



47th Annual Report 2020-21

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

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

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

Mr. M. S. Gilotra
Managing Director

CFO AND COMPANY SECRETARY

Mr. V. R. Mohnot

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

AUDITORS

M/s Bansi S. Mehta & Co
Chartered Accountants

REGISTRAR & 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 are pleased to present the 47th Board Report along with the Audited Accounts and Auditors Report for the Financial Year ended 31st March, 2021.

FINANCIAL HIGHLIGHTS

The highlights of the financial results for the Financial Year ended 31st March 2021 are given below.

(₹ in Million)

Particulars	Standalone		Consolidated	
	2020-2021	2019-2020	2020-2021	2019-2020
Revenue from Operations (Net of GST) and Other Income	5,729.80	5,898.84	5,744.51	5923.03
Profit/(Loss) before Interest, Depreciation, Exceptional Items and Tax	628.21	826.93	642.67	W850.97
Finance Cost	51.04	70.09	50.43	69.27
Profit/(Loss) before Depreciation, Exceptional Items and Tax	577.17	756.84	592.24	781.70
Depreciation & Amortisation	105.64	107.99	105.64	107.99
Profit /(Loss) before Tax	471.53	648.85	486.60	673.71
Current Tax Expense	136.04	115.33	138.56	115.92
Deferred Tax Adjustment	42.59	109.40	42.59	109.40
Profit/(Loss) for the Year	292.90	424.12	305.45	448.39
Total Other Comprehensive Income (net of tax)	(2.33)	(3.33)	479.12	(268.99)
Total Comprehensive Income	290.57	420.79	784.57	179.40
Retained Earnings – Opening Balance	2,477.13	2,161.74	2,797.14	2457.48
Add/(Less):				
Profit/(Loss) for the Year	292.90	424.12	305.45	448.39
Remeasurement of Defined Benefit Plan (Net of tax)	(2.33)	(3.33)	(2.33)	(3.33)
Vested Employee Stock Options Lapsed	2.70	-	2.70	-
Less: Equity Dividend and Dividend Distribution Tax thereon	-	105.40	-	105.40
Retained Earnings – Closing Balance	2,770.40	2,477.13	3,102.96	2,797.14

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, a Management Discussion and Analysis Report is provided in a separate section and forms a part of this Report as **Annexure A**.

CORPORATE GOVERNANCE

Your Company has complied with all the mandatory provisions under Regulations 17 to 27 and Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time relating to Corporate Governance.

Pursuant to Regulation 34(3) and Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance is provided together with a Certificate from a Practicing Company Secretary pertaining to the compliance of regulations of Corporate Governance as stipulated under said SEBI Regulations. Further, 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

No 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.

CORPORATE RESTRUCTURING/ AMALGAMATION

The Board of Directors of the Company at its meeting held on May 19, 2020 decided to amalgamate Villa Trading Company Private Limited (VTCPL), its wholly owned subsidiary, and Bhadra Textiles and Trading Private Limited (BTTPL), its holding company, with the Company with effect from April 1, 2020, being the appointed date. In terms of the Scheme -

- i. on amalgamation of VTCPL with the Company, the shares held by the Company in the said subsidiary will be cancelled; and
- ii. on amalgamation of BTTPL with the Company, the shares held by the said holding company will be cancelled and equivalent number of new shares of the Company will be issued to the shareholders of BTTPL in proportion to their holding in BTTPL.

The application for amalgamation of VTCPL and BTTPL with the company was finally heard on 14th of June 2021, the order was pronounced on 22nd June 2021 and the same was certified by the Registrar on 28th of June 2021. However, as the order is not yet effective in accordance with section 232(5) of the Companies Act, 2013; the effect of the Scheme has not been considered in the preparation and presentation of the Financial Results/Statements.

PERFORMANCE HIGHLIGHTS

The year under review witnessed an unforeseen crisis in terms of Covid-19 pandemic which disrupted the global as well as the domestic economies as well as human lives. Migration of labour hit the construction activities in the housing as well as infrastructure sectors.

The Company's performance too was adversely affected during FY 2020-21 particularly during the first half of the financial year due to low demand on account of lockdown and restrictions imposed by the government authorities to control the spread of the Covid-19 pandemic.

As the restrictions were relaxed in a phased manner, the government thrust on infrastructure and the rural demand for housing resulted in revival of the construction activities. The cement demand improved from october 2020 with the release of pent up demand and return of migrant labour post diwali. Consequently the Company's sales and performance improved in the second half of the financial year.

During the year under review:

- Clinker production was 1.17 Million tons, 5.4 Per cent lower than the previous year.
- Cement production in FY 2020-21 was 1.15 Million tons, marginally lower than the previous year.
- Total cement and clinker despatches in FY 2020-21 were 1.33 Million tons 1% lower than the previous year.
- Total income for the year 2020-21 was ₹ 5729.80 Million, 2.8 % Lower compared to ₹ 5898.84 Million in the previous year.
- Net profit before tax for the year 2020-21 was ₹ 471.53 Million compared to ₹ 648.85 Million in FY 2019-20.

The profitability for FY 2020-21 was lower due to lower sales volume, lower price realizations, higher freight cost and higher cost of raw material (primarily limestone, gypsum and fly ash).

DIVIDEND

In order to conserve the resources of the Company for the business requirements of the company, the Board of Directors has not recommended any dividend for the financial year March 31, 2021.

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/Loss of the Company is ₹ 305.45 million for the financial year ended 31st of March 2021.

SHARE CAPITAL

Equity Share Capital

The paid-up Equity Share Capital of the Company as on 31st March 2020 excluding the forfeited shares was ₹ 874.78 million and as on 31st March 2021 excluding the forfeited shares was ₹ 882.01 million.

Employee Stock Option Scheme

During the year, 7,76,481 Equity Shares of ₹ 10/- each were allotted to the employees in accordance with Employee Stock Option Scheme 2017.

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. Independent Auditor's certificate on Employee Stock Option Plan in compliance with Regulations 13 of Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 is enclosed as **Annexure D** to this Report.

Reconciliation of Share Capital Audit Report

Keeping in view the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Stock Exchanges; a Secretarial Audit by the Practicing Company Secretary is carried out on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The said audit confirms that the total issued / paid - up capital / any change in the capital during the quarter tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

DEPOSITS

During the year under review, your Company has neither accepted nor renewed any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

POLICY ON RELATED PARTY TRANSACTIONS

Your Company has formulated a Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, the said policy was reviewed and revised by the Board of Directors in line with the amendments in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company has ensured that all the 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 134 (3) of the Companies Act, 2013 are mentioned in the Corporate Governance Report forms part of the Annual Report.

The particulars of every contract or arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 read with Rule 8(2) of Companies (Accounts) Rules, 2014 including certain arm's length transactions under third proviso thereto in Form No. AOC -2 is annexed herewith as **Annexure E**.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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 as at the end of the Financial Year 2020-21 are provided in the Standalone financial statements.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has instituted internal financial control systems which are adequate for the nature of its business and the size of its operations.

The policies and procedures are adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets and protecting against loss from unauthorised use or disposal and commercial transactions are authorised, recorded and reported correctly, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

Your Company accords greatest importance to the security of its information assets and has the requisite security controls and checks. Adequate storage and back-up system is maintained to ensure security and availability of data at all times.

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. All significant audit observations and follow up actions thereon are reviewed by the Audit Committee including the adequacy of internal controls systems.

The Audit Committee presents significant audit observations and corrective actions thereon to the Board of your Company.

INSURANCE

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

SUBSIDIARY AND ASSOCIATE COMPANIES

Your Company had one material subsidiary company viz, Villa Trading Company Private Limited which got amalgamated with the Company pursuant to the Hon'ble NCLT, Ahmedabad Bench order dated 22nd June 2021.

DIRECTORS

Appointment of Directors

NIL

Reappointment of Director

Mr. Jay Mehta, Executive Vice Chairman was reappointed for a period of 3 (three) years w.e.f. 01.01.2021 to 31.12.2023. The re-appointment of Mr. Jay Mehta was approved by the shareholders at the 46th Annual General Meeting held on 25th September 2020.

Mr. M. S. Gilotra, Managing Director was reappointed for a period of 3 (three) years w.e.f. 01.01.2021 to 31.12.2023. The re-appointment of Mr. Gilotra was approved by the shareholders at the 46th Annual General Meeting held on 25th September 2020.

Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, one-third of such Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every Annual General Meeting (AGM). Consequently, Mrs. Juhi Chawla Mehta (DIN: 00161706), will retire by rotation at the ensuing AGM and being eligible, offers herself for re-appointment in accordance with provisions of the Companies Act, 2013.

The brief resume of Director seeking re-appointment at the ensuing AGM along with other details in pursuance of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed herewith as **Annexure F** is annexed to the Annual General Meeting Notice.

The Board has confirmed that Mrs. Juhi Chawla Mehta satisfies the fit and proper criteria as prescribed under the applicable regulations and that she is not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013. The Board recommends the re-appointment.

Cessation of Director

NIL

KEY MANAGERIAL PERSONNEL

Appointment / Change in Key Managerial Personnel

During the year under review, there is no appointment / change in Key Managerial personnel pursuant to the provisions of Section 203 of the Companies Act, 2013.

INDEPENDENT DIRECTORS

1) Declaration:

Your Company has received declarations from all the Independent Directors confirming that they fulfil the criteria of independence as prescribed under Section 149(6) Companies Act, 2013 and Regulation 16(1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the fidelity of the same.

2) Disclosure pertaining to disqualification of Directors:

A certificate from M/s. Ragini Chokshi & Co, Practicing Company Secretaries has been received in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, confirming 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**.

3) Performance Evaluation of the Board, its Committees and Individual Directors, including Independent Directors

During the year under review, the Board of Directors have carried out an annual evaluation of its own performance, board committee and individual directors pursuant to provisions of the Companies Act, 2013 and Regulation 17(10) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In a separate meeting of Independent Directors which was held on 21st May, 2021, performance of Non-Independent Directors and the board as whole was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. Performance evaluation of the Independent Director was done by the entire board, excluding the Independent Director being evaluated.

Accordingly, the evaluation sheet gets circulated to each and every Board member and the Board carries out annual performance evaluation of the entire Board, Individual Directors, including Chairman. The responses being received were evaluated by the Board.

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 2021, 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.1 (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.

BOARD AND COMMITTEES' MEETINGS

During the year under review, four Board Meetings were held. These meetings were held on the 19th day of May 2020, 4th day of August 2020, 9th day of November 2020 and 1st day of February 2021. The details of Board meetings as well as Committee meetings are provided in the Corporate Governance Report forming part of this report.

COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has complied with Secretarial Standards on Meetings of Board of Directors (SS-1) and on General Meeting (SS-2) issued by the Institute of Company Secretaries of India in terms of Section 118 (10) of the Companies Act, 2013.

NOMINATION & REMUNERATION COMMITTEE AND POLICY

Your Company has in place 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 on the Company's website 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

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed at **Annexure H**. There were 373 permanent employees of the Company as on 31st March 2021.

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. Members interested in obtaining a copy thereof, may write at gsclinvestorquery@mehtagroup.com, whereupon a copy would be sent to such Member. Further, the details are also available on the Company's website at: <http://gscl.mehtagroup.com/investors>.

AUDITORS

STATUTORY AUDITORS

Pursuant to the provisions of 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 upto 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 2020- 2021 forms part of this report.

SECRETARIAL AUDITORS

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has appointed M/s. Ragini Chokshi & Co., Practicing Company Secretaries as Secretarial Auditor of the Company.

The Secretarial Audit Report submitted by them in Form MR-3 in accordance with Rule (9) of the Companies (Appointment and Remuneration Personnel) Rules, 2014 for the financial year ended March 31, 2021 is appended to this Report as **Annexure I**.

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 2021-22.

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with 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 2021-22. A Certificate of eligibility under Section 148 of the Companies Act, 2013 has been received.

As per the requirement of 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

Your Company has maintained cost accounts and records as per the requirements of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 for the year ended March 31, 2021.

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 2021-22.