability to 50 million tonnes for future growth.

The second goal was productivity of the cement plant. As you all know, ours is an old plant and which has hardly ever produced one million ton of cement on a sustained basis. We rolled our sleeves and took a long shut down in August last when demand was low due to rains and pandemic. Extensive repairs were carried out to the plant, including repairs of our Waste Heat Recovery System (WHRS), which got damaged due to an incident. The results are before us. We started producing higher clinker with a very high generation of power. So much that in the month of March, 2021, we produced highest ever 98,002 MT clinker and generated over 30 lakhs units of power from WHRS, about 31% of power needs, saving considerably on the cost of power.

Our cost reduction drive has done wonders. We are today, among the best operating cement plants of our vintage, and the proof is before you. For the latest quarter ending March, 2021, we earned EBIDTA of over Rs.1400/- per tonnes of cement. This is indeed one of the Best in class. This was all possible due to a very dedicated team of people ably led by our CEO-Rajeev Nambiar. During the past year we have achieved many milestones, and this is just the beginning. We produced and sold over a million tons of cement and our Turnover crossed Rs.500 crores, earned highest EBIDTA of over Rs.111 crores, despite cement prices remaining constant. For those of you who have been shareholders of this company, I am sure must be a dream come true. I am not surprised that stock markets



recognized this well and am happy to see that our market capitalization has reached Rs. 1,000 crores. A true reflection of our team's relentless efforts.

It was a year of great satisfaction, as we began with tremendous challenges before us due to pandemic, migration of labor and demand for most things taking a huge toll. But as expected, markets opened again, demand came back, and we worked ever longer and harder to see how we can reposition ourselves in the market at higher pitch. I am glad to share that our efforts paid well. We have good demand for our cement in the Trade segment while getting the best price. Cost reduction is a continuous process and has become a "way of life" at SDCC. I am sure this will hold us in great shape on sustainable basis for all the time to come.

Now when I look today and gaze at the future, it seems nothing has changed. We are almost at the same stage. In this Second wave, demand for most goods and services is slowing down and people's sufferings are more pronounced than in the same time last year. And I wish to reflect on this and share my views with you.

There is an old saying; "If things are going out of control at present, look at the past. That's how our ancestors always dealt with tough times." The first wave of Spanish flu (1918) was more like a seasonal flu, and it started receding in few months. People become complacent and believed that it was just a wave and vanished. It was only the calm before the Storm. The second wave came with vengeance, a mutated strain of the Spanish flu virus had emerged that was very lethal and killed healthy young man and woman within no time. It took a huge toll globally and infected over 500 million people worldwide and killed over 40 million victims. We did not have media to cover the damage correctly and many were gagged but some estimates that one third to half the Indian population was infected and 10-15 million people, almost 5% of the population then, died. Only decades later, were scientists able to explain the phenomenon now known as "cytokine explosion". It became so rampant only because of lack of "masking", "distancing" and "quarantining". Does it not sound very familiar? The thing which worked in favour of the Spanish Flu and against the mankind was that, there was "no Vaccine" then. The lethal second wave did not vanish completely and there was a third wave. We need to learn lessons from history (and we know that history repeats itself) and this one seems to be playing with such striking similarity that's its almost frightening. We need to really work hard to safeguard ourselves from the third wave. We seem to be better equipped than in past, we have vaccines, that too produced in India. This one innovation in such short period of time is the biggest gift of the scientist to the humanity, I bow down my head for those who risked their lives and made this not only a possibility but a very good weapon in our hands to fight this unseen enemy. We are known to be the global capital of vaccines, now onus is upon us to prove this time. Let's learn, albeit a bit late, from history. Let's make all out efforts to vaccinate India as soon and as much as possible. That's the only hope and prayer I have for preventing or reducing the third wave.

As of now, we see so much of sufferings around us, our health workers and society working tirelessly to reduce the

pain, I am sure we will eventually win over this pandemic but with better planning and good management of resources at our command we can and we should reduce the human sufferings. Lockdowns are again becoming way of life, that surely is putting pressure on demand for most of things.

Cement demand, currently, is growing slowly but much better than the same time last year when we had a nation-wide lockdown. We are making all out efforts in keeping our operations moving with all safety measures in place. We are helping vaccinate our people and taking all precautions to have very safe and secure operations. I am sure we will overcome this hurdle as well. There was no vaccine in sight last year this time. This is what I call, a game changer. I am sure things will improve here on and this phase shall also pass, sooner than later.

But in all this pall of gloom, I wish to share something unique about cement. Cement is a basic need of humans. As per estimates, cement is the second most consumed product after water. There has been sea change in most things around us and they tend to become obsolete due to technology or preferences. Water and cement both being basic to humans have remained same thirst is best quenched with water and civilization is built by cement. Cement has one added advantage over Water. Unlike water, Cement not consumed today will be consumed tomorrow, the demand may be just postponed. This gives me tremendous confidence that if a cement company is run well, it can give one of the best returns' money can generate on sustainable basis.

As we move into another year, we have miles to walk-no complacency, eyes on ground and with our cement plant now ready to meet increased demand of Kamal Cement, we are looking at the current year with greater optimism. We are also preparing ourselves for growth in future. Logistics play a very big role in cement operations, Our Sikka Port is now ready to handle import of coal and other materials for us and others. With forthcoming additional limestone mines, we will examine the feasibility of expansion of operations keeping in mind our benchmarks for Return on Equity and Capital, which I am sure you would have seen they are amongst the highest in the Cement Industry. You would have also noticed that we have recommended for your approval an increased dividend, perhaps highest dividend payout ratio in the cement industry. It is our firm belief that shareholders should be rewarded well, cash belongs to shareholders and we may use it only when we have another worthy cash generating avenue. I am mindful of the fact that cement is a growth business but growth for the sake of growth is not good for me. We will examine all options before us to sustain growth and we will surely grow higher than the cement industry growth to sustain the increasing demand of "Kamal cement".

Let's hope and pray we all come out well from the current second spell of pandemic and avoid the third wave by taking all the precautions and vaccinating all, at super speed.

I wish you and your dear ones safety and health,

Best regards
Anil Singhi

10th May, 2021

BOARD OF DIRECTORS



Mr. Anil Singhvi
Executive Chairman

Mr. Singhvi has vast experience in managing and running large corporates, including, long experience in cement and other industries in India. He is a Chartered Accountant and having outstanding professional career. Out of over 39 years of experience, he spent 23 years in building up of Ambuja Cement, where the last position held by him was of the CEO and Managing Director. Mr. Singhvi was awarded Entrepreneur Finalist Award by EY in 2006, and best CFO award by ET.



Mr. Mahesh Gupta
Independent Director

Mr. Gupta has more than 4 decades of professional experience in the areas of Business Management and all dimensions of finance, M&As, Company Law, taxation etc.. In his career, he has played a critical role as a key strategist in turning around companies and guiding them to achieve new heights through his insights. Currently he is the Group Advisor to Ashok Piramal Group and has been associated with this group for about 16 years. Earlier, Mr. Gupta was Group CFO and Management Board Member of RPG Group and Piramal Enterprises. He is also on the Board of several other public listed companies. Mr. Gupta has received a number of recognitions including CFO of the Year Award (for special commendation for Financial Excellence in M&A Category). He holds Honours Degree in B.Com; L.L.B (Gen), a Chartered Accountant and a Company Secretary.



Ms. Mini Menon
Independent Director

Ms. Menon is the Co-Founder and Editor of Live History India, a first of its kind digital platform focussed on creating and putting out globally benchmarked, multi-media content on Indian history and cultural legacy. An award winning journalist and author, She has reported on the changing face of politics and business in India for the last 20 years. Her last assignment was as Executive Editor of Bloomberg TV India. Prior to that, Ms. Menon has worked in key roles, setting up and running channels like Times Now & UTVi. She was also part of the core team at CNBC – TV18. A History student from St Stephen's College, Delhi University, Ms. Menon has done her Masters in Communication Studies from the University of Poona and was also a Chevening Scholar.



Mr. Satish Kulkarni
Independent Director

Mr. Kulkarni has rich experience of over 28 years in B2B business, consumer services, channel sales, brand management and marketing. He was Chairman on the Board of SCIB PAINTS, responsible to steer the Board of Egyptian subsidiary of Asian Paints Group. Mr. Satish Kulkarni had joined Asian Paints Ltd. in 1993 and held various positions at Asian Paints, prior to joining the Company's Board in June, 2020. Presently, he works as a Board Member or Board Advisory for a set of companies from diverse industry sectors. He is a B.E. (Electronics) from Walchand College of Engineering, Sangli; and PGDBM from IIM, Ahmedabad.



Mr. Pramod Kabra
Non-Executive Director

Mr. Kabra joined True North in 2007 and is based in Mumbai. He is closely involved in supporting and building True North companies across different sectors including Consumer, Logistics and Financial services. Mr. Kabra is a Bachelor of Commerce and a qualified Chartered Accountant. He had earlier worked with Unilever for 23 years, gathering a wide ranging experience in strategy, finance, M & A, supply chain and innovations. He held various leadership positions including that of head of treasury for Asia and Africa region and Board member of the Global Home Care Category Team.



Mr. KK Rajeev Nambiar
CEO & Managing Director

Mr. Nambiar has a rich experience of over 27 years in the cement industry. Prior to joining the company, he was Director Plant of ACC Limited at its Jamul unit and was associated with ACC for about 20 years. At ACC, He was also responsible for different roles in Operations, Technical area, Engineering, HR, Commercial and Logistics. Some of his outstanding achievements in that organization included the commissioning of largest kiln at ACC Wadi. He is B.E. (Mechanical Engineering) from the National Institute of Technology, Suratkal. He has also done Executive leadership and transformational leadership programmes from IIMA and IMD Luzane Switzerland.



CORPORATE INFORMATION

BOARD COMMITTEES

Audit Committee

Mr. Mahesh Gupta (Chairman)
Ms. Mini Menon
Mr. Pramod Kabra

Nomination & Remuneration Committee

Mr. Mahesh Gupta (Chairman)
Mr. Anil Singhvi
Ms. Mini Menon
Mr. Pramod Kabra

Stakeholders' Relationship Committee

Ms. Mini Menon (Chairman)
Mr. Pramod Kabra
Mr. Anil Singhvi

Corporate Social Responsibility Committee

Mr. Anil Singhvi (Chairman)
Ms. Mini Menon
Mr. Pramod Kabra
Mr. KK Rajeev Nambiar

Risk Management Committee

Mr. Mahesh Gupta (Chairman)
Ms. Mini Menon
Mr. Pramod Kabra

CHIEF FINANCIAL OFFICER

Mr. Vikas Kumar

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Suresh Kumar Meher

OTHER SENIOR MANAGEMENT TEAM

Mr. P.R. Singh - VP (Marketing)
Mr. T.L. Narendran - VP (Project & Procurement)
Dr. Girish Mehta - VP (MRM & Logistics)
Mr. R. Krishnakumar - VP (Manufacturing)

AUDITORS

B S R & Associates LLP
Chartered Accountants

COST AUDITORS

M/s. Kiran J Mehta & Co.

INTERNAL AUDITORS

M/s. RSM Astute Consulting Pvt. Ltd.

SECRETARIAL AUDITORS

M/s. Manoj Hurkat & Associates

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.

REGISTERED OFFICE AND WORKS

P.O. Digvijaygram - 361 140,
Via. Jamnagar (Gujarat)
Telephone : (0288) 2344 272 - 2344 275
Fax No. : (0288) 2344 092 & 2344 214
Website : www.digvijaycement.com

CORPORATE IDENTIFICATION NUMBER

L26940GJ1944PLC000749

10 YEARS FINANCIAL HIGHLIGHTS

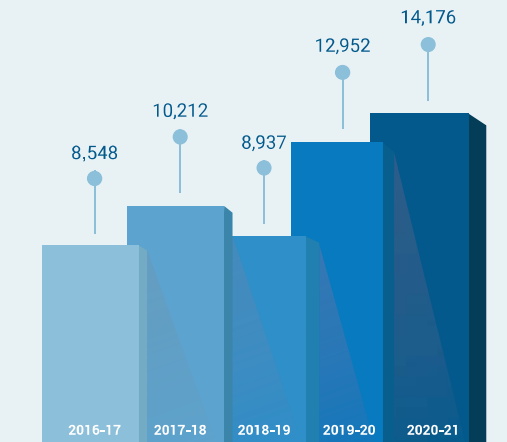
(All Amounts are in Rs. Crores, unless otherwise stated)

OPERATING RESULTS	IND AS					PREVIOUS GAP				
	Mar '21 12 mths	Mar '20 12 mths	Mar '19 12 mths	Mar '18 12 mths	Mar '17 12 mths	Mar '16 15 mths	Dec '14 12 mths	Dec '13 12 mths	Dec '12 12 mths	Dec '11 12 mths
Total Revenue (Net of Excise Duty/ Net of GST)	509.14	472.09	441.11	419.72	327.04	481.22	421.18	337.84	391.99	338.61
Material Cost	96.39	81.52	99.01	102.68	69.23	105.55	117.77	83.67	79.14	65.66
Employee Benefit Expenses	36.62	34.39	28.99	26.94	26.27	34.69	23.32	21.93	23.53	22.29
Power & Fuel Cost	134.70	139.09	154.56	119.73	101.80	151.30	132.94	129.79	147.57	134.71
Other Expenses	130.07	113.94	127.38	116.17	109.92	145.43	122.23	107.18	92.06	96.14
Depreciation and Amortisation	26.83	24.80	23.99	22.88	22.19	25.80	14.10	13.19	9.87	10.07
Finance Cost	1.59	1.78	3.86	10.69	11.47	13.20	7.17	2.63	1.04	0.29
Profit Before Tax and Exceptional Items	82.94	76.57	3.32	20.63	-13.84	5.25	3.65	-20.55	38.78	9.45
Exceptional Items	-	-	-	-	-	-	-	14.14	-12.15	-
Tax Expense	28.95	20.14	1.26	7.26	-4.79	-	-	0.83	9.67	-
Profit After Tax and Exceptional Items	53.99	56.43	2.06	13.37	-9.05	5.25	3.65	-35.52	41.26	9.45
Other Comprehensive Income	-0.38	-0.41	-0.85	0.90	-0.21	-	-	-	-	-
Total Comprehensive Income for the year/period	53.61	56.02	1.21	14.27	-9.26	5.25	3.65	-35.52	41.26	9.45
Earning Per Share - Basic	3.79	3.99	0.15	0.95	-0.64	0.37	0.26	-2.51	2.92	0.67
Earning Per Share - Diluted	3.66	3.96	0.15	0.95	-0.64	0.37	0.26	-2.51	2.92	0.67
Dividend Rs. Per Share	2.50	1.50	-	-	-	-	-	-	-	-
ASSETS EMPLOYED										
Fixed Assets (Net)	194.94	197.34	204.09	208.24	217.13	216.59	210.14	173.29	174.39	176.41
Other Assets (Net)	236.76	182.45	155.85	142.28	160.88	197.20	150.76	147.16	155.25	117.09
Total Assets	431.70	379.79	359.94	350.52	378.01	413.79	360.90	320.45	329.64	293.50
FINANCED BY										
Share Capital	142.29	141.38	141.38	141.38	141.38	141.38	141.38	141.38	141.38	141.38
Other Equity	168.77	135.02	78.34	77.13	62.86	56.96	51.71	48.06	83.58	42.32
Total Equity	311.06	276.40	219.72	218.51	204.24	198.34	193.09	189.44	224.96	183.70
NUMBER OF EQUITY SHARES (IN LACS)	1,422.93	1,413.74	1,413.74	1,413.74	1,413.74	1,413.74	1,413.74	1,413.74	1,413.74	1,413.74

KEY FINANCIAL INDICATORS

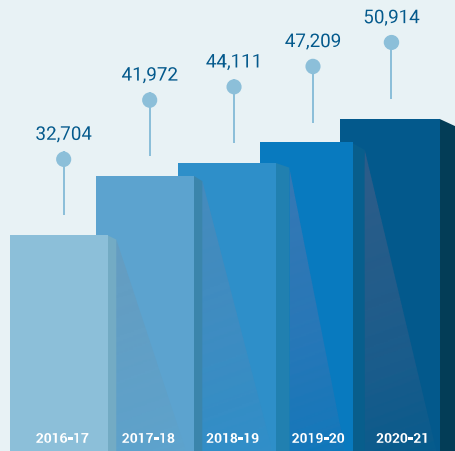


CONTRIBUTION TO EXCHEQUER

₹ In lakh


REVENUE GROWTH

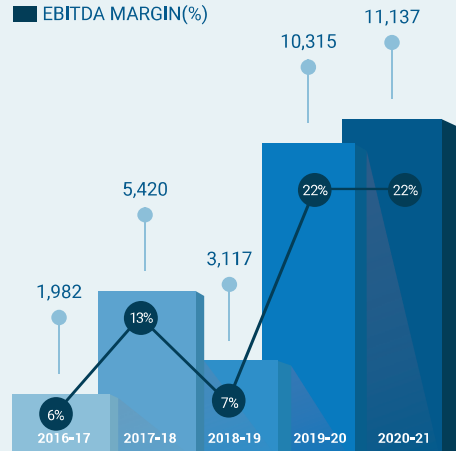
₹ IN LAKH



EBITDA / EBITDA MARGIN

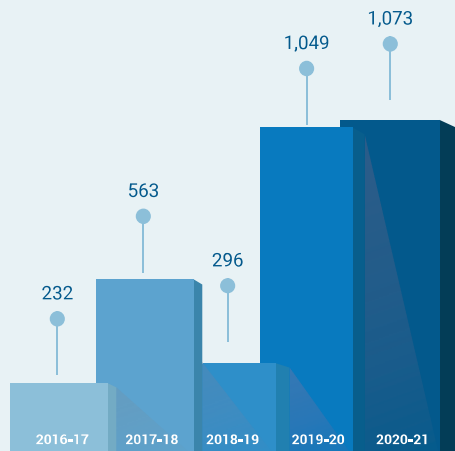
₹ IN LAKH

EBITDA MARGIN(%)



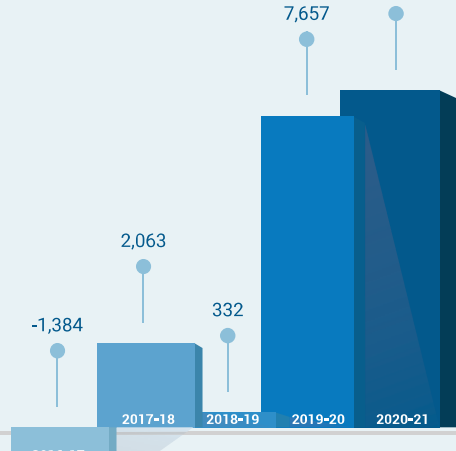
EBITDA PER TON

₹ PER TON



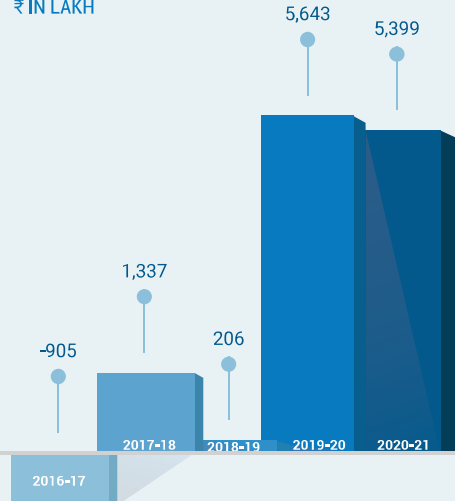
PBT

₹ IN LAKH



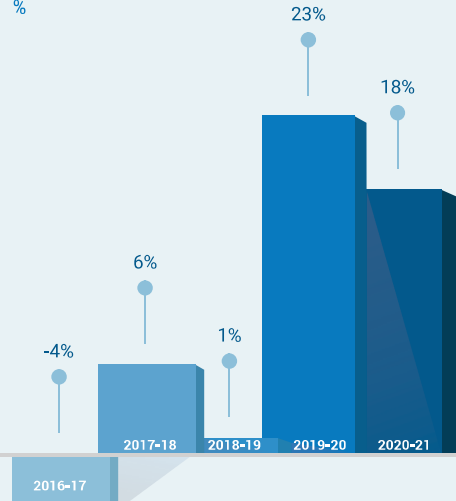
PAT *

₹ IN LAKH



ROE *

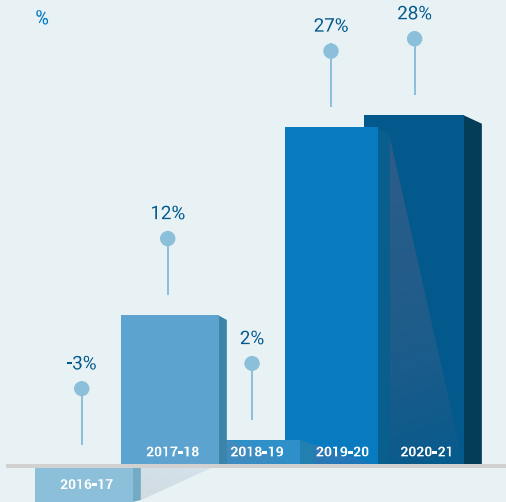
%



• Tax expense for the year ended March 31, 2020 is lower by ₹ 662.07 lakh on account of re-measurement of deferred tax assets (net), Resulted Higher PAT and ROE.

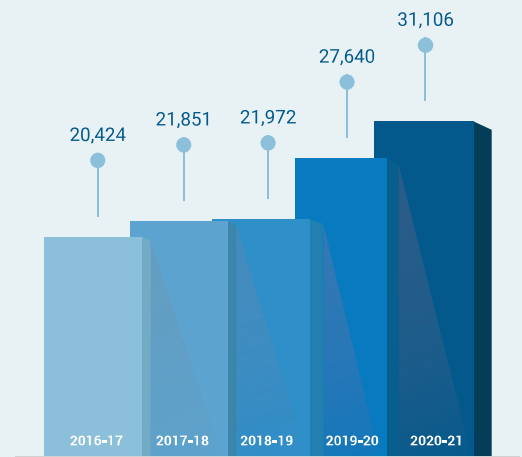
ROCE

%



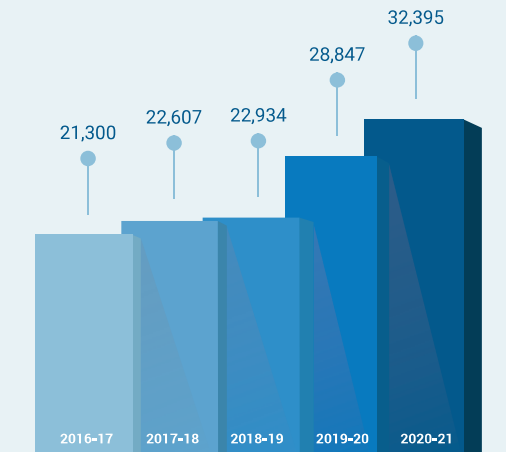
NET WORTH

₹ IN LAKH

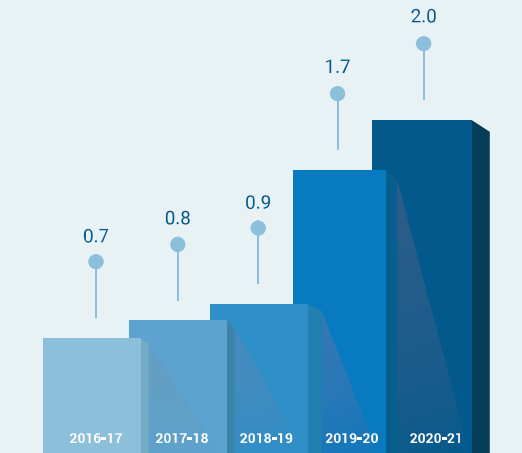


CAPITAL EMPLOYED

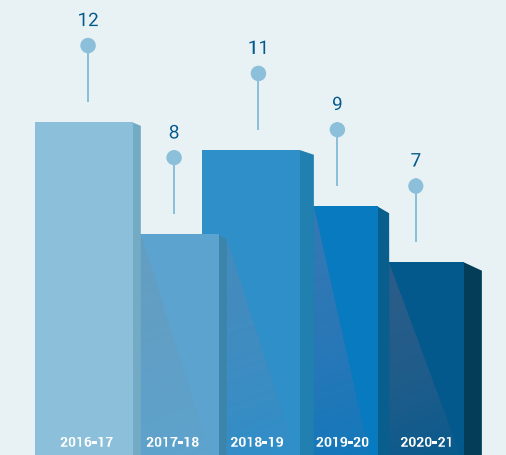
₹ IN LAKH



CURRENT RATIO



ACCOUNT RECEIVABLE DAYS



FIXED ASSETS TURNOVER RATIO

