



# 71<sup>st</sup> Annual Report 2015-2016



SHREE DIGVIJAY CEMENT CO. LTD.

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## BOARD OF DIRECTORS

Mr. A. K. Chhatwani  
- Independent Director & Chairman

Mr. A. Kumaresan  
- Independent Director

Mr. Sven Erik Oppelstrup Madsen

Mr. Persio Morassutti

Ms. Meike Albrecht

Mr. K.K. Rajeev Nambiar  
- CEO & Whole-time Director  
and acting CFO

## AUDIT COMMITTEE

Mr. A. K. Chhatwani - Chairman

Mr. A. Kumaresan

Mr. Persio Morassutti

## NOMINATION AND REMUNERATION COMMITTEE

Mr. A. Kumaresan - Chairman

Mr. A. K. Chhatwani

Ms. Meike Albrecht

## STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. A. Kumaresan - Chairman

Mr. A. K. Chhatwani

Ms. Meike Albrecht

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. A. K. Chhatwani - Chairman

Mr. A. Kumaresan

Mr. K.K. Rajeev Nambiar

## GENERAL MANAGER (LEGAL) & COMPANY SECRETARY

Mr. Suresh Meher

## EXECUTIVES

Mr. T. L. Narendran - Asst. V.P. (Tech.)

Mr. P. R. Singh - Asst. V.P. (Mktg.)

## AUDITORS

M/s Price Waterhouse  
Chartered Accountants  
(ICAI Registration No. 301112E)  
252, Veer Savarkar Marg  
Shivaji Park  
Dadar (West)  
Mumbai - 400 028

## COST AUDITORS

M/s Kiran J. Mehta & Co.  
Cost Accountants  
257, Ellis Bridge Shopping Centre  
Ahmedabad- 380 006

## REGISTERED OFFICE AND WORKS

P.O. Digvijaygram – 361 140  
Via. Jamnagar (Gujarat)

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
(Unit – Shree Digvijay Cement Co. Ltd.)  
C-13, Pannalal Silk Mill Compound,  
LBS Marg,  
Bhandup (West),  
Mumbai 400 078

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## NOTICE

**NOTICE** is hereby given that the **Seventy-First** Annual General Meeting of the Members of **SHREE DIGVIJAY CEMENT COMPANY LIMITED ("Company")** will be held on Thursday, 4<sup>th</sup> August, 2016 at 09:30 a.m. at the Registered Office of the Company at **DIGVIJAYGRAM 361 140 Via: Jamnagar, Gujarat** to transact the following business:

### ORDINARY BUSINESS:

#### 1. To consider and adopt

The Audited Financial Statements of the Company including the Audited Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss for the financial year ended 31<sup>st</sup> March, 2016 and the Reports of the Board of Directors and the Auditors' thereon.

#### 2. Re-appointment of retiring Director

To appoint a Director in place of Mr. Persio Morassutti, a Non-Executive & Non-Independent Director having Director Identification Number [07105548] who retires by rotation and being eligible, offers himself for re-appointment.

#### 3. Ratification of appointment of Statutory Auditors and fixing their remuneration

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and Rules made thereunder, as amended from time to time, the appointment of M/s. Price Waterhouse, Chartered Accountants, Mumbai (Firm Registration No. 301112E) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Seventy-Second AGM of the Company to be held for the financial year 2016-17, be and is hereby ratified and the Board of Directors be and are hereby authorized to fix such remuneration (along with taxes and out of pocket expenses) as may be determined by the Audit Committee in consultation with the Auditors, and such remuneration may be paid on a progressive billing basis to be agreed upon between the Auditors and the Board of Directors of the Company."

### SPECIAL BUSINESS:

#### 4. Ratification of Remuneration to Cost Auditor

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being

in force) and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of ₹1,25,000/- [Rupees One lacs twenty five thousand only] plus service tax and out of pocket expenses actually incurred payable to M/s. Kiran J. Mehta & Co, Cost Accountants (Firm Registration No. 000025), who are appointed by the Board of Directors on the recommendation of the Audit Committee as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2016-17.

#### 5. Appointment of Mr. KK Rajeev Nambiar as Director

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr.K.K.Rajeev Nambiar (DIN:07313541), who was appointed as an Additional Director of the Company with effect from 28<sup>th</sup> October, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

#### 6. Remuneration to Non-Executive Directors

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the approval of the Company be and is hereby accorded, subject to such other permissions and approvals, if any, as may be required, to pay commission to the Directors of the Company who are neither in the whole time employment nor managing director(s) of the Company (hereinafter referred as 'eligible Directors'), in accordance with and up to the limit laid down under the provisions of Section 197(1) of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force), computed in the manner specified in Section 198 of the Companies Act, 2013 or such other limit as may be approved by the Central Government or the relevant authority for a period of 5 years from the financial year 2015-16, in such manner and up to such extent, as the Board of Directors or the Committee of Board specifically authorised for this purpose may, from time to time, determine, such commission being divisible amongst the eligible Directors in such proportion, to such category and in such manner as

may be decided by the Board or the Committee of Board specifically authorized for this purpose."

**"RESOLVED FURTHER THAT** subject to provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals and permissions, if any, as may be required from the Central Government or from any other authorities, in case of inadequacy of profits of the Company for any financial year, such remuneration, as approved by the Board or the Committee of Board specifically authorized for this purpose, subject to such approval as may be necessary shall be paid to each of eligible Directors."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform and / or to authorise any Committee of Directors or any other person to do or perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution, including submitting application and making representation to the Central Government, if required."

By Order of the Board

Suresh Meher  
General Manager (Legal)  
& Company Secretary

Place : Mumbai

Date : 24<sup>th</sup> May, 2016

#### NOTES:

1. The relative Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Items No. 3 to 6 of the accompanying Notice are annexed hereto.
2. As required in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulations), the information (including profile and expertise in specific functional areas) pertaining to Director(s) recommended for/seeking appointment/re-appointment in the AGM in respect of Resolutions at Items No. 2 & 5 is forming part of the Explanatory Statement given below. The Director has furnished the requisite consent / declarations for his re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**IN ORDER THAT THE APPOINTMENT OF A PROXY IS EFFECTIVE, THE INSTRUMENT APPOINTING A PROXY MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS**

#### BEFORE THE COMMENCEMENT OF THE MEETING.

4. A person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total paid-up Share Capital of the Company carrying voting rights. A member holding more than ten percent of the total paid up share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other Member.
5. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting pursuant to Section 113 of the Companies Act 2013, are requested to send the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
6. Members, proxies and Authorized representative are requested to bring to the meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No.
7. In case of joint holders attending the Meeting, the joint holder who is higher in the order of names will be entitled to vote at the meeting.
8. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours upto the date of the Meeting.
9. The Register of Members and Share Transfer Books of the Company will be closed from 29<sup>th</sup> July, 2016 to 4<sup>th</sup> August, 2016 (both days inclusive).
10. E-VOTING: In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of SEBI Regulations, the Company is pleased to provide members e-voting facility to exercise their right to vote by electronic means. Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 28<sup>th</sup> July, 2016, may cast their votes by electronic means or in the AGM on all the items of the business. Details of user id and password for e-voting alongwith other information with respect to Voting process and instructions, forming part of this Notice, is enclosed with this Annual Report.  
Only those /members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial owners maintained by the Depositories as on the cut-off date shall be entitled to vote. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut- off date i.e. 28<sup>th</sup> July, 2016.
11. Pursuant to Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules,

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

2014, the Annual Report for the financial year 2015-16 is being sent through electronic mode to all the Members whose E-mail IDs are registered with the Company/ Depository Participants for communication purposes, unless any members has requested for physical copy of the same. For Members who have not registered their E-mail IDs with the Company/Depository Participants, a physical copy of the Annual Report for 2015-16 is being sent by the permitted mode.

The Notice of AGM and the Annual Report of the Company for the year ended 31<sup>st</sup> March, 2016 is uploaded on the Company's website [www.digvijaycement.com](http://www.digvijaycement.com) and may be accessed by the Members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

12. Pursuant to Section 107 of the Act read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, voting through polling paper shall also be made available to those Members who attend the Annual General Meeting and have not already cast their vote by remote e-voting.

The Members who have casted their votes by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.

13. The Board of Directors in their Meeting held on 24<sup>th</sup> May, 2016 appointed Mr. Manoj Hurkat, Practicing Company Secretary, Ahmedabad of M/s Manoj Hurkat & Associates (Membership No. CP No. 2574) or failing him any other Practicing Company Secretary, as may be appointed by authorised officials, as a Scrutinizer for overseeing the voting and remote e-voting process in a fair and transparent manner.
14. The Scrutinizer shall submit his report to the Chairman. Results declared alongwith report of the Scrutinizer shall be placed on the website of the Company [www.digvijaycement.com](http://www.digvijaycement.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after declaration of result by the Chairman or a person authorized by him in this behalf. The results shall also be uploaded on the BSE Listing Portal.

The resolution shall be deemed to be passed on the date of AGM, subject to the receipt of requisite votes.

15. Trading in the shares of the Company can be done in dematerialized form only. Dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. It also substantially reduce the risk of fraud. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialized form should inform their DP and members holding shares in physical form should inform the Company their PAN details alongwith proof thereon.
17. Members holding shares in physical form are requested to forward all applications for transfers and all other share related correspondence (including intimation for change of address) to the Share Transfer Agents of the Company.
18. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's Registrar and Transfer Agent. Members holding shares in the dematerialized form may contact the Depository Participant for recording nomination in respect of their shares.

By Order of the Board

Suresh Meher  
General Manager (Legal)  
& Company Secretary

Place : Mumbai  
Date : 24<sup>th</sup> May, 2016



## EXPLANATORY STATEMENT:

### [Pursuant to Section 102 of the Companies Act, 2013("Act")]

As required by Section 102 of the Act, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 6 of the accompanying Notice dated 24<sup>th</sup> May, 2016

**Item No.3:** This explanatory statement is provided though strictly not required as per Section 102 of the Act.

### **Ratification of appointment of Statutory Auditors and fixing their remuneration**

M/s. Price Waterhouse, Chartered Accountants, Mumbai (Firm Registration No. 301112E) were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting (AGM) of the Company held on 20<sup>th</sup> May, 2016. As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by Members at every AGM. Accordingly, ratification of the Members is being sought for the proposal contained in the Resolution set out at Item No.3 of the accompanying Notice.

The Board commends the Resolution at Item No.3 of the accompanying Notice for ratification by the Member of the Company.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives are concerned or interested in the Resolution at Item No.3 of the accompanying Notice.

### **Item no.4**

#### **Ratification of Remuneration to Cost Auditor**

The Board of Directors at their meeting held on 24<sup>th</sup> May 2016, on the recommendation of the Audit Committee has approved the appointment of M/s. Kiran J Mehta & Co, Cost Accountants, Ahmedabad as the Cost Accountant to conduct the audit of Cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2017 on a remuneration of ₹ 1,25,000/- (Rupees One Lac Twenty Five Thousand only) plus out of pocket expenses actually incurred for the purpose of such audit.

In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders of the Company.

Kiran J Mehta & Co. have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the previous year under the provisions of the Act.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for remuneration to the Cost Auditor for the financial year ending on 31<sup>st</sup> March, 2017.

The Board commends the Resolution at Item No.4 of the accompanying Notice for ratification of the Cost Auditors' remuneration by the Members of the Company.

None of the Directors or KMP of the Company or their respective relatives are concerned or interested in the Resolution at Item No.4 of the accompanying Notice.

### **Item no.5**

#### **Appointment of Mr. KK Rajeev Nambiar as Director**

Mr. KK Rajeev Nambiar was appointed as an Additional Director of the Company with effect from 28<sup>th</sup> October, 2015 by the Board of Directors under Section 161 of the Act and Article 149 of the Company's Articles of Association. He was also appointed as Whole-time Director of the Company with effect from 1<sup>st</sup> November, 2015 by the Board of Directors, which was subsequently approved by shareholders through postal ballot on 28<sup>th</sup> December, 2015. However, in terms of Section 161(1) of the Act, Mr. Nambiar holds office only upto the date of the forthcoming Annual General Meeting of the Company but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Mr. Nambiar's appointment as a Director.

Mr. Nambiar, aged 44 years, joined the Company on 2<sup>nd</sup> June, 2015 as Chief Executive Officer (CEO). A mechanical engineer from the National Institute of Technology Suratkal, Karnataka (India), Mr. Nambiar has a rich experience of over 21 years in the cement industry. Prior to joining the Company he was Head of Operations of ACC Limited at its Jamul unit and was associated with ACC for about 20 years. At ACC, He was also responsible for different roles in Operations, Technical area, Engineering, Human Resources, Commercial and Logistics. Some of his outstanding achievements in that organization included the commissioning of largest kiln at ACC Wadi.

The Board commends the Resolution at Item No.5 of the accompanying Notice for approval by the Members of the Company.

Other than Mr. Nambiar, none of the Directors or KMP of the Company or their respective relatives are concerned or interested in the Resolution at Item No.5 of the accompanying Notice.

Mr. Nambiar is not related to any other Director of the Company.

### **Item no.6**

#### **Remuneration to Non-Executive Directors**

Board has, at their meeting held on 24<sup>th</sup> May, 2016, proposed the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 2013, for a period of five years commencing from the financial year 2015-16.

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

Section 197 of the Companies Act, 2013 provides, inter alia, remuneration to its directors (other than the managing director or whole time director), by way of commission, if the Company by resolution authorize such payments. Listing Agreement also provides that all fees / commission paid to Non-Executive Directors shall be fixed by the Board and shall require the previous approval of the Members. In this context, it is proposed to take this special resolution for payment of commission to the Non-Executive Directors for a period of 5 years effective from the financial year 2015-16, as may be determined by the Board or its Committee authorised for the purpose for each financial year at a rate such that the total remuneration does not exceed percentage limits of the net profit of the Company as specified in the Companies Act, 2013 (presently 1% of the net profit), calculated in accordance with Section 197 read with Section 198 and any other applicable provisions of the Companies Act, 2013.

The payment of commission would be in addition to the sitting fees payable for attending meeting of the Board and Committees thereof, if any. Further, in case of inadequacy of profits of the Company for any financial year, the

Non-Executive Directors shall be paid such remuneration as approved by the Board or its Committee authorised for the purpose for such financial year, subject to such approval as may be necessary.

The Board commends the Resolution at Item No.6 of the accompanying Notice for approval by the Members of the Company.

The Whole-time Director and KMP of the Company and their relatives are not concerned or interested, financial or otherwise, in the resolution set out at Item No. 6 of the Notice. The Non-Executive Directors may be deemed to be concerned or interested in the Special resolution set out at Item No. 6 of the Notice to the extent of the remuneration.

By Order of the Board

Suresh Meher  
General Manager (Legal)  
& Company Secretary

Place : Mumbai  
Date : 24<sup>th</sup> May, 2016

## Registration / Updating of Email IDs and Bank Details

Members are requested to support the "Green Initiative" by registering their email address with the Company, if not already done.

Those members who have changed their Email ID are requested to register their new Email ID with the Company in case the shares are held in physical form and with the Depository Participant where shares are held in Demat mode.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is required to maintain Bank details of its Members for the purpose of payment of Dividend etc. Members are requested to register / update their bank details with the Company in case the shares are held in physical form and with their Depository Participant as well as the Company where shares are held in Dematerialization mode, to enable expeditious credit of the dividend to their bank accounts electronically through ACH / NECS.

## INFORMATION/PROFILE ABOUT DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE 71<sup>ST</sup> ANNUAL GENERAL MEETING:

Name of Director	Mr. Persio Morassutti	Mr. K K Rajeev Nambiar
Director Identification Number( DIN)	07105548	07313541
Date of Birth	August 23,1970	May 30,1972
Nationality	Brazilian	Indian
Date of Appointment	February 25,2015	October 28,2015
Qualification	Master of Business Administration	B.E. (Mechanical)
Experience in specific functional area	Finance & IT	Operations, Technical area, Engineering, Commercial, Logistics and General Management
List of outside Company Directorship held	NONE	NONE
Chairman/Member of the Committee of the Board of Directors of the Company	Audit Committee –Member	CSR Committee- Member
Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a Director	NONE	NONE
Relationship between Directors Inter -Se	NONE	NONE
No. of Shares held in the Company	NIL	NIL



## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 71<sup>st</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2016.

### FINANCIAL HIGHLIGHTS:

The financial highlights for the year under report are as under:

(₹ In lacs)

	<b>Current Year Ended 31.03.2016, (15 Months, i.e. 01.01.2015 to 31.03.2016)</b>	Previous Year Ended 31.12.2014 (12 Months)
<b>Gross Turnover</b>	<b>52131</b>	46045
<b>Profit before Interest Depreciation, Exceptional Items &amp; Tax [PBITD]</b>	<b>4426</b>	2492
Less: Interest	<b>1321</b>	717
Less: Depreciation	<b>2580</b>	1410
<b>Profit after Interest &amp; Depreciation but before Exceptional Item &amp; Tax</b>	<b>525</b>	365
<b>Profit from ordinary activities before Tax</b>	<b>525</b>	365
<b>Net Profit for the year</b>	<b>525</b>	365
Balance brought forward from previous year	<b>(3671)</b>	(4036)
<b>(Loss) Carried Over</b>	<b>(3146)</b>	(3671)

(Previous figures have been regrouped wherever necessary)

Accounting period for the current year was consisting of 15 months. Therefore, the financial results for the year under report is not comparable with previous year.

### CHANGE IN ACCOUNTING YEAR

Accounting year of the Company for the period under report consists of fifteen months ended on 31<sup>st</sup> March, 2016 [1<sup>st</sup> January, 2015 to 31<sup>st</sup> March, 2016]. Hereafter, the accounting year will be for 12 months period ending on 31<sup>st</sup> March every year in accordance with the provisions of Section 2(41) of the Companies Act 2013.

### OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

#### Income

Your company earned revenue of ₹ 52131 lacs during the financial year (15 months period) compared to ₹ 46045 lacs in the previous year (12 months period).

#### Profit:

Profit before and after tax for the financial year (15 months period) was ₹525 lacs as compared to ₹365 lacs in previous year (12 months period).

#### Depreciation

Consequent to the enactment of the Companies Act 2013,

(the Act) and its applicability to the Company from accounting periods commencing from 1<sup>st</sup> January, 2015, the Company has re-assessed the remaining useful lives of its fixed assets in accordance with the provisions prescribed under Schedule II to the Act. Accordingly, in case of assets which have completed their useful lives are fully depreciated and in case of other assets the carrying value (net of residual value) is being depreciated over the revised remaining useful lives. Pursuant to this re-assessment the depreciation expenses charge for the fifteen months period ended 31<sup>st</sup> March, 2016 is higher by ₹ 553.74 lacs with consequential impact on profit.

### PRODUCTION AND SALES

Production and Sales during the year under review are as under:

(In lacs MT)

	<b>Current Year Ended 31.03.2016, (15 Months, i.e. 01.01.2015 to 31.03.2016)</b>	Previous Year Ended 31.12.2014 (12 Months)
Production:		
• Clinker	<b>9.97</b>	6.99
• Cement	<b>12.08</b>	10.04
Sales:		
• Cement	<b>11.97</b>	10.01

During the year under review, Cement production was 12.08 lacs MT (15 months period) as against 10.04 lacs MT consisting of 12 months in previous year. Clinker production was higher at 9.97 MT (15 months period) as against 6.99 lacs MT in previous year (12 months period) up by about 14.15 %. This improved performance is due to various initiatives taken by your Company for ensuring plant stability.

There has not been any change in the nature of the business of the Company.

### DIVIDEND

In view of the accumulated losses Your Directors does not recommend any dividend on Share Capital.

### SHARE CAPITAL

The paid –up Equity Share Capital as on 31<sup>st</sup> March, 2016 was ₹14137 lac. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the Employees or Directors of the Company.

No disclosures is required under Section 67(3)(C) of the Act, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

### DEPOSITS

Your Company has neither accepted any deposits during the year under report nor did any deposits remain unpaid or unclaimed at the end of the year.

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## LOANS, GUARANTEES AND INVESTMENTS

Your Company has neither given any loan or guarantee nor has made any investment during the year under report attracting the provisions of Section 186 of the Companies Act, 2013.

## NUMBER OF MEETINGS

The details of number of Meetings of the Board and committees thereof held during the financial year 2015-2016 forms part of the Corporate Governance Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134 (3) (c) read with sub section 5 of the Companies Act, 2013, Directors subscribe to the "Directors Responsibility Statement" and confirm that:

- (a) in preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March 2016, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2016 and the profit and loss of the Company for that Year;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts of the Company on a going concern basis;
- (e) the Directors have laid down adequate internal financial control to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has a "Nomination and Remuneration Committee of Directors" in place. The Committee reviews and recommend to the Board for remuneration for Directors and Key Managerial Personnel and other employees in Senior Management category, who directly reports to CEO of the Company.

The Company has proposed to pay remuneration by way of commission to Non-executive Directors w.e.f. financial year 2015-16, subject to Shareholders' approval at this AGM, in addition to sitting fee for attending the meetings of the Board and Committees of the Board. Non-executive Directors do not take any sitting fee for attending such meetings. Remuneration to the Whole-time Director is governed under the relevant provisions of the Act within the limits approved by Shareholders.

## CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES

Details of Contracts/arrangement with the Related Parties are appearing under Note no. 32b and form part of this report. All related party transactions that were entered into during the year under report were on arm's length basis and were in the ordinary course of business. The related party transactions made by the Company with Promoter Company, have no potential conflict with the interest of the Company at large.

Related Party Transactions are placed before the Audit Committee as also to the Board for approval. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. The Company's management ensures total adherence to the approved Policy on Related Party Transactions to establish Arm's Length Basis without any compromise. Pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of material contracts and arrangements entered between the Company and the Related Parties are annexed herewith as **Annexure A**.

## MATERIAL CHANGES AND COMMITMENTS

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on 31<sup>st</sup> March, 2016 and the date of this report i. e. 24<sup>th</sup> May 2016.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information relating to conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo, required under Section 134 (3) (m) of the Companies Act, 2013 are annexed hereto as **Annexure B** and form part of this report.

## PARTICULARS OF EMPLOYEES AND REMUNERATION

- a) Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act, and the Rules framed thereunder is enclosed are annexed hereto as **Annexure C**.

During the year under review, no employees, other than Whole-time Directors, were in receipt of remuneration of not less than ₹ 75 Lac (15 months period) or ₹ 5 Lac per month during any part of the year. Though certain details on remuneration in respect of said Whole-time Directors are provided in Corporate Governance Report and forms part of this Report, in term of Section 136 of the Act, the Report and Account are being sent to the Members and others entitled thereto, excluding the aforesaid annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting.

- b) Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for nomination and appointment of Directors,