

BOOK-POST

Snowcem
P A I N T S



63rd Annual Report
2020-21

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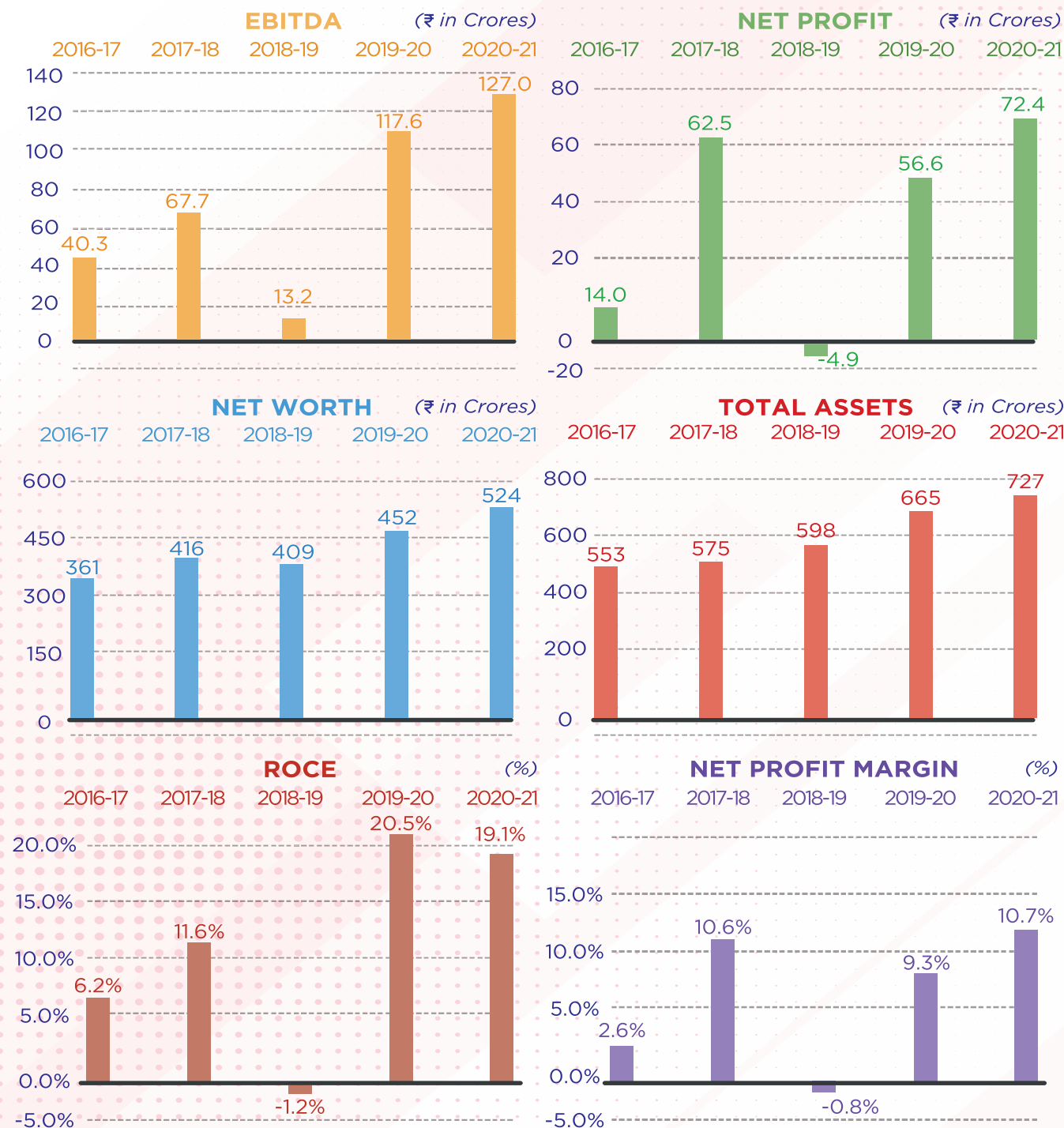
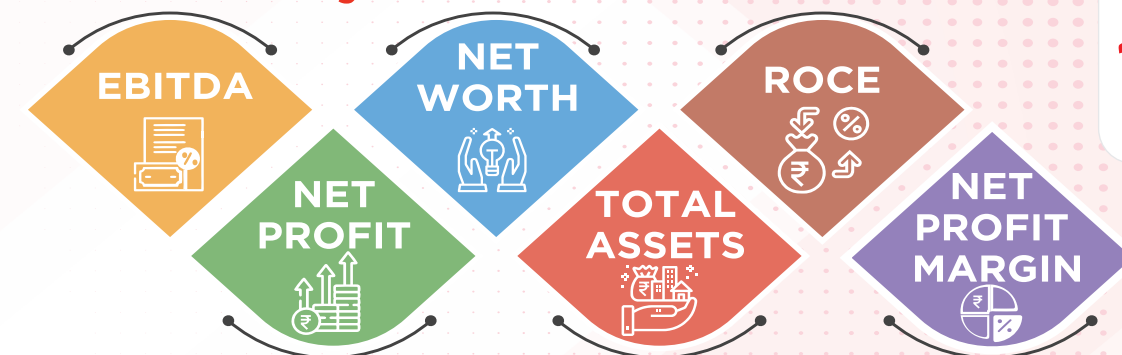
Consistently Strengthening Bonds and Foundations Since 65 Years



Mazbooti gazab ki!

Ordinary Portland Cement (OPC) (53 Grade, 43 Grade) | Portland Pozzolana Cement (PPC) | Portland Slag Cement (PSC)

Key Performance Drivers



Commencement Of Journey In Paint Business

“**Snowcem**” Paint business has been transferred to the “Paint Divison” of **Saurashtra Cement Limited (SCL)** on Slump sale basis effective from 1st of May 2021. With the purchase of Brand “Snowcem”, the company has expanded its wings in the paints industry.

Snowcem was the first company in the country to introduce ‘Cement Paints’ used in exteriors. Under the aegis of the Snowcem brand, there is an attractive range of quality products for a wide spectrum of consumers.

SCL which has presence in the cement business, primarily in Gujarat, will now have diversified business in the paint segment at the Pan India level.

Snowcem
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BOARD OF DIRECTORS

Mr. M. N. Mehta Chairman	Mr. Jay M. Mehta Executive Vice Chairman	Mr. Hemang D. Mehta Non-Executive Director
Mr. Hemnabh Khatau Non-Executive Director	Mr. M. N. Rao Non-Executive Independent Director	Mr. B. P. Deshmukh Non-Executive Independent Director
Mr. K. N. Bhandari Non-Executive Independent Director	Mr. Jayant N. Godbole Non-Executive Independent Director	Mr. Bimal Thakkar Non-Executive Independent Director
Mrs. Bhagyam Ramani Non-Executive Independent Director	Mr. Ashwani Kumar Non-Executive Independent Director	Mr. M. S. Gilotra Managing Director
Chief Financial Officer Mr. Rakesh H. Mehta	Sr. Vice President (Legal) & Company Secretary Ms. Sonali Sanas	
Auditors M/s. Manubhai & Shah LLP Chartered Accountants	Registered Office & Works Near Railway Station, Ranavav 360 560 (Gujarat) Tel. 02801 - 234200 Fax: 02801 - 234376 CIN: L26941GJ1956PLC000840 Paint Division - Works (A) Plot No. E-6, M.I.D.C. Malegaon, Sinnar, Nashik 422103, Maharashtra. (B) Plot No. F-3/4/8/18/19/20, Industrial Area, Near JK Cement Factory, Gotan 342902, Nagaur, Rajasthan. (C) B/60-61, SIPCOT Industrial Estate, Gummidipoondi , Tiruvallur Chennai 601201, Tamil Nadu.	
Registrars & Transfer Agent M/s. Link Intime India Pvt Ltd (Unit: Saurashtra 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.saurashtracementlimited.com www.snowcempaints.com	Bankers HDFC Bank Ltd.	

BOARD’S REPORT

To the Members

The Board of Directors take pleasure in presenting the Company’s 63rd Board Report together with audited financial statements (standalone and consolidated) for the Financial Year ended March 31, 2021.

FINANCIAL RESULTS

The Company’s financial results for the year ended March 31, 2021, are summarized below:

(₹ in million)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operation (Net of GST) and Other Income	6860.13	6165.93	6860.16	6165.90
Profit before Interest, Depreciation, Exceptional items and Tax	1269.68	1178.01	1268.78	1176.97
Finance Cost	43.74	46.76	43.74	46.76
Profit before Depreciation, Exceptional Items and Tax	1225.94	1131.25	1225.04	1130.21
Depreciation & Amortisation	200.36	196.82	200.36	196.82
Exceptional Items	-	(160.00)	-	(160.00)
Profit before Tax	1025.58	774.43	1024.68	773.39
Current Tax Expense	289.98	136.27	289.98	136.27
Deferred Tax Adjustment	11.79	72.06	11.79	72.06
Profit for the year	723.81	566.10	722.91	565.06
Total Other Comprehensive Income (net of tax)	38.74	(23.11)	38.74	(23.11)
Total Comprehensive Income	762.55	542.99	761.65	541.95
Retained Earnings – Opening Balance	2070.92	1656.73	2058.78	1645.63
Add/(Less)				
Profit for the Year	723.81	566.10	722.91	565.06
Re-measurement of Defined Benefit Plans (Net of Tax)	(1.96)	(5.28)	(1.96)	(5.28)
Vested Employee Stock Options Lapsed	0.80	-	0.80	-
Less : Equity Dividend & Dividend Distribution Tax thereon	56.28	146.63	56.28	146.63
Retained Earnings – Closing Balance	2737.29	2070.92	2724.25	2058.78

PERFORMANCE HIGHLIGHTS

The Company’s performance during the first half of FY 2020-21 was affected due to low demand on account of lockdown and restrictions imposed by the government authorities to control the spread of the COVID-19 pandemic. The restrictions were relaxed in a phased manner, which coupled with government spending on

infrastructure and rural demand for housing resulted in pick up in the construction activities. The demand for cement started picking up from October 2020 due to the return of migrant labourers post Diwali.

During the year under review:

- Clinker Production in FY 2020-21 was 1.22 Million tons, 4.2 per cent lower than the previous year.
- Cement Production in FY 2020-21 was 1.39 million tons, 8.1% higher than the previous year.
- Total cement and clinker dispatches in FY 2020-21 were 1.39 million tons 12.4% higher than the previous year.
- Total income for the year 2020-21 was ₹6860.13 million, 11% higher compared to ₹6165.93 million in the previous year.
- Net profit before tax for the year 2020-21 was ₹1025.58 million compared to ₹ 774.43 million in FY 2019-20.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as required under Regulation 34 of the SEBI Listing Obligations and Disclosure Requirements Regulations 2015 forms part of this Report as **Annexure A**.

CORPORATE GOVERNANCE

Corporate Governance is the culture of your Company. At your Company the Corporate Governance is adhered to in letter and spirit. Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, report on Corporate Governance along with Auditor's Certificate on its compliance is annexed separately to this report. A declaration by the Managing Director that Board and Senior Executives have complied with the Code of Conduct of the Company also forms a part of this Report as **Annexure B**.

RESTRUCTURING

Amalgamation:

Parsec Enterprises Private Limited, a promoter group company, got amalgamated with your Company as per the order of Hon'ble National Company Law Tribunal, Ahmedabad Bench dated 26th day of April, 2021. The effective date of the filing of the order with Ministry of Corporate Affairs is 7th May 2021. The appointed date is 1st April, 2020.

Paints and related Building Material Business:

Your Company had been exploring opportunities for growth / diversification in the building / finished materials space through a strategic tie up with an existing player or by acquiring a running business with adequate know how, assets and marketing networks. The Board of Directors of your Company at its meeting held on 30th of March 2021 approved the takeover of paint business of Snowcem Paints Private Limited, subject to and in accordance with the definitive agreements. The process of transfer, takeover and acquisition of the paint business of Snowcem Paints Private Limited, which commenced from 7th of April 2021 was completed by 30th of April 2021. Your Company's operations in the paint division commenced from 1st of May 2021.

Your Company has taken over all the brands, Trademarks and associated IPR of Snowcem Paints Private Limited in India and neighbouring countries like Bangladesh, Bhutan, Nepal, Pakistan and Vietnam through assignment of the brands, Trademarks and IPR along with the other manufacturing facilities. The manufacturing facilities for paints forming part of the acquired business are situated at Sinnar - Maharashtra, Gotan - Rajasthan and Gummidipoondi - Tamil Nadu.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION AND CHANGE IN BUSINESS

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.

DIVIDEND

In view of the profitability and as an endeavor to share profits during better times in the business, the Board of Directors of your Company, during the Financial Year has declared interim dividend for the period ended 31st December 2020. The Board has declared and paid an interim dividend of ₹ 1/- per equity share of the face value of ₹10/- each (@ 10 per cent) aggregating to ₹ 64.81 million (net of TDS) on 15.2.2021.

The Board of Directors of your Company have recommended a final dividend of ₹ 0.75 per share (7.5 per cent) on 7,00,47,733 equity shares of ₹10/- each for the Financial Year ended 31st March 2021.

FINANCIAL STATEMENTS

The Audited Standalone and Consolidated Financial Statements of the Company which form 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 on Consolidated Financial Statements.

The Consolidated Net Profit/Loss of the Company is ₹ 722.92 million for the Financial Year ended 31st of March 2021.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March 2020 excluding the forfeited shares was ₹ 695.03 million and as on 31st March 2021 excluding the forfeited shares was ₹ 698.03 million.

The Authorised Share Capital of Parsec Enterprises Private Limited got consolidated / added up with the Authorised Share Capital of your Company with effect from 1st April 2020. Your Company filed a certified copy of the NCLT order dated 26th April 2021 with the Ministry of Corporate Affairs on 7th of May 2021(effective date). Hence, effective from 7th of May, 2021 and as on date, the total Authorised Share Capital of your Company is ₹ 229,60,00,000.00 (Rupees Two hundred twenty nine crores sixty lakhs only) divided into 22,96,00,000 (Twenty two crores ninety six lakhs only) equity shares of face value of ₹10/- (Rupees Ten each only).

During the year, 2,99,926 Equity Shares of ₹10/- each were allotted to the employees in accordance with Employee Stock Option Scheme 2017. Further, in accordance with the NCLT approved scheme for amalgamation of Parsec Enterprises Private Limited with the company; 1,35,38,370 Equity shares is being issued and allotted to the shareholders of Parsec Enterprises Private Limited and the equity shares held by Parsec Enterprises Private Limited in the Company shall stand cancelled. The paid up capital of the Company as on date is ₹ 698.89 million.

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 enclosed as **Annexure C** to this Report. 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.

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 the related parties are approved by the shareholders periodically and in accordance with the requirements of Section 188 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, there is an omnibus approval taken from the Board of Directors and the Audit Committee on an annual basis and further as and when required. 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.

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 arms length transactions under third proviso thereto is Annexed herewith at **Annexure E** 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 an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has adequate internal financial control mechanism in place. The management monitors and evaluates operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Auditors, the Audit Committee / Board initiates corrective action in respective areas and thereby strengthens the controls.

Your Company adheres to the policies and procedures for ensuring the orderly and efficient conduct of its business, including safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

INSURANCE

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

SUBSIDIARIES AND ASSOCIATE COMPANIES

Your Company has one subsidiary company; viz. Agrima Consultants International Limited. Section 136 of the Companies Act, 2013 has exempted the 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-section (1) of Section 136; a copy of the audited annual accounts of Agrima Consultants International Limited is provided at the following link: <http://scl.mehtagroup.com/subsidiary-companies/agrima-consultants-international-ltd-finance-reports>

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.

Your Company will make available the Annual Accounts of the subsidiary company to any Member on their request and the same shall also be kept open for inspection by any Member at the registered office of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment of Directors

Nil

Reappointment of Directors

Mr. Jay Mehta was reappointed as Executive Vice Chairman for a period of 3 (three) years w.e.f. 01.01.2021 to 31.12.2023. The reappointment was approved by the shareholders at the 62nd Annual General Meeting held on 24th September 2020.

Mr. M. S. Gilotra was reappointed as Managing Director for a period of 3 (three) years w.e.f. 01.01.2021 to 31.12.2023. The reappointment was approved by the shareholders at the 62nd Annual General Meeting held on 24th September 2020.

Mr. Hemang D.Mehta was reappointed as Director of the Company at the 62nd Annual General Meeting held on 24th September, 2020 who was retiring by rotation.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Hemnabh R Khatau (DIN: 02390064), will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief resume of the Director 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 annexed herewith as **Annexure F**. The Board recommends the re-appointment.

Cessation of Director

Nil

Appointment/ Change in Other Key Managerial Personnel

During the year under review, there is no appointment / change in Key Managerial personnel.

INDEPENDENT DIRECTORS' DECLARATION

Your Company has received declarations from each of the Independent Directors that they meet the criteria of the independence prescribed under Section 149 read with Schedule IV of the Act and rules made there-under, as well as Regulation 25 & 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on the declarations received, the Board considered the independence of each of the Independent Directors in terms of above provisions and is of the view that they fulfill/meet the criteria of independence and are independent from the management.

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 annexed 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, Committees and Individual Director. 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 and the Board carries out annual performance evaluation. The responses being received are evaluated by the Board.

MEETINGS OF THE BOARD AND COMMITTEES

During the year under review, six Board Meetings were held. These meetings were held on the 18th day of May 2020, 6th day of August 2020, 7th day of November 2020, 2nd day of February 2021, 9th day of February 2021 and 30th day of March 2021. The details of the 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.

NOMINATION & REMUNERATION COMMITTEE AND POLICY

The Company has a Nomination & Remuneration Committee and has also adopted 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://scl.mehtagroup.com/policy/nomination-and-remuneration-charter> and <http://scl.mehtagroup.com/policy/compensation-policy>

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures 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 364 permanent employees of the Company as on 31st day of 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. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary, whereupon a copy would be sent. Further, the details are also available on the Company's website: <http://scl.mehtagroup.com/investors>.

AUDITORS:

STATUTORY AUDITORS AND THEIR REPORT

M/s. Manubhai & Shah LLP, Chartered Accountants, (Firm Registration No. 106041W / W100136) were appointed as Statutory Auditors of the Company, at the 60th Annual General Meeting held on 14th August 2018 to hold office from the conclusion of the said Meeting till the conclusion of 64th Annual General Meeting

of the Company to be held in 2022, subject to ratification of their appointment by the Members at every intervening Annual General Meeting held thereafter.

The requirement of seeking ratification by the Members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from 7th May 2018. Hence, the resolution seeking ratification of the Members for their appointment is not being placed at the ensuing Annual General Meeting.

The Auditor's Report issued by M/s. Manubhai & Shah LLP, Chartered Accountants on the financial statements of the Company for FY 2020-21 to the Shareholders forms part of the Annual Report and does not contain any qualification.

SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

Section 204 of the Companies Act, 2013, inter-alia requires every listed company to undertake a Secretarial Audit and shall annex with its Board's Report a Secretarial Audit Report given by a Company Secretary in practice in the prescribed form.

In line with the requirement of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2020-21. The report of the Secretarial Auditor in MR-3 is annexed as **Annexure I** to this report. The report does not contain any qualification, reservation nor adverse remarks. The Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India ('ICSI').

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 Auditors of the Company for the Financial Year 2021-22.

COST AUDITORS AND COST AUDIT REPORT

Pursuant to Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company has made and maintained the cost accounts and records for the year 2020-21. The Board of Directors on the recommendation of the Audit Committee appointed M/s. V. J. Talati & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2020-21. The Cost Audit Report for the financial year ended 31st March, 2020 was filed with the Central Government on 24th September, 2020 vide SRN No. R59622431.

Further, the Board of Directors, on the recommendation of Audit Committee, has appointed M/s V. J. Talati & Co. as the Cost Auditors of the Company for the financial year 2021-22 and fixed their remuneration, subject to ratification by the shareholders at the ensuing AGM of the Company. M/s V. J. Talati & Co, have confirmed that their appointment is within the limits of the section 139 of the Companies Act, 2013, and have also certified that they are free from any disqualifications specified under Section 141 of the Companies Act, 2013. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. Necessary resolution seeking Members approval for ratification of remuneration payable to the Cost Auditor for FY 2021-22, is included in the notice convening the 63rd 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 reappointed M/s Manubhai & Shah LLP, Chartered Accountants to carry out the Tax Audit for the Assessment Year 2021-22.

INTERNAL AUDITORS

During the year under review, M/s. Haribhakti & Co LLP, Chartered Accountants has acted as Internal Auditors of the Company. Audit observations of Internal Auditors and corrective actions thereto are periodically presented to the Audit Committee of the Board. The Board of Directors on the recommendation of the Audit Committee reappointed M/s Haribhakti & Co., LLP, Chartered Accountants, to carry out the Internal Audit of the Company for the Financial Year 2021-22.

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 SECURITIES AND EXCHANGE BOARD OF INDIA (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

The Company has in place a robust risk management framework which identifies and evaluates business risks and opportunities. The Company recognizes that these risks need to be managed and mitigated to protect the interest of the shareholders and stakeholders, to achieve business objectives and enable sustainable growth. The risk management framework is aimed at effectively mitigating Company's various business and operational risks, through strategic actions. Risk management is embedded in critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risk and future action plans.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a broad concept that can take many forms depending on the company and industry. Through CSR programs, philanthropy, and volunteer efforts, businesses can benefit society while boosting their brands.

As important as CSR is for the community, it is equally valuable for a company. CSR activities can help forge a stronger bond between employees and corporations, boost morale and help both employees and employers feel more connected with the world around them.

The concept and ambit of CSR has exponentially increased in the recent past particularly during the outbreak of the novel coronavirus disease (COVID-19) which was declared as a pandemic by the World Health Organization (WHO). The number of people affected due to the virus and its resulting impact on CSR has transformed the outlook of businesses towards society all over the world.

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 undertaken projects in the area of promoting education, healthcare, environment sustainability, rural development etc. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy.

Your Company has undertaken various CSR activities during the year under review and few to highlight are as under:-

- Promoting education and knowledge enhancement by running a school through Saurashtra Cement Educational Trust (Trust). The students are coming from nearby areas and are not necessarily children of the Employees of the Company. The Company continues to contribute to the Trust for the development of school and improvement of its infrastructure keeping in mind the safety of the students.
- Extra coaching classes have also been started with the aim of providing students full support in the areas where they can excel their future.
- Undertaking rural development projects such as desilting / deepening work carried out in Bilganga River between Hanumangh checkdam and Ashiyapat checkdam under the Sujalam Sufalam Jal Abhiyaan 2020 undertaken by the Government of Gujarat.
- Donation to PM Cares Fund to fight for COVID-19.

The Board of Directors, on the recommendation of the Corporate Social Responsibility Committee, formulated a revised 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 amended under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 notified by the Ministry of Corporate Affairs. The policy is available on the website of the Company at the following link: <http://scl.mehtagroup.com/policy/csr-policy>.

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

The details of various CSR activities undertaken during Financial Year 2020-21 are discussed in detail in the Management Discussion and Analysis Report.

The annual report on CSR activities and expenditure required under Section 134 & 135 of the Companies Act, 2013 read with Rule 8 of the Companies Corporate Social Responsibility Policy Rules, 2014 and Rule 9 of the Companies (Account) Rules, 2014 are given in **Annexure J** of the Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant / material orders passed by the regulators, any court or tribunal impacting the 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.

- 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;
- 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 laid down and that such internal financial controls were adequate and were operating effectively; and
- (f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

OTHER INFORMATION

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

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 K** forming 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 company policies, etc. The Whistle Blower Policy has been posted on the website Company at the following link: <http://scl.mehtagroup.com/policy/whistle-blower-policy>

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has in place Internal Complaints Committee for redressal of grievances regarding sexual harassment received by the Committee. All employees are covered under this Policy. During the year under review, the Company has not received any complaints of sexual harassment. The Company has complied with all the applicable provisions of the said Act.

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 available on the website of the Company at the following link: <http://scl.mehtagroup.com/share-holder-information/mgt-9>

OTHER DISCLOSURES:

1. Secretarial Compliance Report

Your Company has received Secretarial Compliance Report for the year ended 31st March 2021 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as there were no transactions during the year under review:

- 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.
- The Company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- The Managing Director of the Company does not receive any remuneration or commission from its subsidiary company.
- No material fraud has been reported by the Auditors to the Audit Committee or the Board.
- There was no revision in the financial statements.
- There was no 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, 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. The Company has paid the listing fees for the Financial Year 2021-22.

Staff Relations

Industrial relations at our Factory and Offices have remained cordial.

Secretarial Standards

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

Awards

During the year, your Company was awarded with the top winner in "Leadership of Occupational Health Practices" for the year 2019 & 2020 in the Cement Sector during 19th award ceremony of Greentech Foundation on 12th February 2021 at Mahabalipuram. This is one more feather added in the Company's crown after five awards won in this decade for Safety & Health.

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.

For & on behalf of the Board of Directors

Jay Mehta
Executive Vice Chairman
(DIN: 00152072)

M. S. Gilotra
Managing Director
(DIN: 00152190)

Place: Mumbai
Dated: 29th May, 2021

Annexure A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CEMENT INDUSTRY AND OUTLOOK

The National Statistics Office, Government of India, has estimated contraction in India's GDP by about 8 to 8.5 per cent in FY 2020-21, mainly on account of the Covid pandemic. The pandemic continues to create havoc across the country with mobility and activity restrictions being imposed from time to time. The per capita income decreased by about 9 per cent in FY 2020-21. The cumulative index of eight core industries decreased by about 7 per cent in FY 2020-21.

The uncertainty in the economy and the business environment is expected to continue with mobility restrictions and other measures adopted by the government authorities till a large part of the population is vaccinated. S&P, Moody's, Fitch, CRISIL and IMF, have revised downwards India's GDP growth estimates for FY 2021-22 to 8-13 per cent from the earlier estimates of about 20 per cent. Government's focus will continue to be on controlling the spread of the pandemic. It is expected that the fiscal deficit will be around 10 per cent in the current year.

FY 2020-21 was a challenging year for the economy as a whole. The construction activities including infrastructure and housing remained affected by the lockdown restrictions and non-availability of migrant labour at construction sites. Cement production in India declined by about 12 per cent during FY 2020-21 on account of lower demand. The capacity utilization for the cement industry was about 62 per cent in FY 2021-22.

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 2021 was about 545 Million Tons. However, the per capita consumption of cement in India at about 235 kg is far below the world average of over 520 kg. The industry is fragmented with close to 100 companies operating around 300 large plants across the country. Large players are consolidating their position with new capacities as well as acquisitions.

As per estimates by CRISIL, the cement consumption is expected to grow by about 13 per cent in FY 2021-22 and at a CAGR of 6-7 per cent between 2022-26. The growth will be driven by the Government focus on infrastructure spending and rural / low cost housing including construction of highways, ports, concreting of roads, dedicated freight corridors, metro rail in major cities, development of smart cities, housing for all etc. New capacity additions are being reviewed / deferred. The increase in demand coupled with limited capacity additions is likely to reduce volatility in the cement prices.

Cement is an energy intensive industry. There has been a substantial rise in the costs of coal, pet coke, diesel which will result in increase in manufacturing and logistics costs. The profitability margins are likely to come under pressure in the short term.

PAINT INDUSTRY OUTLOOK

India is 7th Largest Paint Market in the World with a Total Market Size of INR 54,500 crores. The paints market is expected to grow at a CAGR of about 13 per cent over the next 3-4 years. The major drivers of paint consumption are new housing, infrastructure and shortening of the repainting cycle.

Decorative paints segment accounts for about 74 per cent of the paint market while Industrial paints account for 26 per cent. The consumption of premium range decorative paints is higher in major cities whereas the distemper and cement paints are prevalent in the rural and semi-urban areas. Water based and organic paints are increasingly becoming the preferred choice while the demand for powder paints and solvent based paints is waning. Organized sector has about 67 per cent of the share of the market, which is likely to increase to 75 per cent by 2025.

The Paint business has been severely impacted due to lockdown and mobility restrictions to control the COVID 19 pandemic. Progressive relaxing of the restrictions is likely to result in increase in the paints consumption.

PERFORMANCE ANALYSIS

During the Financial Year ended 31st March 2021, your Company earned a net profit of Rs. 72.38 crores as against net profit of Rs. 56.61 crores in the previous Financial Year. The increase in profitability was mainly on account of stable price and demand.

Since cement is the core business of the Company, the 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 2020-21	Previous FY 2019-20	Variance, %	Reason for Variance
Debtors Turnover (Days)	17.17	15.09	14%	
Inventory Turnover - (Days)	42.16	53.58	-21%	Higher Demand for Cement
Interest Coverage Ratio	80.17	44.87	79%	Better profitability and liquidity resulting in lower utilization of over draft facility
Current Ratio	1.71	1.31	30%	Increase in Fixed Deposits with Bank and decrease in Trade payables due to better profitability and liquidity
Debt Equity Ratio	N.A.	N.A.	-	Not applicable
Operating Profit Margin (%)	18.85%	19.37%	-3%	
Net Profit Margin (%)	10.74%	9.31%	15%	Impact of Exception item in previous year

The Return on Net Worth of the Company for the FY 2020-21 was 13.81% as against 12.52% in the Previous Financial Year. The reason for the change is the impact of Exceptional item in previous year.

RISK AND CONCERNS

Your Company is facing many of the risks as is faced by the majority of the Cement Manufacturers across India.

Some of the major risks faced by your company is as under :-

- Outbreak of second wave of COVID pandemic;
- Uncertainty due to various changes in the Mining Laws;
- High Energy costs;
- High rate of taxation on the industry - in terms of 28 per cent GST, Royalty plus DDT etc. on limestone;
- Addition of New capacities likely to result in a supply overhang;
- Intense competition / Pressure on prices;