

 Early Warning System

IFC-38831

STG Cement



## Quick Facts

<b>Countries</b>	Myanmar
<b>Specific Location</b>	Thazi District, Mandalay region
<b>Financial Institutions</b>	International Finance Corporation (IFC)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	A
<b>Voting Date</b>	2017-07-31
<b>Borrower</b>	SHWE TAUNG CEMENT COMPANY LIMITED
<b>Sectors</b>	Industry and Trade
<b>Investment Type(s)</b>	Loan
<b>Investment Amount (USD)</b>	\$ 20.00 million
<b>Project Cost (USD)</b>	\$ 110.00 million



## Project Description

The project involves a \$15 million equity investment and a \$20 million loan to Shwe Taung Cement Limited (“the company” or “STC”) to support expansion of an existing cement plant located within the Mandalay Region of Myanmar. IFC will also provide support to mobilize additional debt and equity for the company.

STC is part of the ShweTaung Group, one of the leading corporations in Myanmar which aside from the cement operations, is involved in the supply of construction materials, real estate development, trading, retail and hospitality, and energy projects. STC is the holding company for the Group’s cement plant, Shwe Taung Mining Limited (“STM”) and High Tech Concrete Co. Limited (“HTC”).

The cement plant commenced operations in 2014 and is located on 184 hectares within a valley of the Tha Pyae mountain range (map link: <http://bit.ly/2o8EKwG> ) The closest community is Kyubin village (56 households) located some 3 km north of the plant. This village is accessed via a road that bypasses the plant and connects with the main access road to the site. This main access road connects with the larger community of Pyi-Nyaung (535 households) which is located approximately 7 km south of the site. Pyi-Nyaung is situated adjacent to a major road which connects Thazi town to Taunggyi, the capital of Shan State which is 72 km away from the site. Beyond these villages there are no other communities in proximity to the site.

Currently the cement plant has a 1,500 ton per day kiln, limestone crusher, storage facilities for limestone, mudstone, gypsum, coal, clinker and cement, administrative offices, staff accommodation, various workshops and equipment storage facilities. The proposed expansion of the cement plant will occur within the confines of the existing plant on land previously cleared and will include a new 4,000 ton per day kiln with 5 MW waste heat recovery unit, an additional limestone crusher, new limestone storage area, clinker silo and another cement grinding mill. Also, a staff accommodation village will be built as part of the project.

A mudstone quarry is located immediately west of the cement plant and cover an area of some 68 hectares for the supply of mudstone to the plant. Some 97,000 tons of mudstone is currently extracted per annum (pa) from the quarry and once the plant has expanded, the plant will require an additional 260,000 tons pa of mudstone; the mudstone is transported via road to the plant.

Some 800m east of the plant is a 243-hectare limestone quarry with limestone extracted via the drill and blast method. Approximately 750,000 tons of limestone is required annually for the existing operating capacity and following the expansion, an additional 2 million tons pa of limestone will be required. Limestone is presently transported by road to the limestone crusher located on the plant boundary, however as part of the expansion, a belt conveyor will be installed to transfer limestone directly to the crushers from the quarry.

STM operate the mudstone and limestone quarries and a coal mine located in Sagaing region in western Myanmar, about 150 km from the plant site (map link:<http://bit.ly/2o8U8Ju>) which supplies coal to the cement plant, its sole customer for coal. The coal mine covers an area of some 1,376 hectares and is 15 km in length and 900 meters wide. The villages of Paluzawa (59 households), Chaungzon (19 households) and Nanmawke (14 households) are located 5 km to the west of the mine and are the only communities located in proximity to the facility. Coal extraction is via the open cast method with annual production currently at some 60,000 tons per annum and this will increase to 150,000 tons once the expansion is complete. Additional coal as required by the cement plant is sourced locally from suppliers and traders which supply to various customers and not exclusively to STC. Following the expansion, coal may need to be imported as well. Coal from the mine is transported via a 5 km road and then stored at a staging area located adjacent to the Chindwin River. From this point the coal is transported via barge to Mandalay and then by road to the plant which is some 220 km. The coal mine only operates during the dry season for up to 6 months and stockpiles coal for the remaining time of the year as used at the cement plant. There is a small office and fuel storage area adjacent to the coal staging area, while the main storage area and machinery / vehicle staging areas for the



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## Investment Description

- International Finance Corporation (IFC)

The proposed IFC investment in STC comprises of investment in common equity for up to US\$15 million and providing an A Loan of up to US\$20 million. IFC is also looking to mobilize upto US\$20 million through syndication of Parallel Loans and upto US\$20 million investment in common equity from IFC AMC Emerging Asia Fund (“EAF”).



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## Contact Information

Shwe Taung Cement Co. Ltd.

Kyaw Naing Soe

Deputy Managing Director

+9518603345

kn.soe@shwetaungcement.com

## ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org). You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



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## Bank Documents

- [Supplementary ESIA Report 6 April 2017\\_final\\_combined1](#)

## Media

- [IFC Approves Support for Controversial Tycoon's Mandalay Cement Project](#)
- [IFC urged to turn down cement plant partnership](#)