



UCWL UDAIPUR CEMENT
WORKS LIMITED

SETTING THE STAGE FOR TOMORROW

ANNUAL REPORT 2020-21





UCWL UDAIPUR CEMENT WORKS LIMITED

Udaipur Cement Works Limited, is a subsidiary of one of the leading cement manufacturing companies of India, JK Lakshmi Cement Limited.

The Company has an integrated Cement Manufacturing unit with installed cement production capacity of 1.6 Million tonnes per annum (MTPA). Since its inception, the Company is committed towards boosting sustainability through adopting latest art of technology designs, resource efficient equipment and various in-house innovations. The Company has a 6 MW Waste Heat Recovery System that utilizes the waste heat of kiln and helps reducing the carbon footprint of the Company by 34058 tCO₂e per year and thereby saving 24724 tons of coal and 113529 KL of water compared to conventional thermal power plant.

Today the Company sources more than 48% of its power requirement from renewable sources of energy including 10 MW Solar Power Plant, which is estimated to be equivalent to plantation of about 45 Million Trees during its 25 years of effective life. This amount to saving of 3,00,210 Tons of CO₂ from the Environment.

The Company has done considerable work in the area of water conservation and stands certified at 2.76 times water positive. Instead of transporting limestone to cement plant through dumpers by road which would have generated more than 1557600 Kg of GHG on annual basis, the Company has installed a 6 km long Over Land Belt Conveyor (OLBC) to source raw material from its captive mine to the manufacturing plant that further adds value in gaining cost and environmental efficiency. With the blend of modern technology and rich legacy, UCWL manufactures world class cement under the brand name-Platinum Heavy Duty Cement. The cement is made using latest superior PSD Technology which provides a wide array of benefits to the consumers like 10% more volume, high initial strength, superior workability and fast setting.



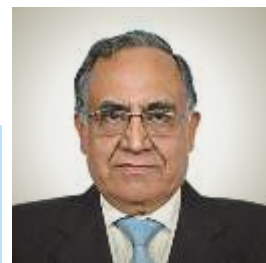
BOARD OF DIRECTORS



Vinita Singhania
Chairperson



Onkar Nath Rai
Director



Surendra Malhotra
Director



Amb. Bhaswati Mukherjee
Director



Shrivats Singhania
Executive Director



Naveen Kumar Sharma
Whole-time Director



Vinit Marwaha
Director

POONAM SINGH
Company Secretary

PRANAV CHITRE
Chief Financial Officer

REGISTERED OFFICE & WORKS

Shripati Nagar C.F.A., P.O. Dabok, Udaipur - 313022 (Rajasthan)

SECRETARIAL DEPARTMENT

Gulab Bhawan, 3rd Floor (Rear Wing), 6-A,
Bahadur Shah Zafar Marg, New Delhi - 110002

REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited, F-65, First Floor, Okhla
Industrial Area, Phase-1, New Delhi - 110020
Phone: 011-41406149-52, E-mail: admin@mcsregistrars.com

CORPORATE OFFICE

Nehru House 4, Bahadur Shah Zafar Marg, New Delhi - 110002

BANKERS

Axis Bank Limited | RBL Bank Limited

AUDITORS

Bansilal Shah & Co., Chartered Accountants, Udaipur

COMPANY WEBSITE : www.udaipurcement.com

OUR JOURNEY

2013

Restarting of Grinding
Section with a capacity of
6.3 Lac MT

2015

Expansion in
Grinding capacity to
7 Lac MT

2017

Starting of Integrated plant with Pyroprocessing Section
and New Cement Mill with enhanced Capacity of
16 Lac MT

2021

Launching of New Premium
Cement-Platinum Supremo
16 Lac MT



KEY FINANCIAL HIGHLIGHTS



UCWL UDAIPUR CEMENT
WORKS LIMITED

TURNOVER

7%

₹ 737.66
Crores

EBIDTA

20%

₹ 151.28
Crores

Profit After Tax
(PAT)

268%

₹ 54.74
Crores

The Market Capitalisation has also jumped from **₹ 234 Crore** as of 31st March 2020 to over **₹ 800 Crore** as on date.

Clinker Capacity is being enhanced from **1.20 Million Tonnes** to **1.50 Million Tonnes** and the Cement Capacity from **1.60 Million Tonnes** to **2.20 Million Tonnes** by September 2021.



THE YEAR THAT WAS



Platinum Supremo Cement Bag unveiled at Launch Event



Innovative Advertising for Brand Recall



Felicitating Business Associates under Supreme Bonanza Scheme



First Batch of Platinum Supremo Cement Flagged from UCWL Plant



On Assistance demo and Technical Van



Covid Appropriate behaviour practiced at UCWL Plant.



Regular Sanitisation of Residential Colonies in Plant during Pandemic.

AWARDS AND ACCOLADES



Brand Platinum Heavy Duty Cement - "Asia's Most Promising Brand - Cement Sector."



UCWL Awarded Best Employer 2019 with "Certificate of Excellence" under large Scale Category given by Employer's Association of Rajasthan



UCWL Awarded "Industrial Sector Safety Excellence" at 19th Annual Greentech Safety Summit.



UCWL Won "Enercon 2020" under the category "Creating Awareness on Efficiency & Energy Conservation" for Prime Generation of Green Energy organised by CII-Godrej, GBC



UCWL felicitated with the 8th Exceed Occupation Health, Safety, Security & HR Award



PLATINUM
HEAVY DUTY
CEMENT

हैवी ड्यूटी निर्माण के लिए



(50 KG BAGGED)
PORTLAND POZZOLANA CEMENT

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 25th Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended 31st March 2021.

FINANCIAL RESULTS AND STATE OF COMPANY AFFAIRS

	(₹ in Crores)	
	2020-21	2019-20
Sales & Other Income	737.66	686.88
Profit before Interest & Depreciation	151.28	126.04
Profit/(Loss) before Depreciation	97.50	61.09
Profit/(Loss) after Tax	54.74	14.89
Surplus/(Deficit) brought forward	(29.05)	(43.94)
Surplus/(Deficit) carried to Balance Sheet	25.69	(29.05)

PERFORMANCE

The Financial Year 2020-21 would go down as one of the most memorable year in the Company's history. The year as we all know started with continued lockdown from last month of the previous financial year on account of first wave of the global pandemic. Despite this lockdown upto 17th May 2020, when everything was looking too bleak, we could achieve a capacity utilization of 71% in the first quarter, thanks to rural demand and our ability to leverage the same. This performance gave us the hope and built enthusiasm in the team that despite uncertain year looming ahead, we can convert a tough situation into an opportunity and strive to achieve a good performance. Your Company precisely did the same and achieved still better.

During the year varying segments gave us opportunities at different times and we could grab all the possible opportunities because of effective coordination and agility of our teams, whether it is sales and marketing at the front end or manufacturing/support functions at the back end. During this pandemic year our Manufacturing/R&D team also developed one of the best premium products i.e. Platinum Supremo that we launched in March 21. The most satisfactory part is that in its very first month of launch, product has got very enthusiastic acceptance from our customers. This same customer satisfaction acts as tonic for us to bring further improvement in our portfolio of various products and services.

During Financial Year 2020-21, the Company's Cement Production & Sales stood at 9.64 and 9.66 Lakh tonnes respectively. Additionally, we sold 5.81 Lakh tonnes of Platinum Heavy Duty Cement through trading activities and 4.89 Lakh tonnes of clinker. Thereby, Company recorded an all-time High Sales of ₹ 737.66 Crores, showing a jump of 7% over sales of ₹ 686.88 Crores achieved in the previous Financial Year.

Your Company has been working very aggressively on various operational efficiency improvement levers. Financial Year 2020-21 has seen significant uptick in improvement in our geo and product mix besides improvement in our supply chain efficiency. In Financial Year 2020-21, despite significant diesel's price rise, Company has been able to contain its logistics cost by reducing its lead and improving its direct deliveries from Plant significantly. All these levers combined resulted into a healthy EBITDA numbers for the Financial Year 2020-21 i.e. ₹ 151.28 Crores against ₹ 126.04 Crores achieved in the previous Financial Year, this corresponds to a satisfactory rise of 20 %. After providing for Interest, Depreciation & Tax, the Profit After Tax (PAT) for the Financial Year 2020-21 stood at ₹ 54.74 Crores as against ₹ 14.89 Crores recorded in the previous Financial Year, registering a rise of 268 %.

Based on the stupendous performance of the Company during the Financial Year 2020-21, the Market Cap of the Company has also jumped from ₹ 234 Crores as of 31st March 2020 to over ₹ 800 Crores as on date.

PROGRESS OF THE PROJECTS & EXPANSION

As mentioned last year, the Company had taken up for implementation a De-bottlenecking & Balancing Scheme wherein the Clinker Capacity was being enhanced from 1.20 Million Tonnes to 1.50 Million Tonnes and the Cement Capacity from 1.60 Million Tonnes to 2.20 Million Tonnes by September 2021. Despite all adversities posed by the COVID-19 crisis, your Company has successfully commissioned the capacity augmentation Project. Some minor left out jobs are under progress and shall be completed as per the target.

Your Company, is also working towards installation of new Clinkerization Line and Grinding Unit at Udaipur. This shall boost Clinker Capacity by additional 1.5 Million Tonnes and Cement Grinding Capacity by another 2.5 Million Tonnes. After the completion of the Expansion, the Company's total Clinker Capacity shall be 3.00 Million Tonnes and Cement Capacity shall be 4.7 Million

Tonnes. This Project has an estimated capital outlay of ₹ 1,400 Crores and expected to be commissioned over a period of 3 years. The Company has received Environmental Clearance for the Project and other clearances like approval from the Airport Authority of India, Rajasthan State Pollution Control Board etc. are in process.

OUTLOOK FOR INDIAN ECONOMY, INDUSTRY STRUCTURE AND DEVELOPMENTS

In the just concluded Quarter of Jan to Mar' 2021, the demand recovery across the country was clearly visible and believing that the Covid disaster is behind us, the Industry was bracing itself to meet surge of demand in the new Financial Year. However, the Second Wave has hit us with a ferocity and suddenness that has taken the entire country completely unaware and unprepared, bringing us back to almost similar position which was experienced from 3rd week of March, last year or even worse in some markets.

The Second wave has given us a grim reminder that uncertainty, as we are presently experiencing is a likely situation that we are going to be in for some time to come. However, despite these uncertainties it is also obvious that deficiencies in the infrastructure and not just health even otherwise have added to woes of our country in the two Covid waves that we have witnessed and therefore as soon some semblance of normalcy is restored, correction of these deficiencies would assume top priority. Construction activities can therefore be one of the first economic activity to commence as soon this Wave subsides. So, while Q1 can be expected to follow more or less pattern of last year's Q1, the famed resilience our economy will propel Q2 and subsequent quarters to perhaps more than make up for shortfall in Q1.

We also expect that some of the behavioral changes induced by the pandemic would have long term impact on the composition of demand especially in residential and institutional sectors. Permanently, Work From Home being adopted in certain sectors would create the new market for low rise and larger residential units slightly away from the congested urban centers. This auger well for the Cement industry in the short to medium terms.

OPPORTUNITIES & THREATS

The pandemic has induced behavioural changes in the life and work styles; some of which may become permanent. Such changes are both opportunities and

threats for the industry. Work From Home is increasingly being adopted across various sectors in the industry so much so that a few of them have already announced this as a permanent option for their work force. This move on one hand would reduce the demand for large office spaces but at the same time would create the need for a larger homes for many families. Less visits to market place on one hand would reduce the need for retail space but at the same time would create the need for larger warehouses and redistribution centres. Developers and Builders will look forward to undertake a fewer projects but would strive to complete them fast and in defined time frame. These changes would call for a big change in the construction technologies, construction practices and products used in construction. 'Time Saved' shall now have a realistic tangible value assigned to it as the pressure to reduce Stock in Process and Working Capital locked in it, builds up.

RISKS AND CONCERNS

Since March'20, COVID-19 has impacted the Socio-Economic and Financial fabric of the economy, both at macro as well as at micro level. Due to pandemic, the Central Government reforms have not been able to fully unleash themselves to their full potential. Some of the projects will either remain deferred or postponed at least for the near future. Resources are getting dried up in combatting the pandemic and sustaining rather than growth. We see Construction and Real Estate as being one of the worst hit sectors. Globally, we see second wave badly hitting nations like us and some countries are now reeling under a third wave impact. To add to the woes, fuel/coal prices have seen exorbitant rise globally, thereby increasing variable costs. Distribution channels and supply chains in all sectors are hit. Needless to say, this has resulted in increase in input costs.

However, your Company through its prudent management and efficient and economic use of resources has managed to mitigate the risk and has been able to present the said financial results.

A lingering concern for the Cement Industry viz. High GST Slab of 28% does still remain. The Industry has already made several representations to the government in the past for reduction in the GST rates on Cement from 28% to 18%. In the backdrop of the slowdown of the Economy, the Industry is ever hopeful that the government will reduce the GST rate of Cement