



46th Annual Report
2019-2020

Gujarat Sidhee Cement Limited

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GENERAL INFORMATION

BOARD OF DIRECTORS

Mr. M. N. Mehta
Chairman

Mr. Jay M. Mehta
Executive Vice Chairman

Mrs. Juhi Chawla Mehta
Non-Executive Director

Mr. Hemnabh Khatau
Non-Executive Director

Mr. Venkatesh Mysore
Non-Executive Director

Dr. Rahul B. Gupta, IAS
Non Executive Director,
Non-Independent
(Nominee of GLIC Limited)

Mr. M. L. Tandon
Non-Executive
Independent Director

Mr. Bimal Thakkar
Non-Executive
Independent Director

Mr. M. N. Rao
Non-Executive
Independent Director

Mr. K. N. Bhandari
Non-Executive
Independent Director

Mrs. Bhagyam Ramani
Non-Executive
Independent Director

Mr. Ashwani Kumar
Non-Executive
Independent Director

Mr. M. N. Sarma
Non-Executive
Independent Director

Mr. M. S. Gilotra
Managing Director

CFO & COMPANY SECRETARY

Mr. V. R. Mohnot

AUDITORS

M/s. Bansi S. Mehta & Co
Chartered Accountants

REGISTERED OFFICE & WORKS

Sidheegram, PO – Prashnawada BO,
Tal: Via Sutrapada SO Taluka, Pin Code: 362275,
Dist. Gir Somnath, Gujarat.
Tel. 02876 - 268200, Fax: 02876 - 286540
CIN: L26940GJ1973PLC002245

REGISTRARS & TRANSFER AGENT:

M/s. Link Intime India Pvt Ltd
(Unit: Gujarat Sidhee Cement Limited)
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West), Mumbai - 400 083.
Tel. 022- 49186000, Fax : 022-49186060

CORPORATE OFFICE

N. K. Mehta International House, 2nd Floor,
178, Backbay Reclamation, Mumbai 400 020.
Tel. 022- 66365444, Fax : 022-66365445

WEBSITE:

www.gujaratsidheecementlimited.com

BANKERS

HDFC Bank Ltd.
State Bank of India

BOARD'S REPORT

To
The Members,
Your Directors takes pleasure in presenting the 46th Annual Report along with the Audited Accounts and Auditors Report for the Financial Year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS

The highlights of the financial results for the Financial Year ended 31st March 2020 are given below.

(₹ in Million)

Particulars	Standalone		Consolidated	
	Current F.Y. (2019-2020)	Previous F.Y. (2018-2019)	Current F.Y. (2019-2020)	Previous F.Y. (2018-2019)
Revenue from Operation (Net of GST) & Other Income	5,898.84	5,781.77	5923.03	5,791.38
Profit/(Loss) before Interest, Depreciation, Exceptional Items and Tax	825.06	38.42	849.09	47.82
Finance Cost	68.22	66.06	67.39	64.08
Profit/(Loss) before Depreciation, Exceptional Items and Tax	756.84	(27.64)	781.70	(16.26)
Depreciation and Amortisation	107.99	97.88	107.99	97.88
Profit/(Loss) before Tax	648.85	(125.52)	673.71	(114.14)
Current Tax Expense	115.33	2.12	115.92	2.46
Deferred Tax Adjustment	109.40	(57.94)	109.40	(57.94)
Profit/(Loss) before share in profits of Associate	424.12	(69.70)	448.39	(58.66)
Share in Profit of Associate	-	-	-	-
Profit/(Loss) for the Year	424.12	(69.70)	448.39	(58.66)
Total Other Comprehensive Income (net of tax)	(3.33)	(4.34)	(268.99)	(304.13)
Total Comprehensive Income	420.79	(74.04)	179.40	(362.79)
Retained Earnings – Opening Balance	2,161.74	2,235.77	2457.48	2,520.47
Add/(Less):				
Profit/(Loss) for the Year	424.12	(69.70)	448.39	(58.66)
Remeasurement of Defined Benefit Plan (Net of tax)	(3.33)	(4.33)	(3.33)	(4.33)
Less : Equity Dividend & Dividend Distribution Tax thereon	105.40	-	105.40	-
Retained Earnings – Closing Balance	2,477.13	2,161.74	2,797.37	2,457.48

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report is provided in a separate section and forms a part of this Report as **Annexure A**.

CORPORATE GOVERNANCE

Corporate Governance guidelines and best practices are diligently complied in accordance with the requirements of Regulations 17 to 27 & Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time. Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, report on Corporate Governance along with Auditors Certificate on its compliance is annexed separately to this report. A declaration by the Managing Director that the Board

and Senior Executives have complied with the Code of Conduct of the Company also forms a part of this Report as **Annexure B**.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION AND CHANGE IN BUSINESS

In view of the Nation wide lockdown w.e.f 25th March 2020 due to COVID-19 being declared as a pandemic; the factory of your Company at Sidheegram, Dist: Gir Somnath, Gujarat was completely shut down from 25th March 2020 till 31st March 2020. The business may be impacted due to the lockdown leading to reduction in the economic activity going forward.

No other material change(s) and commitment(s), have occurred between the end of the Financial Year and the date of this Report,

which has affected the Financial Statements of the Company with respect to the reporting year.

There has been no change in the nature of business of the Company during the Financial Year ended on March 31, 2020.

PERFORMANCE HIGHLIGHTS

Your Company has been constantly striving to maximize the profitability and to focus upon sustainable development. During the year under review your Company has “retained and sustained” the existing customers, has worked towards reducing the fixed overheads and enhancing the productivity.

During the year under review,

- Clinker Production was 1.24 million tons.
- Cement Production was 1.16 million tons in commensurate with demand.
- Total income for the year was ₹ 5898.84 million, 2.02% higher than the previous year of ₹ 5781.77 million.
- Net profit before tax for the year 2019-2020 was ₹ 648.85 million, compared to loss of ₹125.52 million in FY 2018-2019. The profitability in the previous year was lower due to high input costs and low realizations.

DIVIDEND

In view of enhancing shareholder's value, the Board of Directors of your Company, during the Financial Year, has declared interim dividend for the period ended 31st December, 2019. The Board has declared and paid interim dividend of ₹1/- per equity share of the face value of ₹10/- each (@ 10%) aggregating to ₹87.43 million on 10.2.2020.

An amount of ₹17.97 million was paid as dividend distribution tax on the interim dividend declared by the Board.

The Board of Directors of your Company, after considering overall circumstances has decided that it would be prudent, not recommending any Final Dividend for the Financial Year 2019-2020.

FINANCIAL STATEMENTS

The Audited Standalone and Consolidated Financial Statements of the Company which forms a part of this Annual Report have been prepared pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, in accordance with the provisions of the Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015.

The Consolidated Net Profit of the Company is ₹448.39 million for the Financial Year ended 31st of March 2020.

SHARE CAPITAL

Equity Share Capital

The paid up Equity Share Capital of the Company as on 1st April 2019 including the forfeited shares was ₹ 869.66 million. The paid up Equity Share Capital of the Company as on 31st of March 2020 including the forfeited shares was ₹ 874.78 million. During the year, 5,12,629 Equity

Shares of ₹10/- each were allotted to the employees in accordance with the Gujarat Sidhee Employee Stock Option Scheme 2017.

Employee Stock Option Scheme

The disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Section 62(1) (b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is given as **Annexure C** to this Report.

DEPOSITS

During the year under review, your Company has not accepted/received any deposits falling within the ambit of Section 73 of the Act and not under the exceptions provided under Rule 2 of the Companies (Acceptance of Deposits) Rules, 2014.

RELATED PARTY TRANSACTIONS

All transactions entered into with related parties are in accordance with approvals being granted by the Audit Committee, Board and Members at the Annual General Meeting (as applicable). The other details as required under SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Section 134 (3) of the Companies Act, 2013 are mentioned in the Corporate Governance Report.

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto is Annexed herewith at **Annexure D** in Form No.AOC - 2.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in Notes to the Standalone Financial Statements.

INTERNAL CONTROL SYSTEMS AND INTERNAL AUDIT

The Company has adequate internal control procedures commensurate with its size and nature of business. In accordance with the requirements, the Company has appointed Internal Auditors who periodically audit the adequacy and the effectiveness of internal controls and procedures as laid down by the management and suggest improvements.

Your Company has adequate internal financial control system and framework in place to ensure:

1. The orderly and efficient conduct of its business including adherence to Company's policies;
2. Safeguarding of its assets;
3. The prevention and detection of frauds and errors;
4. The accuracy and completeness of the accounting records; and
5. The timely preparation of reliable financial information.

The Audit Committee of the Board of Directors approves from time to time the quarterly audit assignments, reviews the progress of audit findings presented by the Internal Auditors and Statutory Auditors on Internal Financial Controls. Also the status of the implementation of audit recommendations and adequacy of the internal controls and procedures is reviewed by the Audit Committee.

INSURANCE

All the properties including buildings, plant, machinery and stocks have been adequately insured.

SUBSIDIARY AND ASSOCIATE COMPANIES

Your Company has one material subsidiary company; namely, Villa Trading Company Private Ltd. as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Section 136 of the Companies Act, 2013 has exempted listed companies from attaching the financial statements of their Subsidiary Company to the Annual Report of the Company. In accordance with the proviso to sub sec (1) of sec 136; a copy of the audited annual accounts of Villa Trading Company Private Limited is provided at the following link : <http://gscl.mehtagroup.com/subsidiary-companies-financial-reports/villa-trading-company-private-limited>

In accordance with Section 129(3) of the Companies Act, 2013 read with the rules made there-under; a statement containing the salient features of the Financial Statements of the Company's subsidiary is disclosed separately in this Annual Report under Form AOC 1.

Secretarial Compliance Report of the material subsidiary for the year ended 31st of March 2020 from Tanuja Jalan & Co, Company Secretaries, pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto as **Annexure E**.

The Company will make available the Annual Accounts of the subsidiary company to any Member on their request and shall also be kept open for inspection by any Member at the Registered office of the Company. The statement is also available on the website of the Company at <http://gscl.mehtagroup.com/investors/financials>.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Appointment of Directors

Dr. Rahul B. Gupta, IAS, has been appointed as Additional Director categorized as Non-Independent Non-Executive (nominated by GILC Limited) at the meeting of the Nomination and Remuneration Committee and the Board of Directors of the Company held on 19th May 2020 upto the conclusion of the ensuing Annual General Meeting and eligible for reappointment.

Reappointment of Director(s)

The tenure of Mr. Jay Mehta as the Executive Vice Chairman is upto 31st of December 2020. The Nomination & Remuneration Committee at its meeting held on 12th May 2020 approved re-appointment of Mr. Jay Mehta as the Executive Vice Chairman for a further period of 3 (Three) years with effect from 1st January 2021 to 31st December, 2023 and recommended to the Board for its approval. The Board at its meeting held on 19th May 2020 considered the recommendation

of Nomination & Remuneration Committee and approved the said reappointment and recommended to the Shareholders for its approval.

The tenure of Mr. M.S. Gilotra as the Managing Director is upto 31st of December 2020. The Nomination & Remuneration Committee at its meeting held on 12th May 2020 approved re-appointment of Mr. M. S. Gilotra who shall attain the age of 70 years on 17th September 2020 as the Managing Director for a further period of 3 (Three) years with effect from 1st January 2021 to 31st December, 2023 and recommended to the Board for its approval. The Board at its meeting held on 19th May 2020 considered the recommendation of Nomination & Remuneration Committee and approved the said reappointment and recommended to the Shareholders for its approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Hemnabh Khatau (DIN: 02390064), will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Brief resume of Directors seeking re-appointment along with other details as stipulated under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed herewith as **Annexure F**.

The Board recommends the re-appointment.

Cessation of Director

Mr. Sharad Bhatt (DIN: 08352893), Additional Director categorized as Non-Independent Non-Executive Director (Nominated by GILC Limited) ceased to be the Director of the Company with effect from 4.3.2020 under Section 168 of the Companies Act, 2013.

The Board places on record the valuable services rendered to the Company by Mr. Sharad Bhatt during his tenure as Director of the Company.

Appointment / Change in Other Key Managerial Personnel

During the year under review, the Nomination & Remuneration Committee and the Board of Directors at their meetings held on 24th May, 2019, approved re-appointment of Mr. V. R. Mohnot as CFO & Company Secretary (KMP) for a further period of 5 years effective from 10th September 2019.

INDEPENDENT DIRECTORS' DECLARATION

The Company has received the necessary declaration from each Independent Directors in accordance with Section 149 (6) of the Companies Act, 2013 and Regulation 25 & 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that he/she meets the criteria of independence as laid out in the Section.

Disclosure pertaining to disqualification of Directors:

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; a certificate has been received from M/s. Ragini Chokshi & Co, Practicing Company Secretaries that none of the Directors on the Board of the Company have been disqualified to act as Director. The same is enclosed herewith as **Annexure G**.

Annual Evaluation by the Board of its own performance, its Committees and Individual Directors

In accordance with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors has put in place a mechanism for evaluation of its performance, Committee's and Individual Directors. The evaluation process considers attendance of Directors at the Board and Committee meetings, participation at the meetings, domain knowledge in the Board Meeting, awareness and observation of Governance etc. Accordingly, evaluation sheet gets circulated to the Board / Committee members and the Board carries out annual performance evaluation. The responses being received were evaluated by the Board.

MEETINGS OF THE BOARD AND COMMITTEES

During the year under review, four Board Meetings were held. These meetings were held on 24th day of May 2019, 9th day of August 2019, 13th day of November 2019 and 10th day of February 2020. The details of number of meetings of the Board and various Committees of your Company are set out in the Corporate Governance Report, which forms part of this report.

SECRETARIAL STANDARDS

The Company has in place proper system to ensure compliance with the provisions of the applicable Secretarial Standards i.e. SS-1 and SS-2, issued by The Institute of Company Secretaries of India. The Company is in compliance with the relevant standards.

NOMINATION & REMUNERATION COMMITTEE AND POLICY

The Company has a Nomination & Remuneration Committee and has also adopted a Nomination & Remuneration Charter and Remuneration / Compensation Policy. The constitution of the committee along with the terms of reference to the committee is set out in the Corporate Governance Report. The Nomination and Remuneration Charter and Compensation Policy is available at the following links: <http://gscl.mehtagroup.com/policy/nomination-and-remuneration-charter> and <http://gscl.mehtagroup.com/policy/compensation-policy>

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed at **Annexure H**. There were 386 permanent employees of the Company as on 31st March 2020.

A statement showing names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rule 5(2) and 5(3) and other details as required of the aforesaid Rules, forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by Members at the Registered Office of the Company during business hours on

working days upto the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write at gsclinvestorquery@mehtagroup.com, whereupon a copy would be sent. Further, the details are also available on the Company's website at: <http://gscl.mehtagroup.com/investors>.

STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013 and Rules made there-under, the Company at its 44th AGM appointed M/s. Bansi S. Mehta & Co, Chartered Accountants (Firm Registration No. 100991W) as Statutory Auditors of the Company to audit the accounts of the Company for the Financial Year 2021-22 who shall hold office from the conclusion of the 44th Annual General Meeting till the conclusion of 48th Annual General Meeting of the Company.

The Report given by M/s. Bansi S. Mehta & Co, Chartered Accountants on the financial statements of the Company for FY 2019-2020 is part of the Annual Report.

SECRETARIAL AUDITORS

M/s. Ragini Chokshi & Co., Practicing Company Secretaries were appointed by the Board of Directors as the Secretarial Auditors of the Company to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the Financial Year 2019-20. The report of the Secretarial Auditors is annexed as **Annexure I** to this report. The report does not contain any qualification, reservation nor adverse remarks.

The Board of Directors of the Company on the recommendation of the Audit Committee appointed M/s. Ragini Chokshi & Co., Practicing Company Secretaries as Secretarial Auditor of the Company for the Financial Year 2020-21.

COST AUDITORS

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 and on the recommendation of Audit Committee, M/s. M. Goyal & Co. Cost Accountants, have been appointed by the Board as Cost Auditor of the Company for the Financial Year 2020-21. A Certificate of eligibility under Section 148 of the Companies Act, 2013 has been received.

As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution for seeking Members ratification for the remuneration payable to M/s. M. Goyal & Co., Cost Auditor, is included at item no. 3 of the Notice convening the Annual General Meeting.

COST RECORDS

The Cost accounts and records as required to be maintained under Section 148(1) of Act are duly made and maintained by the Company.

TAX AUDITORS

The Board of Directors on the recommendation of the Audit Committee appointed M/s. Bansi S. Mehta & Co., Chartered Accountants to carry out the Tax Audit for the Assessment Year 2020-21.

INTERNAL AUDITORS

The Board of Directors on the recommendation of the Audit Committee appointed Mr. Tushar J. Shah, Chartered Accountant to carry out the Internal Audit of the Company for the Financial Year 2020-21.

REPORTING OF FRAUDS BY AUDITORS

During the year, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Director's Report.

OTHER DISCLOSURES UNDER COMPANIES ACT, 2013 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

AUDIT COMMITTEE

The Company has an Audit Committee and details of its constitution, terms of reference are set out in the Corporate Governance Report.

RISK MANAGEMENT

Given the uncertain and volatile business environment, your Company faces risk pertaining to continuous changes in technology, geo-politics, financial markets, high cost of raw material, volatile price and demand, change in regulations etc. The impact due to the outbreak of COVID 19 Pandemic during the short terms and long term upon the business is still difficult to assess at the given point of time. To build a sustainable business that can weather these changes, companies need to manage risk and opportunities on a pro-active basis.

Accordingly, your Company has in place a Risk Management policy to identify risks, monitor and mitigate various risks to key business objectives. Major risks identified are being addressed by the plant, marketing and corporate through risk response strategies and subsequently mitigating actions is taken. The Risks as is escalated by the Executive Management is reviewed periodically by the Audit Committee and the Board and action taken as suggested.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed upon its responsibility towards the society. The objective of the Company's Corporate Social Responsibility (CSR) initiatives is to improve the quality of life of communities through long-term value creation for all stakeholders.

Your Company has always laid emphasis on progress with social commitment. Your Company believes strongly in its core values of empowerment and betterment of not only the employees but also its communities around. Your Company has impacted the lives of many in the neighbouring areas through its initiatives towards promoting education, healthcare, environment sustainability and rural development.

The Board of Directors, on the recommendation of the Corporate Social Responsibility Committee, formulated a Corporate Social Responsibility Policy for welfare of the society, which is in consonance with Section 135 of the Companies Act, 2013 on CSR and in accordance with CSR Rules notified by the Ministry of Corporate Affairs. The policy is available at the following link: <http://gscl.mehtagroup.com/policy/csr-policy>.

The constitution and functions of the Corporate Social Responsibility Committee is provided under the Corporate Governance Report.

During the year under review, your Company has undertaken various CSR activities during Financial Year 2019-2020 although it was not required under Section 135 of the Companies Act, 2013 on account of the losses. The initiatives undertaken by the Company has been provided in the Management Discussion and Analysis Report.

SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant/material orders passed by the regulators, any court or tribunal impacting going concern status of the Company and its operations in future.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013.

- (a) that in the preparation of the annual financial statements for the year ended 31st March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- (b) that the accounting policies as mentioned in Note No.I (B) to the Financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- (f) that systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

OTHER INFORMATION

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134 (3) (m) of the Companies Act, 2013 are provided in **Annexure J** forming a part of this Report.

Whistle Blower Policy/Vigil Mechanism

The Company has established a Vigil Mechanism / Whistle Blower Policy and the directors and employees of the Company can approach the

Audit Committee when they suspect or observe unethical practices, malpractices, non-compliances of policies, etc. The Whistle Blower Policy has been posted on the website of the Company at the following link: <http://gscl.mehtagroup.com/policy/whistle-blower-policy>

Prevention of Sexual Harassment at Workplace

The Company has zero tolerance towards sexual harassment at workplace and has adopted a formal policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace in line with the provisions on the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Detailed note is set out in the Corporate Governance report.

During the year under review, the Company has not received any complaints of sexual harassment from any of the women at work place of the Company.

Extract of the Annual Return

Pursuant to Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Annual Return in Form MGT-9 is annexed herewith as **Annexure K** is also available on the website of the Company at the following link: <http://gscl.mehtagroup.com/investors/annualreturn>.

OTHER DISCLOSURES:

1. Secretarial Compliance Report

The Company has received Secretarial Compliance Report for the year ended 31st March 2020 from M/s. Ragini Chokshi & Co., Practicing Company Secretaries, pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is annexed hereto as **Annexure L**.

2. No disclosure or reporting is made in respect of the following items as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as during the year under review with respect to:

- Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- No remuneration is paid / is payable to the Managing Director of the company from the subsidiary of the Company.
- Revision in the financial statements.

- Change in the nature of business.

GENERAL

Transfer of Shares

As notified under Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

Listing of Equity Shares

The Company's equity shares are listed on the BSE Limited and National Stock Exchange of India Limited (NSE). The Company has paid listing fees as prescribed for Financial Year 2020-21.

Staff Relations

Industrial relations at our factory and offices remained cordial.

Secretarial Standards

In accordance with SS-1, the Company has complied with all applicable secretarial standards.

Awards

During the year under review, the Company has received following Awards as a result of the Company's continuous efforts towards preserving the environment:-

- 1) Greentech Environment Award 2019 in the category of all India Cement Sector by the Greentech Foundation.
- 2) National Award Certificate for Environmental Excellence for outstanding achievement in the field of Environmental preservation by the National Council for Cement and Building Materials (NCCBM).

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation of the contribution made by the employees at all levels to the continued growth and prosperity of your Company.

The Board of Directors also wish to place on record their appreciation to the shareholders, dealers, distributors, consumers, banks and other financial institutions for their continued support.

On behalf of the Board of Directors

M.S.Gilotra
Managing Director
Place: Mumbai
Dated: 19/5/2020
(DIN: 00152190)

Jay Mehta
Exe.Vice Chairman
(DIN: 00152072)

Annexure A

MANAGEMENT DISCUSSION AND ANALYSIS**CEMENT INDUSTRY AND OUTLOOK**

India is the second largest cement producer in the world after China and accounts for over 8 per cent of the global installed capacity. The installed capacity in India as on 31st March 2020 was about 545 Million Tons. The per capita consumption of cement in India at about 235 kg is far below the world average of over 520 kg. Therefore the long term prospects of the industry remain positive.

The demand for cement in the country began on a positive note for the first few months in FY 2019-20, but dipped in the interim period due to a prolonged monsoon season and excess rainfall in many regions. The demand witnessed recovery again between November 2019 and February 2020. However, the COVID-19 pandemic outbreak resulted in plant stoppages and adverse impact on sales in March 2020. As a result, the cement production in FY 2019-20 decreased by about 0.8% to 334 Million Tons, as compared to 337 Million Tons in the Previous Year.

The demand for cement got contracted substantially in April 2020 due to the restrictions on construction activities in view of the pandemic & nationwide lockdown, displacement of labour, restrictions upon inter regional movement of cement & low availability of other building materials like sand, bricks, steel etc.

The adverse impact of the pandemic is expected to cast a shadow of uncertainty in the first two quarters of the current financial year. However it is expected to improve to some extent towards the third and fourth quarters, depending on success of containment efforts by industry and Governments.

The cement industry is rapidly moving towards sustainable operations with thrust on higher production of blended cement & by using waste materials like fly ash and slag. This resulted in the conservation of the minerals from mines, reduction in energy consumption through use of Waste Heat Recovery techniques, use of alternate fuels (agri waste, municipal waste, tyres, petroleum waste etc), lower emissions, low water requirements etc.

The Government's thrust on infrastructure especially concrete roads, ports, dedicated freight corridors, metro rail projects in all the major cities and development of 100 smart cities across India will provide long term stability to the cement demand growth and consequently cement industry prospects.

While the cement capacity additions which are nearing completion will go on-stream in the second half of FY 2020-21, the other cement projects which are under planning / implementation are likely to be delayed by over a year due to liquidity constraints in financial markets.

The cost of major inputs like coal, pet coke and diesel / crude have declined and are likely to remain at lower levels for major parts of FY 2020-21. This will help the cement companies to reduce the manufacturing and logistics costs and partly offset the high fixed cost due to lower capacity utilisations.

PERFORMANCE ANALYSIS

During the Financial Year ended 31st March 2020, your Company earned a net profit of ₹42.41 crores as against net loss of ₹ 6.97 crores in the previous Financial Year. The increase in profitability was mainly on account of stable price and demand, lower power and fuel cost, raw material cost, stores consumption & repairs, overheads cost coupled with higher price realisations.

Since cement is the core business of the company, majority of the revenue and profitability comes from the sale of different types of cement.

KEY FINANCIAL RATIOS

The details of significant changes in key financial ratios of the Company for the current Financial Year vis-à-vis the previous Financial Year are given on the following Table:

Ratio	Current FY 2019-20	Previous FY 2018-19	Variance, %	Reason for variance
Debtors Turnover (Days)	10.91	8.29	32%	Slow recovery in the month of March due to lock down
Inventory Turnover (Days)	37.74	33.63	12%	Drop in sales in the month of March due to lockdown, though not significant
Interest Coverage Ratio	14.64	0.42	3359%	Better profitability
Current Ratio	0.90	0.68	33%	Reduction in current liabilities due to better cash inflows
Debt Equity Ratio	0.11	0.14	-25%	Decrease in long term borrowings and lower utilisation of Overdraft against Fixed Deposit
Operating Profit Margin (%)	14.11%	0.68%	1968%	Higher price realisations and lower fuel costs
Net Profit Margin (%)	7.25%	-1.24%	686%	Higher price realisations and lower fuel costs

The Return on Net Worth of the Company for the FY 2019-20 was 10.25% as against -1.84% in the Previous Financial Year. The reason for the change in the ratio was better profitability.