



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

<http://gscl.mehtagroup.com>

BANKERS

HDFC Bank Ltd.
State Bank of India

BOARD'S REPORT

To,

The Members,

Your Directors are pleased to present the 48th Board Report along with the Audited Accounts and Auditors Report for the Financial Year ended 31st March 2022.

PERFORMANCE HIGHLIGHTS

The highlights of the financial results for the Financial Year ended 31st March 2022 are given below.

(₹ in Million)

| Particulars | Standalone | |
|--|------------|-----------|
| | 2021-2022 | 2020-2021 |
| Revenue from Operations (Net of GST) and Other Income | 7,104.65 | 5,744.51 |
| Profit/(Loss) before Interest, Depreciation, Exceptional Items and Tax | 456.06 | 642.75 |
| Finance Cost | 42.97 | 50.44 |
| Profit/(Loss) before Depreciation, Exceptional Items and Tax | 413.09 | 592.31 |
| Depreciation and Amortisation | 104.43 | 105.64 |
| Profit/(Loss) before Exceptional Items | 308.66 | 486.67 |
| Exceptional Items | - | - |
| Profit/(Loss) before Tax | 308.66 | 486.67 |
| Current Tax Expense | 96.49 | 138.55 |
| Deferred Tax Adjustment | 10.51 | 42.59 |
| Profit/(Loss) for the Year | 201.66 | 305.53 |
| Total Other Comprehensive Income (net of tax) | (10.00) | 479.12 |
| Total Comprehensive Income | 191.66 | 784.64 |
| Retained Earnings – Opening Balance | 3,092.46 | 2,786.57 |
| Add/(Less): | | |
| Profit/(Loss) for the Year | 201.66 | 305.53 |
| Remeasurement of Defined Benefit Plan (Net of tax) | 0.24 | (2.34) |
| Vested Employee Stock Options Lapsed | - | 2.70 |
| Retained Earnings – Closing Balance | 3,294.36 | 3,092.46 |

During the year under review:

- Clinker production was 1.40 Million tons, 20 Per cent higher than the previous year.
- Cement production in FY 2021-22 was 1.25 Million tons, 8 per cent higher than the previous year.
- Total cement and clinker despatches in FY 2021-22 were 1.43 Million tons 7.7 per cent higher than the previous year.
- Total income for the year 2021-22 was ₹ 7104.65 Million, compared to ₹ 5744.51 Million in the previous year.
- Net profit before tax for the year 2021-22 was ₹ 308.66 Million compared to ₹ 486.67 Million in FY 2020-21.

The market demand was affected by the second and third waves of COVID wherein several lives were lost. Though the efforts of the Governments were concentrated on the vaccination and providing health care facilities, the spending on infrastructure projects and affordable and rural housing continued resulting in continued cement consumption. There was an improvement in the cement prices during the financial year. However, the rising input costs was much higher compared to rise in the cement prices which has affected the profitability input cost was much higher compared to rise in the cement prices of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis Report pursuant to Regulation 34(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI LODR Regulations") for the year under review is presented in a separate section forming part of the Annual Report as **Annexure A**.

CORPORATE GOVERNANCE

In order to maximize shareholders value on a sustained basis, your Company has been constantly reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of SEBI LODR Regulations, applicable provisions of the Act and applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI').

A detailed Report on Corporate Governance, in terms of Regulation 34(3) and Part C of Schedule V of the SEBI LODR Regulations, is presented separately and forms part of the Annual Report along with the Certificate from a Practicing Company Secretary pertaining to the compliance of regulations of Corporate Governance as stipulated under said SEBI LODR 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, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

DIGITAL TRANSFORMATION

Your Company has initiated a journey in digital transformation by changing the ERP to SAP S4 Hana and implementing a host of digital solutions along with seamless integration of best in class solutions for sales, procurement, logistics, production planning, expense management, management of human resources etc. The ERP implementation along with some of the solutions have gone live from April 02, 2022. The digital transformation is expected to result in simplifying and automating the existing processes, improve operational efficiencies, have better controls, cost optimization, get more meaningful data for analytics and result in a better experience for the Company's customers and stakeholders.

FINANCIAL STATEMENTS

The Audited Standalone Financial Statements of the Company which forms a part of this Annual Report have been prepared pursuant to Regulation 33 of the SEBI LODR Regulations in accordance with the provisions of the Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015.

SHARE CAPITAL

Equity Share Capital

The paid-up Equity Share Capital of the Company as on 31st March 2021 excluding the forfeited shares was ₹ 882.02 million and as on 31st March 2022 excluding the forfeited shares was ₹ 892.18 million.

The Holding and Subsidiary company of your Company namely Bhadra Textiles & Trading Private Limited and Villa Trading Company Private Limited got amalgamated with your Company vide NCLT Order dated 22nd June 2021. Consequent to the said merger, 4,88,00,000 equity shares of ₹ 10/- each held by Bhadra Textiles & Trading Private Limited was cancelled and new 4,88,00,000 equity shares of ₹ 10/- each of your Company was allotted to the shareholders of Bhadra Textiles & Trading Private Limited proportionately and the said shares was listed at BSE Limited and National Stock Exchange of India Limited.

Employee Stock Option Scheme

The Board of Directors have constituted an Employee Stock Option Scheme ('ESOP') as a way of rewarding its high performing employees. The Company had granted stock options to eligible employees under Gujarat Sidhee Employee Stock Option Scheme, 2017 (ESOP Scheme).

During the year, 10,16,283 Equity Shares of ₹ 10/- each were allotted to the employees in accordance with ESOP 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.

There are no material changes made to the above Scheme and the said Scheme is in compliance with the SBEB Regulations. The Statutory Auditors' of the Company, M/s Bansi S. Mehta, have certified that the Company's above-mentioned Schemes have been implemented in accordance with the SBEB Regulations, and the Resolutions passed by the Members for the Scheme. A Certificate as per Regulation 13 of Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 is enclosed as **Annexure D** to this Report.

AUDIT OF RECONCILIATION OF SHARE CAPITAL

In accordance with the Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended M/s. Ragini Chokshi and Co., Practicing Company Secretaries undertake a Reconciliation of Share Capital Audit to reconcile total share capital admitted with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital of the Company. This audit is undertaken every quarter and the report thereon is submitted to the Stock Exchanges within prescribed timelines and is placed before the Board at its meetings.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted deposits from the public/ members or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014. Therefore, the requirement for furnishing of details relating to deposits covered under Chapter V of the Companies Act, 2013 and the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

POLICY ON RELATED PARTY TRANSACTIONS

All contracts/arrangements/ transactions entered by the Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and in compliance with the applicable provisions of the Act, SEBI LODR Regulations and Policy on dealing with and materiality of Related Party Transactions. During FY 2021-22, there were no material Related Party Transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other Designated Persons which may have a potential conflict with the interest of the Company at large.

The disclosure of material related party transactions entered into by the Company during the FY 2021-22, as required under Section 134(3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is annexed to this Report as **Annexure E**. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at <http://gscl.mehtagroup.com/policy/related-party-transactions-policy>.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS MADE AND SECURITIES PROVIDED

The particulars of Investments, Loans and Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 read with the rules made thereunder are provided in the Standalone Financial Statements for the year ended March 31, 2022 and the same forms part of this Annual Report.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

None

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place a well-established and comprehensive internal financial control systems across all the locations to ensure that the Company's assets are safeguarded and protected against loss from unauthorized use or disposition, transactions are authorized, recorded and reported correctly and operations are conducted in an efficient and cost-effective manner.

Such control systems have been assessed during the year. Based on the results of such assessments carried out by the Management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Pursuant to Rule 8(5) (viii) of the Companies (Accounts) Rules, 2014, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate. The Company has also adopted policies and procedures for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, the timely preparation of reliable financial information, and usefulness of financial and operational controls on a regular basis.

The annual audit plan and key audit findings are reviewed by the Audit Committee of the Board of Directors. Any deviations from standard are corrected and measures are taken to strengthen the internal control framework further.

INSURANCE

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

SUBSIDIARY AND ASSOCIATE COMPANIES

As on 31st March 2022, your Company does not have any subsidiaries. The Company does not have any joint venture / associate company(ies) within the meaning of Section 2(6) of The Companies Act, 2013.

DIRECTORS

Appointment of Directors

There has been no change in the constitution of the Board of Directors and Key Managerial Personnel of the Company during the year under review.

Reappointment of Director

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, Mr. Venkatesh Mysore (DIN: 01401447), shall retire by rotation at the ensuing AGM and being eligible, offers himself 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 Notice of the Annual General Meeting.

The Board has confirmed that Mr. Venkatesh Mysore satisfies the fit and proper criteria as prescribed under the applicable regulations and that he is not disqualified from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013. The Board recommends the re-appointment.

Cessation of Director

None of the Directors of your Company have ceased to be the Director during the FY 2021-22.

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

The Independent Directors hold office for a term of 5 (five) years and are not liable to retire by rotation.

Declaration of independence from Independent Directors:

Your Company has received necessary declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI LODR Regulations.

In terms of Regulation 25(8) of the SEBI LODR Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Further, veracity of the above declarations has been assessed by the Board, in accordance with Regulation 25(9) of the SEBI LODR Regulations.

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

Disclosure pertaining to disqualification of Directors:

A certificate from M/s. Ragini Chokshi & Co, Practicing Company Secretaries has been received in accordance with the SEBI LODR 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**.

EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Board has carried out an annual evaluation of its own performance and that of its Committees as well as reviewed the performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

A separate meeting of Independent Directors was held on 18th May 2022 to review:

- Performance of the Non-Independent Directors and the Board as a whole.
- Performance of the Chairman of the Company taking into account the views of Executive Directors and Non-Executive Directors.

The evaluation of the Independent Directors was carried out by the entire Board of Directors without the participation of the respective Independent Director.

The outcome of the performance evaluation of the Board for the year under review was discussed by the Nomination and Remuneration Committee and the Board at their respective meetings. All Directors expressed satisfaction with the evaluation process.

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.
- that in the preparation of the annual financial statements for the year ended 31st March 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- 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;
- 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;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- that systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

NUMBER OF MEETINGS OF THE BOARD

During the FY 2021-22, the Board of Directors of the Company met 5 (five) times, for which due notices and notes to agenda were provided to the Directors in accordance with the Secretarial Standard-1 on Meetings of the Board of Directors.

The agenda for the Board and Committee meetings includes detailed notes on the items to be discussed to enable the Directors to take an informed decision. Further, the meetings have complied with the requirements of quorum as prescribed in the Act and the SEBI LODR Regulations, and the intervening gap between the meetings was within the period prescribed under the Act, the SEBI LODR Regulations and within the time period as permitted and extended by MCA vide its General Circular No.11/2020 providing relaxations in the time gap between two consecutive meetings of the Board.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards, viz. SS-1 and SS-2, issued by the Institute of Company Secretaries of India (ICSI) relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the Company.