



***Mazbooti gazab ki.***

**Saurashtra Cement Limited**  
**60th Annual Report 2017-18**

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## GENERAL INFORMATION

### BOARD OF DIRECTORS

#### As on 24.05.2018

Mr. M. N. Mehta	Chairman
Mr. Jay M. Mehta	Executive Vice Chairman
Mr. Hemang D. Mehta	
Mr. M. N. Rao	
Mr. S. V. S. Raghavan	
Mr. B. P. Deshmukh	
Mr. K. N. Bhandari	
Mr. Jayant N. Godbole	
Mr. Hemnabh Khatau	
Mr. Bimal Thakkar	
Mr. P. K. Behl	
Mrs. Bhagyam Ramani	
Mr. M. S. Gilotra	Managing Director

#### Chief Financial Officer

Mr. Rakesh H. Mehta

#### Vice President (Legal) & Company Secretary

Ms. Sonali Sanas

#### Bankers

Central Bank of India  
Dena Bank  
HDFC Bank Ltd.

#### Auditors

M/s. Manubhai & Shah LLP  
Chartered Accountants

#### Registered Office & Works

Near Railway Station,  
Ranavav 360 560 (Gujarat)  
Tel. 02801 - 235001/7, 02801 - 304200  
Fax: 02801 - 304376, 304384  
CIN: L26941GJ1956PLC000840

#### Corporate Office

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

#### 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

**Website:** [www.saurashtracementlimited.com](http://www.saurashtracementlimited.com)



## DIRECTORS' REPORT

Dear Members,

The Directors present the 60th Annual Report, Audited Accounts and Auditors Report for the Financial Year ended on the 31st of March, 2018.

### FINANCIAL HIGHLIGHTS

The highlights of the financial results for the Financial year ended 31st of March 2018 are given below.

(₹ in Million)

Particulars	Standalone		Consolidated	
	Current Financial Year 2017-2018	Previous Financial Year 2016-17	Current Financial Year 2017-2018	Previous Financial Year 2016-17
Revenue from Operation (Net of Excise) and Other Income	<b>5,913.26</b>	4,809.68	<b>5,913.63</b>	4,809.82
Profit / (Loss) before Interest, Depreciation, Exceptional items and Tax	<b>676.80</b>	402.59	<b>676.17</b>	401.73
Finance Cost	<b>34.19</b>	36.54	<b>34.19</b>	36.54
Profit/(Loss) before Depreciation, Exceptional Items and Tax	<b>642.61</b>	366.05	<b>641.98</b>	365.18
Depreciation & Impairment	<b>177.43</b>	153.55	<b>177.43</b>	153.84
Exceptional Items	-	-	-	-
Profit/(Loss) before Tax	<b>465.18</b>	212.50	<b>464.55</b>	211.35
Current Tax Expense	<b>102.19</b>	34.44	<b>102.19</b>	34.54
Deferred Tax Adjustment	<b>(262.27)</b>	37.73	<b>(262.27)</b>	37.73
Profit/(Loss) for the year	<b>625.26</b>	140.33	<b>624.63</b>	139.08
Total Other Comprehensive Income (net of tax)	<b>(0.11)</b>	(1.12)	<b>(0.56)</b>	4.59
Total Comprehensive Income	<b>625.15</b>	139.21	<b>624.07</b>	143.67
Retained Earnings – Opening Balance	<b>1,002.57</b>	929.19	<b>989.84</b>	917.71
Add/(Less) Profit/(Loss) for the Year Remeasurement of Defined Benefit Plans (Net of Tax)	<b>625.26</b> <b>(0.10)</b>	140.33 (1.12)	<b>624.63</b> <b>(0.10)</b>	139.08 (1.12)
Less : Equity Dividend & Dividend Distribution Tax thereon	<b>83.28</b>	65.83	<b>83.28</b>	65.83
Retained Earnings – Closing Balance	<b>1,544.45</b>	1,002.57	<b>1,531.09</b>	989.84

### THE YEAR UNDER REVIEW

The Indian cement industry witnessed a growth of 6.3% in the financial year 2017-18, bouncing back from negative growth of 1.2% in previous fiscal year 2016-17. The revival in growth was on account of Government's thrust and increase in spending on infrastructure projects under Bharatmala, Sagarmala, dedicated freight corridors for railways, development of Smart Cities and push towards affordable housing and materialisation of pent up demand. The real estate sector witnessed disruption in the construction activities on account of after effects of demonetization, introduction of Real Estate (Regulation and Development) Act, 2016 (RERA) and implementation of Goods and Service Tax (GST). Cement production during the year was about 297 Million Tons as against the installed capacity of 455 Million Tons with capacity utilization of about 65.3%. The cumulative index of cement production increased by 5.7% in comparison to decline of 1.3% in previous year. The supply overhang continued in the Indian Cement industry during 2017-18 with capacity utilization of around 65%.

The demand for cement during the first half of the financial year 2017-18 was sluggish on account of after effects of demonetization and implementation of GST from 1st July 2017. The adverse effect was more pronounced in housing and infrastructure segments. The cement sector's growth in the second half of 2017-18 was mainly attributable towards the initiatives being undertaken by the government to boost the infrastructure sector by additional spending on the infrastructure facilities. Consequently, the cement prices remained depressed in first half of the year but bounced back in second half.

Consumption of cement in your home market Gujarat increased by about 3%. The cement prices in Gujarat increased by about 17% over the previous year's prices and regained the price levels prevalent in FY 2014-15.

## **PERFORMANCE REVIEW**

### **Production and Despatches**

Your Company continued to operate at over 100% capacity utilization. The production of clinker for the year ended March 2018 was 1.23 million tonnes, around 5 percent lower than the clinker production of 1.30 million tonnes for the year ended March 2017. The cement production for the year ended March 2018 was 1.40 million tonnes, around 2 percent lower than the cement production of 1.44 million tonnes in the previous year ended March 2017.

The overall despatches of cement and clinker during the year ended March 2018 were 1.44 million tonnes similar to the overall despatches of 1.43 million tonnes in the previous year ended March 2017.

### **Marketing and Exports**

Your Company's major sales volumes is from the Gujarat region. However, due to the large surplus in the region, Company continues to maintain a presence in coastal regions of Maharashtra and Kerala. The profitability of these markets remains low on account of high cost of transport and infrastructure.

Exports of cement and clinker have been low on account of adverse market conditions. Your Company exported about 0.037 Million Tons of clinker as against 0.081 Million Tons of Cement Export in the Previous Year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **DIVIDEND**

Your Directors are pleased to recommend a final dividend of ₹ 1 per share on 6,91,91,065 fully paid-up Equity Shares of ₹ 10/- each for the Financial Year ended 31st of March 2018.

### **SHARE CAPITAL**

Equity Share Capital

The paid up Equity Share Capital of the Company as on 31st of March 2018 including the forfeited shares was ₹ 691.94 million.

## **FINANCIAL STATEMENTS**

The Audited Standalone and Consolidated Financial Statements of the Company which forms part of this Annual Report has 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 Profits of the Company amounted to ₹ 624.63 million for the Financial year ended 31st of March 2018.

## **SUBSIDIARY AND ASSOCIATE COMPANIES**

The Company has five subsidiaries.

Section 136 of the Companies Act, 2013 has exempted the listed companies from attaching the financial statements of the Subsidiary companies to the Annual Report of the Company.

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

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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



- (a) that in the preparation of the annual financial statements for the year ended 31st March 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- (b) that the accounting policies as mentioned in Note No.1 to the Financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- (f) that systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

### **CORPORATE GOVERNANCE**

Good Governance practices stem from the value system and philosophy of the organisation and your Company is committed to meet the aspirations of all stakeholders. The report on Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and a certificate of Compliance from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated in Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2018 forms part of this Report. A declaration by CEO and CFO that Board and Senior Executives have confirmed compliance with the Code of Conduct of the Company also forms a part of this Report as **Annexure B**.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions are in accordance with the approvals being granted by the Audit Committee, Board and the Members at the General Meeting (as applicable). The other details as required under Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 134 (3) of the Companies Act, 2013 are provided 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 C** in Form No. AOC -2.

### **CORPORATE SOCIAL RESPONSIBILITY**

Inclusive growth is a focal point of our Corporate Social Responsibility strategy. Your Company endeavours to create long term benefits for the society through continuous efforts of social upliftment. In constant pursuit of making life better for communities, your Company is committed to:

1. Rural Development.
2. Improving living conditions.
3. Promoting Swachh Bharat.
4. Addressing social inequalities.
5. Improving environmental balance.
6. Promoting Education
7. Healthcare

The Board of Directors have, based on the recommendation of the Corporate Social Responsibility Committee, formulated a Corporate Social Responsibility Policy for welfare of the society.

The CSR policy outlining various areas of development viz. Health Care, Education, Sanitation, Ensuring environmental sustainability and Rural Development projects was adopted by the Board and the same is available at the following link: <http://scl.mehtagroup.com/policy/csr-policy>.

During the year under review, your Company has undertaken projects relating to promoting education for better life, extra coaching classes and yoga activities and has supported Clean India Movement and Promoting Health Care for rural area.

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 2017-18 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 D** of the Report.

### **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.

### **RISK MANAGEMENT**

A formal Risk Management System has been implemented on an Enterprise Risk Management (ERM) as a part of strengthening and institutionalizing the decision making process and monitoring the exposures that are faced by the Company.

Your Company has a robust risk assessment and management system wherein the risks are identified, minimized, deliberated and mitigated in lively manner. The risks are periodically reviewed and the major risks are reported to the Audit Committee and Board on quarterly basis.

### **INTERNAL FINANCIAL CONTROLS**

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented a robust system and framework of Internal Financial Controls. Accordingly, your Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistle blower mechanism.

Your Company has already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, process and operating level standard operating procedures.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### **Reappointment of Directors**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Hemang D. Mehta (DIN: 0146580), will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief resume of Director seeking re-appointment along with other details as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed herewith as **Annexure E**.

The Board recommends the re appointment.

#### **Appointment / Change in Key Managerial Personnel :**

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

#### **Board Evaluation**

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 evaluated the performance of the Board as a whole, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of the Board as a whole based on various criteria.

The questionnaire for Board evaluation was prepared taking into consideration various aspects of the Board functioning such as understanding of Board members of their roles & responsibilities, time devoted by the Board to Company's long term strategic issues, quality & timeliness of Board information flow between Board members and management, Board's effectiveness in disseminating of the information to the shareholders and in representing shareholder's interest, Board information on industry trends & regulatory development and discharge of fiduciary duties of the Board.

Committee performance was evaluated on the basis of their effectiveness in carrying out the respective mandates.

The Board evaluated the effectiveness of its function and that of the committees and individual director by seeking their valuable inputs on various aspects of Board/Committee governance. Based upon various evaluation criteria, the Board and Independent Directors were of the view that the Board and Committee performance is in consonance of the standards / criteria being identified by Nomination & Remuneration Committee and the Independent Directors.



### **Declaration by Independent directors**

All the Independent Directors have furnished declarations stating that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Appointment of Independent Directors**

In accordance with the provisions of Section 149 sub-section 10 read along with sub-section 11 of the Companies Act, 2013; an independent director can be appointed for two consecutive term of 5 years each wherein a Special Resolution is required to be passed at the Members meeting for the second consecutive term.

The Board at its meeting held on 24th May 2018, on the recommendation of Nomination & Remuneration Committee approved and recommended to the Members re-appointment of following Independent Directors for second consecutive term of five years at the ensuing Annual General Meeting. The details of the existing tenure and proposed tenure are provided hereunder:

Sr. No.	Name of the Director	Tenure ends on	Reappointment proposed	
			From	To
1.	Mr. S.V.S. Raghavan	31.3.2019	1.4.2019	31.3.2024
2.	Mr. M. N. Rao	31.3.2019	1.4.2019	31.3.2024
3.	Mr. K. N. Bhandari	31.3.2019	1.4.2019	31.3.2024
4.	Mr. B. P. Deshmukh	31.3.2019	1.4.2019	31.3.2024
5.	Mr. Jayant N. Godbole	31.3.2019	1.4.2019	31.3.2024
6.	Mr. Bimal Thakkar	31.3.2019	1.4.2019	31.3.2024
7.	Mr. P. K. Behl	29.5.2019	30.5.2019	29.5.2024
8.	Mrs. Bhagyam Ramani	3.8.2019	4.8.2019	3.8.2024

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

### **AUDITORS**

#### **Statutory Auditors**

M/s. Manubhai & Shah LLP, Chartered Accountants, the Statutory Auditors of the Company, who were appointed to audit the accounts of the Company for the Financial Year 2017-18, holds office upto the conclusion of the ensuing Annual General Meeting.

In accordance with the provisions of Section 139 (1) of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017; it is proposed to reappoint M/s. Manubhai & Shah LLP, Chartered Accountants (Firm Registration no. 106041W/W100136) as Statutory Auditors of the Company to audit the accounts of the Company upto the Financial Year 2021-22 who shall hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of 64th Annual General Meeting at such remuneration as may be decided by the Board in consultation with the auditors from time to time. As required under the provisions of the Companies Act, 2013, the Company has received written confirmation from M/s. Manubhai & Shah LLP, Chartered Accountants that their appointment, if made, will be in conformity with the limits specified in the Section 143(1)(g) of the Companies Act, 2013.

#### **Secretarial Auditors**

M/s Ragini Chokshi & Co, Practicing Company Secretaries were appointed by the Board of Directors as the Secretarial Auditor of the Company to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the Financial Year 2017-18. The report of the Secretarial Auditor is annexed as **Annexure F** to this report.

The Board of Directors of the Company on the recommendation of the Audit Committee appointed M/s. Ragini Chokshi & Co, Practicing Company Secretaries as Secretarial Auditor of the Company for the Financial Year 2018-19.

#### **Tax Auditors**

The Board of Directors on the recommendation of the Audit Committee appointed M/s. Manubhai & Shah LLP, Chartered Accountants to carry out the Tax Audit for the Assessment Year 2018-19.



### **Internal Auditors**

The Board of Directors on the recommendation of the Audit Committee appointed M/s. Haribhakti & Co LLP, Chartered Accountants, to carry out the Internal Audit of the Company for the Financial Year 2018-19.

### **Cost Auditors**

In accordance with the provisions of Section 148 of the Companies Act, 2013 and on the recommendation of Audit Committee, M/s. V. J. Talati & Co, Cost Accountants, have been appointed by the Board as Cost Auditor of the Company for the Financial Year 2018-19. Certificate of eligibility under Section 148 of the Companies Act, 2013 has also being received from him. As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution for seeking Members ratification for the remuneration payable to M/s. V. J. Talati & Co., Cost Auditor, is included at item no. 5 of the Notice convening the Annual General Meeting.

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

#### **Audit Committee**

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

#### **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 <http://scl.mehtagroup.com/policy/nomination-and-remuneration-charter> and <http://scl.mehtagroup.com/policy/compensation-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.

#### **Number of Board Meetings**

During the financial year under review, four Board Meetings were held. The meetings were held on the 23rd day of May 2017, 13th day of September 2017, 9th day of November 2017 and 8th day of February 2018.

#### **Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Outgo**

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

#### **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, the Annual Return in Form MGT-7 is available at the website of the Company at <http://scl.mehtagroup.com/investors/annualreturn>.

#### **Particulars of Employees**

There were 443 permanent employees in the Company as on 31st March 2018. The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report at **Annexure H**.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rule 5(2) and other details as required under Rule 5(3) 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 the 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: [www.saurashtracementlimited.com/investors](http://www.saurashtracementlimited.com/investors).



### Employee Stock Option Scheme

Nomination & Remuneration Committee and the Board of Directors at its meetings held on 23rd May 2017 and the Members at the Annual General Meeting held on 26th July 2017 approved the introduction and implementation of Saurashtra Employee Stock Option Scheme 2017 (hereinafter referred to as the "ESOS 2017") to create and grant from time to time, in one or more tranches, not exceeding 69,19,106 (Sixty Nine Lakh Nineteen Thousand One Hundred and Six) Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the Company, including any Director, whether whole time or otherwise, (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided under ESOS 2017, exercisable into not more than 69,19,106 (Sixty Nine Lakh Nineteen Thousand One Hundred and Six) equity shares of face value of ₹ 10 (Rupees Ten) each fully paid-up, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOS 2017.

Based upon the above authority, the Nomination and Remuneration Committee at its meeting held on 8th February 2018, approved grant of 16,33,253 (Sixteen Lakh Thirty Three Thousand Two Hundred Fifty Three) options at an exercise price of ₹10/- per option to eligible employees of the Company as per the terms and conditions mentioned in ESOS 2017 to the permanent employees of the Company (including Managing Director) approved by the Members at the Annual General Meeting held on 26th July 2017.

The disclosures as required as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014 and as per SEBI Requirements are given below:

Options granted during the year	16,33,253
Options vested during the year	Nil
Options Exercised	Nil
Total number of shares arising as a result of exercise of option	Nil
Options Lapsed	Nil
Exercise Price	₹ 10/- per option
Option cancelled	Nil
Variation of terms of Option	Subject to such approvals as may be required, the Nomination and Remuneration Committee may at any time amend, alter, or vary the terms of the ESOS 2017 and/ or terms of the Options already granted under the ESOS 2017 subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Employees.
Money realized by exercise of options	Options yet to be exercised.
Total no. of options in force	None of the options granted have vested. The number of options in force (Options granted) is 16,33,253.

### Employee wise details granted to

#### Key Managerial Personnel

Name	Designation	Number of Options granted
M. S. Gilotra	Managing Director	3,45,955
Rakesh Mehta	Chief Financial Officer	1,38,455
Sonali Sanas	Vice President-Legal & Company Secretary	79,536

#### Employees to whom more than 5% options granted during the year:

Name	Designation	Number of Options granted
M. S. Gilotra	Managing Director	3,45,955
Rakesh Mehta	Chief Financial Officer	1,38,455
Prakash Kunte	Director – HR	1,32,261
Narendra Singh	Director – Works	1,79,917

#### Employees to whom options more than 1% of issued capital granted during the year – Nil

### ***Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013***

The Company has in place, a formal policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace. Detailed note is set out in the Corporate Governance report.

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

#### ***Other Disclosures:***

No disclosure or reporting is made in respect of the following items as required under the Companies Act, 2013 and Securities & 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 Directors of the Company do not receive any remuneration or commission from any of its subsidiaries.
- 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**

##### **Listing of Equity Shares**

The Company's equity shares are listed on the Bombay Stock Exchange Ltd (BSE). Listing fees have been paid up to 31st March 2019.

##### **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 and accolades**

During the year under review, the Company has been conferred with the following awards & accolades.

##### **In the area of Mines;**

- Five Star award from Indian Bureau of Mines, Gandhinagar Region, Ministry of Mines for exemplary performance in implementation of Sustainable Development Framework during 2016-17 assessed under Star Rating System.
- First prize from Commissionerate, Geology & Mines of Gujarat, Government of Gujarat for promoting Swachhata Pakhwada program under District Level.
- First, Second and Third prize under various categories from Directorate General of Mines Safety, Ahmedabad at 8th Metalliferous Mines Safety & Swachhata Week 2017, Ahmedabad Region under State Level.
- 1st Prize and 2nd Prize for Reclamation & Rehabilitation and Environment Monitoring under State Level from Indian Bureau of Mines, Gandhinagar Region at 25th Mines Environment & Mineral Conservation Week 2017-18.

##### **Acknowledgement**

The Directors thank the Central Government, Government of Gujarat, Financial Institutions, Bankers, Shareholders, Employees, Stockists, Dealers and all other stakeholders associated with its operations for the co-operation and encouragement extended to the Company. The Board also takes this opportunity to express its sincere appreciation of the contribution and dedicated work of all the employees of the Company.

**On behalf of the Board of Directors**

Place : Mumbai

Dated: 24.05.2018

**M.S.Gilotra**  
Managing Director

**Jay Mehta**  
Executive Vice Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### *Industry Structure and Development*

The growth in GDP at constant prices for the financial year 2017-18 was 6.6%. The GDP growth in the first half of the financial year was about 6% which increased to about 7.15% in the second half of the fiscal year. The Growth rate for the 8 core industries during the financial year 2017-18 was 4.2% lower than 4.7% in the previous financial year.

Indian economy continues to be one of the fastest growing major economies in the World with 3.1% contribution to Global GDP in last four years, higher by 0.75%. India contributes 21% to world growth despite being 3% of global economy.

India is second largest producer of cement in the world. India's cement industry is vital part of its economy providing employment to more than a million people directly or indirectly. The housing sector is the biggest demand driver, accounting for about 65% of total consumption in India. The other major consumers of cement include Infrastructure at 20% and Industrial development at 15%. The housing segment which had witnessed disruption on account of the after effects of implementation of GST and introduction of RERA in the short term; will be benefitted in the long run due to the transparency which will be established by GST and RERA. The infrastructure segment is a key propeller for the Indian markets, contributing significantly to the growth of the national economy. Consequently, the Government of India lays special emphasis on this industry, initiating and establishing several regulatory structures to ensure the advancement of this sector. This sector further received impetus with increased Government spending on infrastructure projects under Bharatmala and Sagarmala for roads and dedicated freight corridors for railways. The housing and real estate segment received impetus from housing for all / Pradhan Mantri Awas Yojana initiative in rural areas and affordable housing in urban areas.

The Indian cement industry has installed cement capacity of 455 million tons with production during the year of 297 million tons registering a capacity utilization of around 65%. The Country's per Capita consumption stands at around 225 kg. The consolidation in the Indian cement industry continues with top 10 companies accounting for about 60% of the installed capacity and 25 companies having 90% of the installed capacity. 94 Major companies have 247 large plants with 98% in private sector. 55% of the installed capacity is located in South & North India and 40% of plants are located in 4 states – Andhra Pradesh, Rajasthan, Tamilnadu & Telangana.

The huge surplus of capacity over demand and inefficient infrastructure for bulk transports results in volatile prices in most regions. The fractured structure of the industry also results in unhealthy competition and un-remunerative prices from time to time.

The cement market in the state of Gujarat remained fragmented with surplus capacity available in the states of Gujarat and Rajasthan. The export volume remained low due to un-remunerative prices.

### *Future Outlook*

The Indian economy is expected to grow further at good pace owing to series of policy measures, improvement in rating on "ease of doing business", "global competitive index", "logistic performance index" and "global innovation index" and India being one of the Top-10 FDI destinations. The various initiatives like Pradhan Mantri Aawas Yojana, Development of Smart Cities, Swachh Bharat Mission, Concrete Highways, Coastal Road Development (Sagarmala), Western and Eastern dedicated freight corridor, bullet train, metro rail, power projects, port development to double handling capacity, Make in India, Special Investment Region (SIR), etc are likely to propel growth in housing, infrastructure and industrial construction.

The eastern states of India are expected to be the new and virgin markets for cement companies and could contribute to their bottom line in future. In the next 10 years, India could become the main exporter of clinker and gray cement to the Middle East, Africa, and other developing nations of the world. Cement plants near the ports, for instance the plants in Gujarat and around Visakhapatnam, will have an added advantage for exports and will logistically be well equipped to face stiff competition from cement plants in the interior of the country.

Due to the increasing demand in various sectors such as housing, commercial construction and industrial construction, cement industry is expected to reach 550-600 Million Tonnes Per Annum (MTPA) by the year 2025.

### *Opportunities & Threats*

The long term future of Indian Cement Industry is optimistic and positive. However, the lower capacity utilization due to lower consumption continues to be a challenge and with addition of new plants with large capacities, the competition is becoming more intense. Old plants with less energy efficient process and machinery are like to experience fierce competition in the market places.

In the state of Gujarat, there is a large supply overhang, which may affect the stability of cement prices. A large part of production therefore will need to be exported or transported to longer distances, in other states like Maharashtra, Karnataka and Kerala involving higher logistic costs.

The amended Mines and Minerals (Development and Regulation) Act, 2015 creates hurdles and difficulties for allotment and renewal of mining leases. The high rates of taxation in the form of Royalty and different mineral rates etc. results in cost pressure and lower profitability.

### ***Segment Review and Analysis***

During the year, your Company has produced and sold cement of different varieties like Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC). The bulk of the revenue and profitability comes from the sale of different types of cement.

### ***Risks and Concerns***

- I. The Indian Cement Industry is becoming intensely competitive, with addition of new entities and existing companies expanding its capacity inorganically. This could potentially impact the sales volumes, market share and profitability of your Company. Over capacity of cement versus the demand is resulting in very volatile market conditions and profitability of cement business.
- II. Increase in cost of raw materials, energy, delivery cost, duties and taxes are pushing the cost of production without a corresponding increase in the price realizations due to excess supply, which will pose a threat to improving the overall scenario in cement sector. The increase in costs may be difficult to pass on to the customers as the prices would remain under pressure due to the excess capacity.

### ***Internal Control systems and their adequacy***

Your Company has adequate systems of internal controls commensurate with the size and nature of its operations. The internal audit team continuously monitors the effectiveness of internal control systems. The Management periodically reviews the Reports of the Internal Auditor highlighting suggested improvements, cost control measures and need of policy modification and assuring its adherence. The Audit Committee reviews the financial results, adequacy of disclosures and adherence of accounting principles. The corrective steps and suggestions of the Audit Committee are implemented and the Internal Auditor reviews the same and reports of any deviations and other recommendations to formulate management policies, risk management procedures.

### ***Human Resource Development / Industrial Relations***

Your Company has always considered the Human Resource as its most valued resource and it has always been striving to manage and develop its human resource, striking balance between the business needs and individual aspirations. The management has been training and re-training its employees on technical and behavioral aspects using both its internal and external resources in order to upgrade their skills. We are also in the process of developing sound leadership pipeline.

In order to enhance Managerial Capabilities, we have been providing continual training to internal talent and recruiting and nurturing fresh talent from reputed Institutions.

Acknowledging, "continuous Learning is the key to continuous improvement in performance" the management is using more than one method for employee development viz- leadership development programs, cross functional team assignments, job rotation, E-Learning, video-conferencing are some of the additional initiatives undertaken.

The management recognizes performing and potential employees, however at the same time, it recognizes the importance of employees who are with the Company for long and have contributed to its growth. During the year under review, ESOP scheme was rolled out in order to give due recognition to the performers, potential leader and long serving employees and as a retention measure.

The employee engagement survey revised with new initiative "talk to me" had overwhelming response. The new initiative helped us understand the pulse of our employees and their pain area and aspirations. The policies and practices are being aligned to meet the business objectives.

The Industrial relations at the plant have remained cordial.

The management is pleased to acknowledge the contribution of all employees who have helped the Company to grow. The employee relations have been harmonious and amicable throughout the year.

As on 31.03.2018, the Company had employed 443 permanent employees.

### ***Corporate Social Responsibility***

Your Company firmly believes in giving back to the society by many means and one of them is Corporate Social Responsibility (CSR). The thrust area has been mainly where the society is getting impacted. The roots of CSR are deeply entrenched in the organization values since



its inception. The Company is committed towards taking care of the communities around its areas of operation positively by minimizing its environmental impact and addressing the key concerns of the community.

The CSR activities are chosen & implemented only on the actual needs and priorities of the people of the surrounding areas. The initiatives help society in various areas like health, education, environment, social upliftment among others. Needless to mention that the community interventions are implemented with utmost care and the primary aim is to remain concentrated on creating long-term wealth creation for all local community members irrespective of their gender, ethnicity and religious backgrounds.

### **Health and Safety**

Employees' Health and Safety continued to be priority for the Company. The Company has holistic approach towards the health and safety of its employees and family members. The factory has a health care center providing medical aid not only to the Company employees but also to family members, workers & people from the neighboring areas. Company, through its health center, conducts various immunization programs, blood donation camps, family welfare education, health care, safety as well as various periodical health checkup and first aid training programs.

Addressing the need for transportation of patients, the Company donated an ambulance for use of public of surrounding areas.

The safety is of prime importance for the management and we work with zero tolerance in the area. The dedicated safety team not only looks after the safety aspect but also gives lot of emphasis on the training of employees in the related areas. The continuous training of employees, adherence to safety policy, procedures and processes have given dividends to the management and would strive further for the strengthening the area. The processes and controls are in place to ensure the safety of people and that of plant. Some of the tools which are used to ensure the safety are: periodical internal and external audits, statutory inspections, and mock drills among others.

### **Education**

Your Company continued its saga for education through a full-fledged primary school for the children of the employees and that of surrounding area with an aim to uphold the fundamental right of the children to education and create a well-educated society. The Company also provides bus facility for transportation of the students for studying in various other school and colleges in Porbandar city. The Company has also initiated extra coaching classes to instill confidence and create a competitive edge for the under-privileged students in the nearby areas. This has resulted in the reduction of drop out cases and encourages pursuing further education.

### **Sanitation**

Your Company has always contributed in the various national programs implemented by the governments and other NGOs. The Company has addressed the appeal of "Sanitation facility for all" by participating in the Swachh Bharat Abhiyan and resorted to various initiatives in this regards viz- construction of 90 toilets, benefiting around 450 people & clean village drive in the nearby area.

### **Afforestation**

Further to its commitment to environment and maintaining bio-diversity; a green belt has been developed in the arena of plant and surrounding. The Company attained its objective of planting more than one lakh trees in the last decade and the survival rate of more than 80%. Commendable efforts were shown by the employees at factory premises in conservation and propagation of rare species of trees, increasing forest cover and fruit garden.

### **Cautionary Statement**

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. The Statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply position, raw material, fuel, transport cost and availability, changes in Government regulations and tax structure, economic development in India.

The Company assumes no responsibility in respect of forward-looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

**On behalf of the Board of Directors**

Place : Mumbai

Dated: 24.05.2018

**M.S. Gilotra**  
Managing Director

**Jay Mehta**  
Executive Vice Chairman

**ANNEXURE - B**

**CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is a systematic process by which the companies are directed and controlled to enhance their wealth creation capacity. We believe that governance process should ensure that these resources are utilized in a manner that meets the stakeholders aspirations and societal expectations.

We believe that the management must have the executive freedom to drive the enterprise forward without constraints and this freedom of management should be exercised with a framework of effective accountability. Further any meaningful policy of Corporate Governance must empower the executive management of the company. At the same time, Governance must create a mechanism of checks and balances to ensure that the decision making process is vested in the executive management are used with care and responsibility to meet shareholders expectations and societal expectations.

The SEBI (Listing Regulations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as "SEBI (LODR) 2015" as amended from time to time are aligned with the provisions of the Companies Act, 2013, and are aimed to encourage companies to 'adopt best practices in Corporate Governance'.

We believe that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance. At SCL, the Board of Directors ("the Board") is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long term interests of our stakeholders.

Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company. Your Company has complied with the requirements of Corporate Governance as laid down under SEBI (LODR) 2015.

**1.1 GOVERNANCE STRUCTURE:**

Your Company's governance structure broadly comprises the Board of Directors and the Committees of the Board and the Executive Management.

**(a) Board of Directors:**

The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The Board plays a primary role to protect the interest of the Company and enhance value of all the stakeholders.

**(b) Committees of Board:**

With a view to have better transparency in various areas of the business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship & Grievances Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Allotment Committee. These Committees are focused on financial reporting, audit & internal controls, resolving the grievances of stakeholders, appointment and remuneration of Directors and Senior Management Personnel, implementation and monitoring of CSR activities, the risk management framework and allotment of securities.

**(c) Executive Management:**

The Executive Management of the Company oversees the business and compliances. The Executive Vice Chairman (EVC) and Managing Director (MD) look after day-to-day business of the Company under the overall supervision and guidance of the Board. The EVC and MD are supported by business head and department heads in achieving overall performance / growth of the Company.

**2. BOARD OF DIRECTORS:**

**(i) Composition (as on 31.3.2018)**

Your Company's Board comprises of 13 (Thirteen) Directors, which include 8 (Eight) Independent Directors. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.





The composition of the Board as on 31st March 2018 is as under:

Category	No. of Directors
Non-Independent Directors – Non Executive (including Chairman)	3
Independent Directors - Non Executive including a Woman Director	8
Non-Independent & Executive – EVC & MD	2
<b>Total</b>	<b>13</b>

The composition of the Board of Directors is in conformity with the SEBI (LODR) 2015.

## 2.1 PROFILE OF DIRECTORS

The brief profile of each Director is given below:

(i) **Mr. M. N. Mehta – DIN: 00632865 (Chairman, Promoter Group, Non-Independent)**

Mr. M. N. Mehta, aged 86 years, is an Industrialist. Mr. Mehta is a Non Resident Indian. He completed his schooling in India and then joined the family business at the age of 19 in East Africa and has over six decades of entrepreneurial experience. He is the motivating force behind the Group. He is also Chairman of Gujarat Sidhee Cement Limited and all subsidiary companies in India.

Initially, he joined the Board of the Company in October 1974 and was reappointed in current term on 15.10.2004.

(ii) **Mr. Jay Mehta – DIN: 00152072 (Executive Vice Chairman, Promoter Group, Non-Independent)**

Mr. Jay Mehta, aged 57 years, has graduated in Industrial Engineering from Columbia University in 1983 and has completed MBA from The International Institute of Management Development (IMD) in Lausanne, Switzerland. He has over 3 decades of experience in Cement Industry. He is also Executive Vice Chairman of Gujarat Sidhee Cement Limited and Board member of various subsidiary companies, private and public limited companies in India. He is Member of CSR Committee and Stakeholders Relationship and Grievances Committee of the Board.

Initially, he joined the Board in December 1987 and was reappointed in current term with effect from 1.1.2016.

(iii) **Mr. Hemang D. Mehta – DIN: 00146580 (Non-Executive Director, Promoter Group, Non-Independent)**

Mr. Hemang D. Mehta, aged 63 years, has graduated from the University of Manchester Institute of Science & Technology (UMIST) U.K., now referred to as the Manchester Business School. He is an industrialist having over 30 years of Corporate and Operational Management experience in the Cement industry and in Plastics & Packaging. He had worked in various countries like India, Kenya, Canada and USA. He is also a Director of various private companies in India, Canada and USA.

Initially, he joined the Board in April 1993 and was reappointed in current term on 22.8.2016.

(iv) **Mr. Hemnabh R. Khatau – DIN: 02390064 (Non-Executive Director, Promoter Group, Non-Independent)**

Mr. Hemnabh R. Khatau, aged 57 years, has graduated with B.A (Electrical Engineering) from Cambridge University, MSc. (Microprocessor Engineering) (UMIST) and MSc (Sloan Fellowship Masters Programme, London Business School). He has track record of successful Board level line management in manufacturing and financial services sectors. He has wide experience in developing and implementing successful strategies for growth and improving performance. He has worked in UK for a decade in various positions in the consulting practices of Capgemini UK, KPMG and Indeco IMC. He is also Director of Gujarat Sidhee Cement Limited and on the Board of all subsidiary companies.

He joined the Board in October, 2008 and was reappointed in current term on 26.7.2017.

(v) **Mr. S. V. S. Raghavan – DIN: 00111019 (Non-Executive Director, Independent)**

Mr. S. V. S. Raghavan, aged 88 years, is IDAS (Retd). He has been awarded Padmashri by Government of India for his excellent services. He was also given the award of the “First Citizen of India” by the President of India. He was the Chairman of BHEL, MMTC, STC, BBIL and retired in the rank of Secretary of the Ministry of Commerce, Government of India, New Delhi. He is the Member of Audit Committee and Chairman of Nomination & Remuneration Committee of the Board. He is also on the Board of Gujarat Sidhee Cement Limited.

Originally, he joined the Board in February 1997 and was reappointed in current term as Independent Director on 30.5.2014.



(vi) **Mr. M.N. Rao – DIN: 00027131 (Non-Executive Director, Independent)**

Mr. M. N. Rao, aged 81 years, is a Science Graduate and Mechanical Engineer. He has worked with IDBI and has wide experience in Cement Industry. He is the Chairman of Audit Committee and Member of Nomination & Remuneration Committee of the Board. He is also on the Board of Gujarat Sidhee Cement Limited.

Originally, he joined the Board in November, 1984 and was reappointed in current term as Independent Director on 30.5.2014.

(vii) **Mr. B. P. Deshmukh – DIN: 00002357 (Non-Executive Director, Independent)**

Mr. B.P. Deshmukh, aged 74 years, has done M.Com., LL.B., FCS. He has rich experience in finance. He is on the Board of EMI Transmission Ltd. He is a Member of the Allotment Committee of the Board.

He joined the Board in October, 2004 and was reappointed in current term as Independent Director on 30.5.2014.

(viii) **Mr. K. N. Bhandari – DIN: 00026078 (Non-Executive Director, Independent)**

Mr. K. N. Bhandari, aged 76 years, has done B.A., LL.B. He was Ex-Chairman-cum-Managing Director of The New India Assurance Company Limited and United India Insurance Company Limited. Mr. Bhandari is having rich experience in the Insurance Industry. He is also on the Board of several public listed companies. He is a Member of Audit Committee and Nomination & Remuneration Committee of the Board. He is also on the Board of Gujarat Sidhee Cement Limited.

He joined the Board in October, 2005 and was reappointed in current term as Independent Director on 30.5.2014.

(ix) **Mr. Jayant N. Godbole - DIN: 00056830 (Non-Executive Director, Independent)**

Mr. Jayant N. Godbole, aged 73 years, is a B.Tech (Hons), IIT (Mumbai) and holds Certificate of Financial Management from Jamnalal Bajaj Institute of Management Studies. At the time of retirement, he was performing functions of Chairman & Managing Director of IDBI. He has vast knowledge and enriched experience in Finance. He is also on the Board of several public listed companies. He is a Member of Corporate Social Responsibility (CSR) Committee of the Board.

He joined the Board in April, 2008 and was reappointed in current term as Independent Director on 30.5.2014.

(x) **Mr. Bimal R. Thakkar – DIN: 00087404 (Non-Executive Director, Independent)**

Mr. Bimal R. Thakkar, aged 53 years, has done B.Com, Diploma in Export Management and has also done a course in International Business and Marketing from Trade Development Institute of Ireland. He has over two decades of experience and is currently spearheading the ADF Group. He has been instrumental in expansion of the business and promoting the company's products in international markets, development of Brands and creating new markets for the products in U.K. USA, Gulf, Australia, Europe etc. He is also on the Board of several public listed companies. He is a Member of Nomination & Remuneration Committee, Stakeholders Relationship & Grievance Committee, Corporate Social Responsibility (CSR) Committee and Allotment Committee of the Board. He is also on the Board of Gujarat Sidhee Cement Limited.

He joined the Board in April, 2009 and was reappointed in current term as Independent Director on 30.5.2014.

(xi) **Mr. P. K. Behl – DIN: 00653859 (Non-Executive Director, Independent)**

Mr. P. K. Behl, aged 75 years, is First Class First Graduate, Double Gold Medalist from Jaipur University. He retired as Executive Director (International Operations) from Life Insurance Corporation of India controlling in Sri Lanka, Mauritius, Nepal, U.K. and Bahrain and has vast knowledge on corporate matters. Short listed as Life Member for IRDA. He is also on the Board of Gujarat Sidhee Cement Limited.

He joined the Board in current term as Independent Director on 30.5.2014.

(xii) **Mrs. Bhagyam Ramani – DIN: 00107097 (Non-Executive Director, Independent)**

Mrs. Bhagyam Ramani, aged 66 years, is a Post Graduate in Economic (Hons) with specialization in Industrial & Monetary Economics and had retired as Director of General Insurance Corporation of India, a Government of India Undertaking. She has more than 4 decades of experience in various fields including finance and accounts. She is also on the Board of several public listed companies. She is a Member of Allotment Committee of the Board. She is also on the Board of Gujarat Sidhee Cement Limited.

She joined the Board in current term as Independent Director on 4.8.2014.



(xiii) **Mr. M. S. Gilotra – DIN : 00152190 (Executive Director (Managing Director), Non-Independent)**

Mr. M.S. Gilotra, aged 68 years, is a Mechanical Engineer from BITS, Pilani. He has total experience of more than 4 decades. His total experience includes 21 years tenure with Associated Cement Companies Ltd. (ACC). During his career he has served as head of operations of various cement units and has also been extensively involved in reviewing feasibility of new ventures, project execution and management. Mr. Gilotra is in charge of day-to-day operations of the Company and has substantial power of management. He is also the Managing Director of Gujarat Sidhee Cement Limited. He is a Member of Audit Committee, Stakeholders Relationships & Grievances Committee, Corporate Social Responsibility (CSR) Committee and Allotment Committee of the Board.

He joined the Board in June, 1995 and was reappointed in current term with effect from 1.1.2016.

**2.2 DIRECTORS RESIGNED DURING THE YEAR.**

None of the Directors resigned during the year.

**2.3 RE-APPOINTMENT OF DIRECTORS**

Mr. Hemang D. Mehta, Director shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

The brief resume of the Director proposed to be reappointed is appended to the Notice of the Annual General Meeting.

**Re- Appointment of Independent Directors**

In accordance with the provisions of Section 149 sub-section 10 read along with sub-section 11 of the Companies Act, 2013; an independent director can be appointed for two consecutive term of 5 years wherein a Special Resolution is required to be passed at the Shareholders meeting for the second consecutive term.

The Board at its meeting held on 24th May 2018, on the recommendation of Nomination & Remuneration Committee approved and recommended to the Shareholders for consideration with regard to re-appointment of following Independent Directors for second consecutive term of five years at the ensuing Annual General Meeting. The details of the existing tenure and proposed tenure is provided hereunder:

Sr. No.	Name of the Director	Tenure ends on	Reappointment Proposed	
			From	To
1.	Mr. S.V.S. Raghavan	31.3.2019	1.4.2019	31.3.2024
2.	Mr. M. N. Rao	31.3.2019	1.4.2019	31.3.2024
3.	Mr. K. N. Bhandari	31.3.2019	1.4.2019	31.3.2024
4.	Mr. B. P. Deshmukh	31.3.2019	1.4.2019	31.3.2024
5.	Mr. Jayant N. Godbole	31.3.2019	1.4.2019	31.3.2024
6.	Mr. Bimal Thakkar	31.3.2019	1.4.2019	31.3.2024
7.	Mr. P. K. Behl	29.5.2019	30.5.2019	29.5.2024
8.	Mrs. Bhagyam Ramani	3.8.2019	4.8.2019	3.8.2024

Brief resume of Directors proposed to be re-appointed is appended to the Notice of the Annual General Meeting

**2.4 ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AND ANNUAL GENERAL MEETING, DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTOR INTER-SE AND NUMBER OF SHARES HELD BY NON EXECUTIVE DIRECTORS.**

During the financial year under review, four Board Meetings were held. The meetings were held on the 23<sup>rd</sup> day of May 2017, 13<sup>th</sup> day of September 2017, 9<sup>th</sup> day of November 2017 and 8<sup>th</sup> day of February 2018. The Directors are also given an option of attending the board meeting through Video conferencing. The last Annual General Meeting (AGM) was held on the 26<sup>th</sup> day of July 2017. The details of attendance at Board Meetings and at the last Annual General Meeting during the year under review are as under:-

Sr. No.	Name of the Director	Category	No. of Board Meetings attended	Attendance of last AGM	Relationships	No. of Shares held
1.	Mr. M. N. Mehta	Chairman, Non-Executive, Non-Independent	3	No	Father of Mr. Jay Mehta	28480
2.	Mr. Jay Mehta	Executive Vice Chairman, Non-Independent	4	Yes	Son of Mr. M. N. Mehta	14630
3.	Mr. Hemang D. Mehta	Non-Executive, Non-Independent	4	No	-	51534
4.	Mr. Hemnabh Khatau	Non-Executive, Non-Independent	4	No	-	-
5.	Mr.S.V.S. Raghavan	Non-Executive, Independent	3	No	-	-
6.	Mr.M.N.Rao	Non-Executive, Independent	4	Yes	-	-
7.	Mr. B.P. Deshmukh	Non-Executive, Independent	4	No	-	-
8.	Mr. K. N. Bhandari	Non-Executive, Independent	4	No	-	-
9.	Mr. Jayant N. Godbole	Non-Executive, Independent	4	No	-	-
10.	Mr. Bimal R. Thakkar	Non-Executive, Independent	4	No	-	-
11.	Mr. P. K. Behl	Non-Executive, Independent	4	Yes	-	-
12.	Mrs. Bhagyam Ramani	Non-Executive, Independent	4	No	-	-
13.	Mr. M.S. Gilotra	Managing Director, Non-Independent	4	Yes	-	-

Except Mr. M. N. Mehta and Mr. Jay Mehta, none of the Directors of the Company nor any of the Key Managerial Personnel are inter se related.

#### Agenda:

The agenda papers backed by the following information (except for the price sensitive information, which is circulated at the meeting) are circulated to the Directors ten days prior to the Board Meeting. Additional agenda in the form of "Other Business" are included with the permission of the Chairman and with the consent of the majority of the Independent Directors present at the meeting.

#### Information to the Board of Directors

The following information is circulated along with agenda / placed before the Board:

- Annual Revenue Budget and Capital Expenditure plans.
- Quarterly and annual financial results and results of operations.
- Budget and Financial plans of the Company.
- Formation / Reconstitution of Board Committees and Terms of Reference of Board Committees.
- Minutes of Meetings of Audit Committee, Nomination & Remuneration Committee, Finance & Legal Committee, CSR Committee, Stakeholders Relationship & Grievances Committee, Allotment Committee and Board meetings of Subsidiary Companies.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.
- Any material or default, in meeting any financial obligation to and by the Company or substantial non-payment of goods sold, services rendered, if any.
- Any issue, which includes possible public or liability claims of substantial nature, including any judgment or order, if any, which may have passed strictures on the Company.
- Developments in respect of Human Resources.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business, if any.
- Compliance or Non-compliance of any Regulatory, Statutory or Listing requirement and Investor services such as non payment of dividend, delay in share transfer etc.



### Invitees & Proceedings:

Apart from the Board members, the Company Secretary and CFO also attend all the Board & Committee Meetings. Other senior management executives of the Company / associate company are also invited to provide inputs for the items being discussed by the Board. The Managing Director and CFO makes presentation on the quarterly and annual operating and financial performance and on annual budget. The Chairman of various Board Committees brief the Board on all the important matters discussed and decided at their respective committee meetings, which are generally held prior to the Board Meeting.

### 2.5 OTHER DIRECTORSHIPS

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Director acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies in which he/she is a Director.

The details of the Directorships and Committee memberships in other Companies (excluding Private Limited Companies & Foreign Companies) held by the Directors as on 31st March 2018 are given below:

Sr. No.	Name of the Director	Other Directorships*	Committee Positions**	
			Chairman	Member
1.	Mr. M. N. Mehta, Chairman, Non-Executive, Non-Independent	6	-	-
2.	Mr. Jay Mehta, Executive Vice Chairman, Non-Independent	7	-	1
3.	Mr. Hemang D. Mehta, Non-Executive, Non-Independent	-	-	-
4.	Mr. Hemnabh Khatau, Non-Executive, Non-Independent	6	-	-
5.	Mr. S.V.S. Raghavan, Non-Executive, Independent	1	1	-
6.	Mr. M. N. Rao, Non-Executive, Independent	1	-	1
7.	Mr. B.P. Deshmukh, Non-Executive, Independent	1	-	-
8.	Mr. K. N. Bhandari, Non-Executive, Independent	8	5	6
9.	Mr. Jayant N. Godbole, Non-Executive, Independent	7	4	5
10.	Mr. Bimal Thakkar, Non-Executive, Independent	3	-	2
11.	Mr. P. K. Behl, Non-Executive, Independent	1	-	1
12.	Mrs. Bhagyam Ramani, Non-Executive, Independent	6	-	6
13.	Mr. M.S. Gilotra, Managing Director, Non-Independent	1	-	2

\* Includes Directorships of Indian Public Limited companies other than Saurashtra Cement Limited.

\*\* Includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies (whether listed or not) other than Saurashtra Cement Limited.

### 2.6 INDEPENDENT DIRECTORS

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. Their appointment has been approved by the Members of the Company at the Annual General Meeting held on 19th September 2014. None of the Independent Directors serve as "Independent Directors" in more than seven listed companies. The Independent Directors have confirmed that they meet the criteria of independence laid down under the Act and SEBI (LODR) 2015.

As per Schedule IV of the Companies Act, 2013 and Clause 25 of SEBI (LODR) 2015, a separate meeting of the Independent Directors of the Company was held on 24th May 2018 to review the performance of Non-Independent Directors and the Board as a whole. The Independent Directors also assessed the quality, quantity and timeliness of flow of information necessary for the Board to discharge its duties between the Company's management and its Board.

### 2.7 FAMILIARIZATION PROGRAMME FOR THE DIRECTORS INCLUDING INDEPENDENT DIRECTORS:

In accordance with the requirements of SEBI (LODR) 2015, the Company conducts a Familiarization Programme for all Independent Directors on an on-going basis, periodic presentation are being made to all the Directors by the Managing Director, CFO and Consultants on the Company's finance and industry scenario, business strategy, internal control and mitigation plan. The Directors are also provided with quarterly update on relevant statutory changes and important amendments.

The Company also aspires to be sensitive towards individual directors needs. All possible support is provided by in-house Key Managerial Personnel and outside consultants to individual director(s) as per their requirements.

The familiarization programme was conducted by the veterans of the respective fields. Further details of the programme is available at the following link: <http://scl.mehtagroup.com/announcements/familiarization-program-for-independent-directors-for-calendar-year-2018>.

## **2.8 EVALUATION OF THE BOARD'S PERFORMANCE**

In accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) 2015, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of the Board as a whole based on various criteria. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

## **3. AUDIT COMMITTEE**

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process.

The Audit Committee of the Board comprises of four members viz. Mr. M.N.Rao, Mr. S.V.S. Raghavan, Mr. K. N. Bhandari and Mr. M.S. Gilotra. Mr. M.N.Rao is the Chairman of the Audit Committee and was present at the last AGM.

During the year under review, four meetings of Audit Committee were held. The meetings were held on 23rd day of May 2017, 13th day of September 2017, 9th day of November 2017 and 8th day of February 2018. Partners/Representative from Internal Auditors and Statutory Auditors also attended the meetings. Details of Audit Committee Meetings attended by the Audit Committee Members are given below:

<b>Sr. No.</b>	<b>Members of Audit Committee</b>	<b>No. of meetings held</b>	<b>No. of meetings attended.</b>
1.	Mr. M.N.Rao, Chairman	4	4
2.	Mr. S.V.S.Raghavan, Member	4	3
3.	Mr. K. N. Bhandari, Member	4	3
4.	Mr. M. S. Gilotra, Member	4	4

The approved Minutes of the Audit Committee Meetings are perused and noted by the Board of Directors at the subsequent Board Meetings.

### **Terms of reference of Audit Committee**

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend the appointment, remuneration and terms of appointment of Auditors of the Company;
3. Approve payment to Statutory Auditors for any other services rendered by them.
4. Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of the Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;
5. Review, with the management, the quarterly financial statements before submission to the Board for approval;
6. Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;



7. Review and monitor the auditor’s independence and performance, and effectiveness of audit process;
8. Approve transactions of the Company with related parties and any subsequent modification;
9. Scrutinize inter-corporate loans and investments;
10. Consider Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluate internal financial controls and risk management systems;
12. Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discuss with Internal Auditors of any significant findings and follow up there on;
15. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Review the functioning of the Whistle Blower / Vigil Mechanism;
19. Approve appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carry any other function as is mentioned in the terms of reference of the Audit Committee;

**4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The Board has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013 comprising of the following Directors.

1. Mr. Jay Mehta - Executive Vice Chairman
2. Mr. M. S. Gilotra - Managing Director
3. Mr. Jayant N. Godbole - Member
4. Mr. Bimal Thakkar - Member

During the year under review, the Committee had one meeting. The meeting was held on 23<sup>rd</sup> day of May 2017. Details of CSR Committee Meeting attended by the Members are given below:

Members of the CSR Committee	No. of meetings held	No. of meetings attended
Mr. Jay Mehta, Executive Vice Chairman	1	1
Mr. M. S. Gilotra, Member	1	1
Mr. Jayant N. Godbole, Member	1	1
Mr. Bimal Thakkar, Member	1	-

The Company has a policy in place on the Corporate Social Responsibility.

**Terms of Reference of the Committee are as follows:**

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Section 135 of Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII;
- b) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c) To monitor the CSR Policy of the Company from time to time; and
- d) Such other Terms of Reference as may be specified from time to time under the Companies Act, 2013, Rules there under and Schedule VII of the Act.

## 5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of four directors viz. Mr. S. V. S. Raghavan, Mr. M. N. Rao, Mr. K. N. Bhandari and Mr. Bimal Thakkar. Mr. S.V.S. Raghavan is the Chairman of the Committee.

During the year under review, two meetings were held. The meetings were held on 23rd day of May 2017 and 8th day of February 2018.

Details of Nomination & Remuneration Committee Meetings attended by the Members are given below:

Sr. No.	Members of Nomination & Remuneration Committee	No. of meetings held	No. of meetings attended.
1.	Mr. S.V.S.Raghavan (Chairman)	2	2
2.	Mr. M.N.Rao (Member)	2	2
3.	Mr. Bimal Thakkar (Member)	2	2
4.	Mr. K. N. Bhandari (Member)	2	1

The approved Minutes of the Nomination & Remuneration Committee Meetings are perused and noted by the Board of Directors at the subsequent Board Meetings.

### Terms of Reference of the Committee are as follows:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulate of criteria for evaluation of Independent directors and the Board;
3. Devise a policy on Board diversity;
4. Identify persons who are qualified to become directors and also such persons who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board, their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

### Remuneration/Compensation Policy

The Company has a Nomination and Remuneration Committee Charter and Compensation Policy in place. Remuneration policy of the company is designed to create high performance culture.

The Remuneration / Compensation / Increments to the Whole Time Director, KMP, Senior Management Personnel is being determined by the Committee and then recommended to the Board. Shareholders approval is taken as and when required under the Act. The provisions of the Act along with Schedule V are complied.

The Remuneration paid to Executive / Non Executive Directors is paid as per the Companies Act, 2013. Sitting Fees being paid to Non Executive/ Independent Directors does not exceed Rs One lac Per meeting of the Board / Committee or such higher amount as may be prescribed by the Central Government from time to time. The Company also reimburses the out of pocket expenses incurred by the Directors for attending such meetings.

### Details of Remuneration of Directors paid for the Financial Year 2017-18:

#### Executive Directors:

(₹ in Lakhs)

Name	Salary & Allowances	Perquisites	Contribution to Superannuation (Taxable)	Performance linked Incentives	Total	Exempt Benefits		ESOP* Numbers	Total
						Contribution to PF	Contribution to Superannuation		
Mr. Jay M Mehta, Executive Vice Chairman	209.21	Nil	18.30	Nil	227.51	15.84	1.50	Nil	244.85
Mr. M.S.Gilotra, Managing Director	204.06	2.51	15.39	Nil	221.96	13.35	1.50	3,45,955	236.81

The above Executive Directors were appointed for a period of 5 years effective from 1.1.2016 and the appointment(s) can be terminated by either side by giving three months' notice in writing. No Severance fees is applicable to the above Directors.

(\*) ESOP is granted at ₹ 10/- (face value of shares). For the exercise period and accrual, details are given under the head 'Employees Stock Option Scheme' in the Directors' Report.



**Non Executive Directors**

The Directors were paid sitting fees of ₹ 50,000/- per meeting for attending the meeting of the Board, Audit Committee and Nomination & Remuneration Committee. The sitting fees is ₹ 20,000/- per meeting for Stakeholders Relationship & Grievances Committee, CSR Committee or any other Committee of the Board attended by them.

Sr. No.	Name of the Directors	No. of Board meeting attended	No. of Committee meetings attended	Total	Amount of Sitting fees paid (₹)
1.	Mr. M. N. Mehta (Chairman)	3	-	3	1,50,000
2.	Mr. Hemang. D. Mehta	4	-	4	2,00,000
3.	Mr. S. V. S. Raghavan	3	6	9	4,50,000
4.	Mr. M. N. Rao	4	7	11	5,50,000
5.	Mr. B. P. Deshmukh	4	1	5	2,50,000
6.	Mr. K. N. Bhandari	4	5	9	4,50,000
7.	Mr. Bimal R. Thakkar	4	7	11	4,30,000
8.	Mr. Jayant N. Godbole	4	2	6	2,70,000
9.	Mr. Hemnabh Khatau	4	-	4	2,00,000
10.	Mr. P. K. Behl	4	1	5	2,50,000
11.	Mrs. Bhagyam Ramani	4	1	5	2,50,000
	<b>Total</b>				<b>34,50,000</b>

Pursuant to authority delegated to the Board / Committee of the Board, the Nomination and Remuneration Committee at its meeting held on 8th February 2018 approved grant of 16,33,253 options at an exercise price of ₹ 10/- per option to eligible employees of the Company as per the terms and conditions mentioned in ESOS 2017 approved by the Shareholders at the Annual General Meeting held on 26th July 2017 during the financial year ended 31.3.2018.

The disclosures as required as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014 and as per SEBI Requirements are given below.

Options granted during the year	16,33,253
Options vested during the year	Nil
Options Exercised	Nil
Total number of shares arising as a result of exercise of option	Nil
Options Lapsed	Nil
Exercise Price	₹ 10/- per option
Option cancelled	Nil
Variation of terms of Option	Subject to such approvals as may be required, the Nomination and Remuneration Committee may at any time amend, alter, or vary the terms of the ESOS 2017 and/ or terms of the Options already granted under the ESOS 2017 subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Employees.
Money realized by exercise of options	Options yet to be exercised.
Total no. of options in force	None of the options granted have vested. The number of options in force (Options granted) is 16,33,253.



**Employee wise details granted to :****Key Managerial Personnel**

Name	Designation	Number of Options granted
M. S. Gilotra	Managing Director	3,45,955
Rakesh Mehta	Chief Financial Officer	1,38,455
Sonali Sanas	Vice President-Legal & Company Secretary	79,536

**Employees to whom more than 5% options granted during the year:**

Name	Designation	Number of Options granted
M. S. Gilotra	Managing Director	3,45,955
Rakesh Mehta	Chief Financial Officer	1,38,455
Prakash Kunte	Director – HR	1,32,261
Narendra Singh	Director – Works	1,79,917

**Employees to whom options more than 1% of issued capital granted during the year – Nil****6. STAKEHOLDERS RELATIONSHIP & GRIEVANCES COMMITTEE**

The Committee comprises of Mr. Jay M. Mehta – Executive Vice Chairman, Mr. M. S. Gilotra – Managing Director, and Mr. Bimal Thakkar, Member, Independent Director. Mr. Bimal Thakkar is the Chairman of the Stakeholders Relationship & Grievances Committee. Ms. Sonali Sanas, Vice President (Legal) & Company Secretary is designated as the Compliance Officer who oversees the redressal of the investor grievances.

During the year under review, four meetings of the Committee were held. The meetings were held on 10th day of May 2017, 21st day of August 2017, 9th day of November 2017 and 8th day of February 2018. Details of the meetings attended by the members are given below:

Sr. No.	Members of Stakeholders Relationship & Grievance Committee	No. of meetings held	No. of meetings attended
1.	Mr. Bimal Thakkar (Chairman)	4	4
2.	Mr. Jay Mehta (Member)	4	4
3.	Mr. M. S. Gilotra (Member)	4	4

The Details of complaints attended by the Company's Registrars during the year was as under:

No. of complaints received	No. of complaints redressed	No. of complaints pending.
8	8	Nil

The approved minutes of the Stakeholders Relationship & Grievances Committee is circulated and noted by the Board of Directors at the subsequent Board Meetings.

**Terms of Reference**

The Committee is responsible to resolve the grievances of the Shareholders of the Company including complaints related to transfer of shares, non receipt of Balance Sheet and non receipt of declared dividends.

**7. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Keeping in line with the philosophy of Open Communication and Transparency practiced by the Company, the Policy is formulated to provide an opportunity to the directors and employees of the Company to approach the Audit Committee in good faith, when they suspect or observe unethical or wrongful practices, malpractices, non-compliance of company policies etc.

The name, address and contact no. of the Chairman of the Audit Committee is given below:

Name of the Chairman	Address	Contact No(s).
Mr. M. N. Rao	Saurashtra Cement Limited, 2nd Floor, N. K. Mehta International House, 178, Backbay Reclamation, Mumbai 400 020	022-66365444

This policy is applicable to all the directors and employees of the Company. The policy is also posted on the website of the Company.



**8. GENERAL BODY MEETINGS:**

**(i) Annual General Meetings**

The details of General Meetings of the Company held in last three years are as follows:

Financial Year	Date	Time	Venue	Dividend declared
2016-17	26.7.2017	10.00 a.m.	Registered Office of the Company	₹ 1/- per share on 6,91,91,065 fully paid-up Equity Shares for the Financial year ended 31st March 2017
2015-16	22.8.2016	10.00 a.m.	Registered Office of the Company	₹ 1/- per share on 5,11,91,065 fully paid-up Equity Shares and Re.0.19 on 1,80,00,000 partly paid-up Equity Shares for the Financial year ended 31st March 2016
2014-15	23.9.2015	10.00 a.m.	Registered Office of the Company	Nil

The details of special resolutions passed in the previous three Annual General Meetings are as follows:

Financial Year	Date of AGM	Particulars of Special Resolution
2016-17	26.7.2017	<ol style="list-style-type: none"> <li>1. Confirmation and ratification in the revision of remuneration paid to Mr. Jay Mehta, Executive Vice Chairman for the period 1.1.2014 to 31.3.2015.</li> <li>2. Payment of remuneration to Mr. M. S. Gilotra, Managing Director as per revised Schedule V under the Companies Act, 2013.</li> <li>3. Introduction and implementation of Saurashtra Employee Stock Option Scheme 2017 (hereinafter referred to as the "ESOS 2017") and authorizing Board of Directors / Committee to create and grant from time to time, in one or more tranches not exceeding 69,19,106 Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the Company, its subsidiary company or holding company, including any Director, whether whole time or otherwise, (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided under ESOS 2017, exercisable into not more than 6919106 (Sixty nine lacs nineteen thousand one hundred and six) equity shares of face value of ₹ 10 (Rupees Ten) each fully paid-up, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOS 2017.</li> <li>4. Authorized Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create and grant from time to time, in one or more tranches such number of Employee Stock Options under Saurashtra Employee Stock Option Scheme 2017 ("ESOS 2017") (hereinafter referred to as the "ESOS 2017") within the limit prescribed therein to or for the benefit of such person(s) who are in permanent employment of any existing or in future Subsidiary Company of the Company, including any Director thereof, whether whole time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), of any existing and future Subsidiary Company(ies) of the Company whether in or outside India as may be decided under ESOS 2017, exercisable into corresponding number of Equity Shares of face value of ₹ 10 /- (Rupees Ten) each fully paid-up, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOS 2017.</li> </ol>

Financial Year	Date of AGM	Particulars of Special Resolution
2015-16	22.8.2016	1. Reclassification of 60,00,000 Preference Shares of ₹ 100/- (Rupees One hundred only) aggregating to ₹ 60,00,00,000 (Rupees Sixty crores only) and 50,00,000 Unclassified Shares of ₹ 10/- (Rupees Ten only) each aggregating to ₹ 5,00,00,000 (Rupees Five crores only) to Equity Capital and accordingly, the present Authorised Capital of the Company is ₹ 195,00,00,000 (Rupees One hundred ninety five crores only) divided into 19,50,00,000 (Nineteen crores fifty lacs ) Equity Shares of ₹ 10/- (Rupees Ten) each.
2014-15	23.9.2015	<ol style="list-style-type: none"> <li>1. Replacement of existing Articles of Association with a new set of Articles of Association pursuant to Section 14 and other applicable provisions of the Companies Act, 2013.</li> <li>2. Payment of Remuneration to Mr. Jay Mehta, Executive Vice Chairman for the period 1.4.2015 to 31.12.2015.</li> <li>3. Reappointment of Mr. Jay Mehta, Executive Vice Chairman for a period of 5 years from 1.1.2016 to 31.12.2020 and payment of remuneration over a period of 3 years from 1.1.2016 to 31.12.2018 by 10% increase for the calendar year 2016 on the total remuneration drawn as on 31.12.2015.</li> <li>4. Payment of Remuneration to Mr. M. S. Gilotra, Managing Director for the period 1.4.2015 to 31.12.2015.</li> <li>5. Reappointment of Mr. M. S. Gilotra, Managing Director for a period of 5 years from 1.1.2016 to 31.12.2020 and payment of remuneration over a period of 3 years from 1.1.2016 to 31.12.2018 by 10% increase for the calendar year 2016 on the total remuneration drawn as on 31.12.2015.</li> <li>6. Related Party Transactions pursuant to the provisions of Section 188 and any other application provisions of the Companies Act, 2013.</li> </ol>

No resolutions were put for voting through postal ballot.

(ii) **Extraordinary General Meetings:**

No Extraordinary General Meeting was held during the year.

(iii) **Special Resolutions**

As stated above.

**9. DISCLOSURES:**

**a) Transactions with Related Party / Material Nature**

During the year under review, there were no transactions of material nature with the Promoters, the Directors, Management or the subsidiaries or relatives of the Directors that had potential conflict with the Company. Transactions with related parties are mentioned in Note No. 36 of Notes forming part of financial statements.

**b) Penalties & Strictures**

- (i) There were no instances of non-compliance on any matter related to the capital markets, during the last three years.
- (ii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.

**c) Related Party Transactions**

The details of all transactions with related parties are placed before the Audit Committee and Board. The Company has a policy on dealing with the related party transactions. The related party transactions policy is available on the website of the Company. The web-link to the same is <http://scl.mehtagroup.com/policy/related-party-transactions-policy>.

**d) Policy for determining the Material Subsidiaries:**

The Company has a policy for determining the "Material Subsidiaries" in place. The said policy is available at web-link <http://scl.mehtagroup.com/policy/material-subsidiary-policy>.

**e) Disclosure of Accounting Treatment:**

In preparation of Financial Statements, the Company has followed the Accounting Standards as specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.



**f) Disclosure on Risk Management:**

The Company has laid down procedure on the risk assessment and minimization procedures, which is periodically reviewed by the Company.

**g) Code of Conduct;**

The Board has formulated a Model Code of Conduct for the Board Members and Senior Management of the Company. The Board members and senior management personnel have affirmed their compliance with the code and a declaration signed by them was placed before the Board. A declaration by the Managing Director to the effect that the Board of Directors and the senior management has complied with the Code of conduct forms part of this report.

**h) CEO/CFO Certification**

A CEO/CFO certificate on the Audited / Unaudited Financial Statements of the Company for each quarter and annual financial results were placed before the Board.

**i) Policy for preservation of documents**

The Company has a policy for preservation of documents in place. The said policy is available at web-link [http://scl.mehtagroup.com/policy/scl\\_policy-for-preservation-of-documents](http://scl.mehtagroup.com/policy/scl_policy-for-preservation-of-documents).

**j) Policy for determination of material event and price sensitive information**

The Company has a policy for determination of material event and price sensitive information in place. The said policy is available at web-link [http://scl.mehtagroup.com/policy/scl\\_policy-for-determination-of-event](http://scl.mehtagroup.com/policy/scl_policy-for-determination-of-event).

**k) Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace**

The Company has in place, a formal policy on **Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace** (the Policy) and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" notified by the Government of India vide Gazette Notification dated 23rd April 2013. Detailed mechanism has been laid down in the policy for reporting of cases of sexual harassment to '**Internal Complaints Committee**' constituted under this policy comprising senior officials (including senior women employee) of the Company and an independent member from NGO, for conducting of inquiry into such complaints, recommending suitable action during the pendency and/or completion of the inquiry including strict disciplinary action including termination of the services.

**10. MEANS OF COMMUNICATION:**

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These results are published in Jaihind, Rajkot Edition in Gujarat and in Business Standard, Ahmedabad & Mumbai. The Company has not sent the half yearly report to each household of shareholders. The Company has not made any presentation to the Institutional Investors or Analysts. These results are simultaneously posted on the website of the Company at <http://scl.mehtagroup.com/investors/financials> and Electronic Data Information Filing and Retrieval website maintained by SEBI.

**11. GENERAL SHAREHOLDERS INFORMATION:**

<b>i)</b>	Audited results for the current Financial Year ended 31st March 2018.	Thursday the 24 <sup>th</sup> May, 2018
<b>ii)</b>	Board Meeting for consideration of unaudited results	Quarter I (ended 30.6.2017) Quarter II (ending 30.9.2017) Quarter III (ending 31.12.2017) Quarter IV (ending 31.3.2018)
<b>iii)</b>	Annual General Meeting is proposed to be held	Tuesday the 14 <sup>th</sup> August, 2018
<b>iv)</b>	Date of Book closure	Wednesday the 1st August, 2018 to Tuesday the 14th August, 2018 (both days inclusive)

**v) Listing of Equity Shares on Stock Exchange at:**

S. No.	Name(s) of the Stock Exchange	Stock Code
a)	The Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001.	502175 Demat ISIN No. INE 626A01014

**vi) Listing Fees:**

The Company has paid Listing Fees for the financial year 2018-2019 to the Bombay Stock Exchange Ltd., (BSE) where the Company's shares are listed.

**vii) Registrar & Share Transfer Agent:**

The Company has appointed M/s. Link Intime India Pvt Ltd as Registrar and Share Transfer Agent for transfer of securities held in physical form. The Registrar also accepts and attends to complaints of security holders. Their complaints are given top priority by them and are replied promptly.

No complaint received from the Shareholders / Investors as on 31.3.2018 is pending relating to transfer of security.

**viii) Share Transfer System**

The share transfer in physical form are processed by the Registrars and Transfer Agents and the share certificates returned within a period of 15 to 20 days from the date of receipt provided that the documents are found to be in order.

The shares held in demat form are transferred electronically through the depositories, i.e. CDSL & NSDL.

**ix) Distribution of Shareholding as on 31.3.2018**

No. of equity shares held	No. of shareholders	%	No. of shares held	%
1 – 500	10748	84.59	1405686	2.03
501 – 1000	883	6.95	753034	1.09
1001 – 2000	455	3.58	725816	1.05
2001 – 3000	166	1.31	433353	0.63
3001 – 4000	71	0.56	259887	0.37
4001 - 5000	92	0.72	435405	0.63
5001 - 10000	117	0.92	881005	1.27
10001 - above	174	1.37	64296879	92.93
<b>TOTAL</b>	<b>12706</b>	<b>100.00</b>	<b>69191065</b>	<b>100.00</b>

**x) Shareholders Profile as on 31.3.2018:**

Category	No. of shareholders	%	No. of shares held	%
Promoter Group Companies	11	0.09	46297653	66.91
Bodies Corporate	287	2.26	3625462	5.24
NRIs	427	3.36	238881	0.35
FII's	4	0.03	1810	-
Financial Institutions	2	0.02	272737	0.39
UTI & Insurance Companies	7	0.05	192487	0.28
Banks	7	0.05	151650	0.22
Mutual Fund	1	0.01	100	-
Foreign Companies	1	0.01	2470000	3.57
Foreign Portfolio Investor (Corporate)	1	0.01	50000	0.07
Indian Public	11958	94.11	15890285	22.97
<b>Total</b>	<b>12706</b>	<b>100.00</b>	<b>69191065</b>	<b>100.00</b>

**xi) Dematerialization of shares:**

As on 31.3.2018, 6,87,55,641 equity shares constituting 99.37% of the Company's total share capital were held in dematerialized form with NSDL and CDSL.



**xii) Stock Market price data for the period 2017-2018:**

The High, Low and Closing prices of the Company’s share of the face value of ₹ 10/- each on Bombay Stock Exchange, Mumbai from April 2017 to March 2018 are as under:-

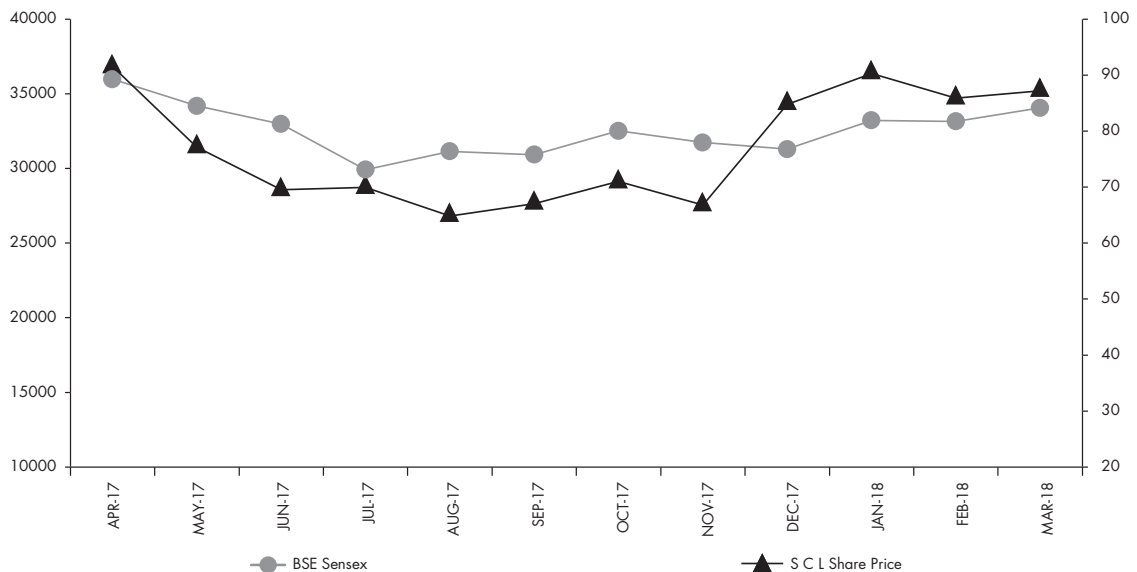
In rupees

Month	High	Low	Closing
April 2017	72.00	60.60	69.95
May 2017	76.00	60.30	64.85
June 2017	69.00	63.00	67.05
July 2017	81.50	66.20	71.00
August 2017	71.90	61.20	66.80
September 2017	88.90	66.20	84.75
October 2017	98.00	75.10	90.25
November 2017	97.00	85.00	85.85
December 2017	91.50	76.10	87.20
January 2018	102.00	84.65	91.50
February 2018	93.00	77.00	77.15
March 2018	79.50	67.10	69.50

**(xiv) Stock Performance (Indexed)**

The performance of the Company’s shares relating to Bombay Stock Exchange Sensex is given in the chart below: -

**APRIL 2017 to MARCH 2018**



**Plant Location:**

Near Railway Station, Ranavav, Gujarat 360 560.

**xv) Address for correspondence :**

**1. Registered Office**

Near Railway Station  
Ranavav – 360 560  
Dist: Porbandar, Gujarat.

**2. Corporate Office :**

Share Department  
2nd Floor, N.K. Mehta International House  
178 Backbay Reclamation  
Mumbai 400 020.  
E-mail ID: scl-mum@mehtagroup.com

**Shareholder correspondence should be addressed to 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  
Contact Person : Mr. Sharad Patkar  
E-mail: Mumbai@linkintime.co.in

A separate e-mail ID: sclinvestorquery@mehtagroup.com has been created specifically for investor query / complaints.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant (DP) regarding change of address, change of Bank Account / Bank nomination etc.

**xvi) Mandatory requirement of PAN:**

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Registrars & Transfer Agent while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

**12. NON MANDATORY REQUIREMENTS :**

(a) **Chairman's Office :**

The Corporate Office of the Company supports the Chairman in discharging the responsibilities.

(b) **Shareholders Rights**

As the Company's quarterly results are published in English Newspaper having circulation all over India and in a Gujarati Newspaper widely circulated in Gujarat. The same are not sent to each Shareholder.

(c) **Auditor's Opinion**

The Company's Standalone Financial Statements for the year ended 31st March 2018 does not have any qualification.

(d) **Separate posts for chairperson and chief executive officer**

The position of the Chairman of the Board of Directors and the CEO are separate.

(e) **Reporting of internal auditor**

The Partner of Internal Auditor reports directly to the Audit Committee.



(f) **Code for Prohibition of Insider Trading**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has adopted a "Code for Prevention of Insider Trading". Company Secretary is the "Compliance Officer". The Code of Conduct is applicable to all Directors and designated employees.

**13. SUBSIDIARY COMPANIES:**

There is no material non listed Indian Subsidiary Company as on 31-03-2018 requiring appointment of Independent Director of the Company on the Board of Directors of the subsidiary companies.

On behalf of the Board of Directors

**M.S.Gilotra**  
Managing Director

**Jay Mehta**  
Executive Vice Chairman

Place : Mumbai  
Dated : 24.5.2018

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***DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT***

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March 2018.

On behalf of the Board of Directors

**M.S.Gilotra**  
Managing Director

**Jay Mehta**  
Executive Vice Chairman

Place : Mumbai  
Dated : 24.5.2018



## **AUDITORS' CERTIFICATE FOR COMPLIANCE OF CORPORATE GOVERNANCE**

To  
the Members of  
Saurashtra Cement Limited

### **Auditor's Certificate on Corporate Governance**

1. We, Manubhai & Shah LLP, Chartered Accountants, the statutory auditor of Saurashtra Cement Limited (the Company) have examined the relevant records for the year ended March 31, 2018 relating to compliance of conditions of Corporate Governance stipulated as per regulations 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing obligation and Disclosure Requirement) Regulations 2015 ('Listing Regulations') for the year ended on 31 March 2018.

### **Management's responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### **Auditor's responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate governance requirements by the Company.
5. We have carried out an examination of relevant records of the company in accordance with the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India (the ICAI), the Standard on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

### **Conclusion**

6. Based on our examination of the relevant records and according to information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C and D of Schedule V of the Listing regulations during the year ended March 31, 2018.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted affairs of the Company.

For **Manubhai & Shah LLP**  
Chartered Accountants  
Firm Registration No. 106041W/W100136

**(K C Patel)**  
Partner  
Membership No. 30083

Place : MUMBAI  
Date : May 24, 2018



**FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/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.**

1. Details of contracts or arrangements or transactions not at arm's length basis –  
Not Applicable as all contracts are at arms length basis.
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts/arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any.
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) Date(s) of approval by the Board
  - (g) Amount paid as advances, if any.
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis
  - I.
    - (a) Name(s) of the related party and nature of relationship  
Gujarat Sidhee Cement Limited – Associate Company.
    - (b) Nature of contracts/arrangements/transactions
      - a. Sale / Purchase / supply of clinker and cement at the rates fixed by the Audit Committee.
      - b. Availing, rendering services like administration, human resources and sharing of common expenses on agreed formula etc.
      - c. Brand fee for use of Brand "Hathi" as per Brand valuation report.
 All above transactions are at prevailing market price and at arms length basis.
    - (c) Duration of the contracts/arrangements/transactions  
Nil
    - (d) Salient terms of the contracts or arrangements or transactions including the value , if any.  
Please refer item (b) above.
    - (e) Date(s) of approval by the Board, if any.  
23<sup>rd</sup> May 2017
    - (f) Amount paid as advances, if any.  
NIL
  - II.
    - (a) Name(s) of the related party and nature of relationship  
Agrima Consultants International Limited – wholly owned subsidiary
    - (b) Nature of contracts/arrangements/transactions  
Utilisation of their premises by the Company for official use.
    - (c) Duration of the contracts/arrangements/transactions  
On going with the approval of the Audit Committee and Board.
    - (d) Salient terms of the contracts or arrangements or transactions including the value, if any.  
Please refer item (b) above.
    - (e) Date(s) of approval by the Board, if any.  
23<sup>rd</sup> May 2017.
    - (f) Amount paid as advances, if any.  
NIL

**On behalf of the Board of Directors**

**M.S.Gilotra**  
Managing Director

**Jay Mehta**  
Executive Vice Chairman

Place : Mumbai  
Dated : 24.5.2018

**ANNEXURE - D**

**CSR REPORT**

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to CSR policy and projects or programs	The Company has adopted the CSR policy on 9th February 2015. The same is available on the website of the Company at <a href="http://scl.mehtagroup.com/policy/csr-policy">http://scl.mehtagroup.com/policy/csr-policy</a>
2.	Composition of CSR Committee	Mr. Jay Mehta, Executive Vice Chairman Mr. M. S. Gilotra, Managing Director Mr. Jayant N. Godbole, Independent Director Mr. Bimal Thakkar, Independent Director
3.	Average net profit of the Company for last three years	₹ 4442.13 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 88.84 lakhs
5.	Details of CSR spent during the financial year	₹ 88.36 lakhs
6.	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	₹ 0.47 lakhs The difference was on account of some on going projects which were not completed during the financial year
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company is in compliance with the CSR objectives and CSR Policy of the Company.

The manner in which the amount has been spent during the financial year under review is given below:

Sr. No.	CSR Project / Activities	Sector	Location - District (States)	Amount outlay ₹ in Lakhs	Amount spent on programs ₹ in Lakhs	Cumulative Expenditure upto the reporting period ₹ in Lakhs	Amount Spent : Direct or through Implementing Agency
1.	Running of Schools, extra coaching classes to under-privileged students nearby areas, Donation of computers, Skill development & education, vocational skill enhancement courses for local communities, disabled people, educational support for locals, Assistance to run trust for physically & mentally challenged people, Donation to Arya Kanya Gurukul for development of educational infrastructure & educational activities.	Educational Activities	Ranavav, Dist : Porbandar, nearby villages of Ranavav Taluka, Aditpara Village and Kirasara Village	54.63	54.63	54.63	Direct
2.	Construction of toilets in nearby villages, Contribution to Swachh Bharat Mission, welfare & socio-economic development of communities, Project like drinking water supply, irrigation support to agriculture, water storage tank construction etc., Support to transportation service & infrastructure like improvement of road connectivity & public Transport	Rural Development Project	Nearby places in Amardal Village	22.78	22.78	22.78	Direct
3.	Projects on environmental awareness distributing saplings, associate development of greenbelt etc. Transport	Environmental Projects		0.47	-	-	
4.	Donation of ambulance etc., Project like health camp at local surrounding villages to detect/promote/address health problems.	Health	Jam-Khambaliya, Dist: Dev Bhoomi Dwarka	10.95	10.95	10.95	Direct
	<b>Total</b>			88.84	88.36	88.36	

For and on behalf of the Board

Jay Mehta  
Executive Vice Chairman &  
Chairman of the CSR Committee



**ANNEXURE - E**

**Disclosure pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 relating to Director seeking re-appointment at the Annual General Meeting:**

Name of Director	Mr. Hemang D. Mehta	Mr. S.V.S. Raghavan	Mr. M.N. Rao	Mr. K.N.Bhandari
Date of Birth	6th March 1955	4th May, 1930	1st July, 1937	1st March, 1942
Date of Appointment	Initially joined the Board on 16.4.1993 and was reappointed in current term on 22.8.2016.	Initially joined the Board in February 1997 and was reappointed in current term as Independent Director on 30.5.2014.	Initially joined the Board in November 1984 and was reappointed in current term as Independent Director on 30.5.2014	Initially joined the Board in October 2005 and was reappointed in current term as Independent Director on 30.5.2014
Nature of Expertise in specific General Functional area	Has about 35 years of experience in corporate and operational management in the cement industry and in plastics and packaging Industry. He had worked in India, Kenya, Canada and U.S.A.	IDAS Retd. Conferred Padmashri by Govt of India	Experience in Cement Industry	Experience in Insurance Industry
Qualification	Graduated from the University of Manchester Institute of Science and Technology (UMIST), UK now known as the Manchester Business School	Retired IDAS Officer	B.Sc., BE (Mech)	B.A., LLB
List of outside Director ships held ( Public Limited Companies)	Nil	1. Gujarat Sidhee Cement Limited	1. Gujarat Sidhee Cement Limited	1. Andhra Cements Ltd 2. Agriculture Ins. Co. of India Ltd 3. Shristi Infrastructure Development Corporation Ltd 4. Hindalco Industries Ltd 5. Magma HDI General Insurance Co. Limited 6. Jaiprakash Associates Ltd 7. Suvas Holdings Ltd 8. Gujarat Sidhee Cement Limited

Name of Director	Mr. Hemang D. Mehta	Mr. S.V.S. Raghavan	Mr. M.N. Rao	Mr. K.N.Bhandari
Chairman / Member of the Committee of the Board of Directors of the Company	Nil	Audit Committee - Member	Audit Committee - Chairman	Audit Committee - Member
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he/ she is a Director				
a) Audit Committee	Nil	1. Gujarat Sidhee Cement Limited – Chairman	1. Gujarat Sidhee Cement Limited – Member	<ol style="list-style-type: none"> <li>1. Andhra Cements Ltd – Chairman</li> <li>2. Agriculture Ins. Co. of India Ltd - Chairman</li> <li>3. Shristi Infrastructure Development Corporation Ltd - Member</li> <li>4. Hindalco Industries Ltd - Member</li> <li>5. Suvas Holdings Ltd – Chairman</li> <li>6. Jai Prakash Associates Ltd – Chairman</li> <li>7. Magma HDI General Insurance Co. Ltd – Member</li> </ol>
b) Shareholders Committee	Nil	Nil	Nil	<ol style="list-style-type: none"> <li>1. Hindalco Industries Ltd – Chairman</li> <li>2. Shristi Infrastructure Development Corp Ltd - Member</li> <li>3. Magma HDI General Insurance Co. Ltd – Member</li> </ol>
Shares held by the Directors in the Company	51,534 Equity Shares	Nil	Nil	Nil



**ANNEXURE - E (contd.)**

**Disclosure pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 relating to Director seeking re-appointment at the Annual General Meeting.**

Name of Director	Mr. B.P.Deshmukh	Mr. Jayant N Godbole	Mr. Bimal Thakkar	Mr. P.K.Behl	Mrs. Bhagyam Ramani
Date of Birth	15th July, 1944	17th February, 1945	17th September, 1965	15th June, 1943	9th January, 1952
Date of Appointment	Initially joined the Board in October 2004 and was reappointed in current term as Independent Director on 30.5.2014	Initially joined the Board in April 2008 and was reappointed in current term as Independent Director on 30.5.2014	Initially joined the Board in April 2009 and was reappointed in current term as Independent Director on 30.5.2014	He joined the Board in current term as Independent Director on 30.5.2014	She joined the Board in current term as Independent Director on 4.8.2014
Expertise in specific General Functional area	Experience in Finance	Experience in Finance	Experience in International & Domestic Marketing	Vast Knowledge of Corporate matters	Experience in Finance & Accounts
Qualification	M.Com, LLB, FCS	B.Tech (Hons) , IIT (Powai)	B.Com & Diploma in Export	First Class First Graduate Double Gold Medalist – Spl. Economics	Post Graduate in Economic (Hons)
List of outside Directorships held (Public Limited Companies)	1. E.M.I. Transmission Limited	1. J.K.Cement Limited 2. Emami Paper Mills Ltd 3. Kesar Terminals & Infrastructure Limited 4. Zuari Agro Chemicals Ltd 5. Gujarat Alkalies Chemicals Limited 6. EMBIO limited (Not Listed) 7. Zuari Global Limited	1. ADF Food Ltd 2. ADF Food (India) Limited 3. Gujarat Sidhee Cement Limited	1. Gujarat Sidhee Cement Limited	1. Capri Global Capital Limited 2. IDBI Federal Life Insurance Co. Limited 3. Gujarat Sidhee Cement Limited 4. Lloyds Metals and Energy Ltd 5. L&T Hydrocarbon Engineering Ltd 6. Tata AIG General Insurance Company Ltd 7. National Securities Clearing Corp. Ltd
Chairman/ Member of the Committee of the Board of Directors of the Company	Nil	Nil	Shareholders Committee - Chairman	Nil	Nil

Name of Director	Mr. B.P.Deshmukh	Mr. Jayant N Godbole	Mr. Bimal Thakkar	Mr. P.K.Behl	Mrs. Bhagyam Ramani
Chairman / Member of the Committee of Directors of other Public Limited Companies in which he/ she is a Director					
a) Audit Committee	Nil	<ol style="list-style-type: none"> <li>1. Emami Paper Mills Ltd – Chairman</li> <li>2. Gujarat Alkalies &amp; Chemicals Ltd – Chairman</li> <li>3. J. K. Cement Ltd – Member</li> <li>4. Kesar Terminals &amp; Infrastructure Limited – Member</li> <li>5. Zuari Agro Chemical Ltd – Member</li> <li>6. Zuari Global Limited – Member</li> <li>7. EMBIO Limited – Member</li> </ol>	Gujarat Sidhee Cement Limited – Member	Gujarat Sidhee Cement Limited – Member	<ol style="list-style-type: none"> <li>1. Capri Global Capital Ltd – Member</li> <li>2. L&amp;T Hydrocarbon Engineering Ltd – Member</li> <li>3. Tata AIG General Insurance Company Ltd – Member</li> </ol>
b) Shareholders Committee	Nil	<ol style="list-style-type: none"> <li>1. Zuari Agro Chemical Ltd – Chairman</li> <li>2. Zuari Global Limited – Chairman</li> </ol>	ADF Foods Ltd - Member	Nil	Capri Global Capital Ltd – Member
Shares held by the Directors in the Company	Nil	Nil	Nil	Nil	Nil



**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

To,  
The Members,  
SAURASHTRA CEMENT LIMITED  
Near Railway Station, Ranavav  
Gujarat-360 560.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SAURASHTRA CEMENT LIMITED (CIN: L26941GJ1956PLC000840)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable to the Company during the Audit Period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (Not applicable to the Company during the Audit Period)
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and/ or SEBI (share based employees Benefits) Regulations 2014.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable to the Company during the Audit Period)
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. (Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review)
  - g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
  - h. The Securities and Exchange Board of India (Buyback of Securities Regulations, 1998 (Not applicable to the Company during the Audit Period).
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.



We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Factories Act, 1948;
2. Industries (Development & Regulation) Act, 1951;
3. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.
4. Environment Protection Act, 1986 and other Environmental Laws;
5. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003;
6. Indian Contract Act, 1872;
7. Negotiable Instruments Act, 1881;
8. Acts relating to protection of IPR;
9. The Legal Metrology Act, 2009;
10. Other local laws as applicable to various plants and offices.

We have also examined compliance with applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirement) Regulation 2015 and the Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Ragini Chokshi & Co.**

**Ragini Chokshi**

(Partner)

C.P. No. 1436

FCS No. 2390

Place: Mumbai

Date: 26-04-2018



**ANNEXURE - G**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PRESCRIBED UNDER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.**

**A. CONSERVATION OF ENERGY:**

**a) Steps taken or impact on conservation of energy.**

1. Medium Voltage frequency drive for ILC fan.
2. Variable frequency drive for coal mill bag filter fan.
3. Use of energy efficient lamps by replacing Street and Plant lights with LED.
4. Replacement of two old compressors with high efficiency compressors.
5. Replacement of CM-I Separator with high efficiency new separator.
6. Installation of coal crusher.
7. Re designing of raw meal inlet feeding system for un interrupted flow of material during monsoon.
8. Replacement of compressors with blowers for blending silo aeration.
9. In house up gradation of raw mill water spray system to reduce water consumption and power

**b) Steps taken by the Company for utilising alternate sources of energy:**

1. Ready to use AFR like TDI Tar, Spent carbon, Distillation residue, discarded drugs

**c) The capital investment on energy conservation equipment:**

1. Capital invested for items mentioned in (a) and (b) above during the year was ₹ 452 lacs.

**B. TECHNOLOGY ABSORPTION:**

**a) Efforts made towards technology absorption:**

1. Changed the grinding media pattern and modified liners in coal mills.
2. Additional two numbers modules increased in main bag house, added new ESP chamber in cooler ESP, modified cement silo top bag filters and used new generation bags in coal mills and cement mills for reducing emission levels.
3. Hydro pneumatic water system installed in place of normal water pumping.
4. Replaced of single phase transformers with three phase transformers in ESP.
5. Re-designed cement mill trunion bearing sump to improve oil flow and control.
6. Installed split feeding system, relocated ILC coal firing point and modified kiln burner to reduce specific fuel consumption and Nox emissions.
7. Coal mill-3 and CM-2&3 weighfeeder installation.
8. Commissioning of liquid AFR feeding system.

**b) Benefits derived like product improvement, cost reduction, product development or import substitution:**

1. Reduction in power consumption.
2. Reduction in stack emission.
3. Optimization of kiln process.

**c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**  
Nil

**d) Expenditure incurred on Research and Development (R&D)**  
Expenditure incurred ₹ 1050 lacs.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total Foreign Exchange used and earned.

	<b>Current Year 2017-18 (₹ in Lacs)</b>	Previous Year 2016-17 (₹ in Lacs)
Foreign Exchange earned	<b>656.71</b>	2,752.40
Foreign Exchange used	<b>5,681.35</b>	5,670.14

**ANNEXURE - H**

**Information 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 given below.**

**a. Ratio of the remuneration of each Director / KMP to the median remuneration of all the employees of the Company for the financial year:**

Median remuneration of all the employees of the Company for the Financial Year 2017-2018	460514
Percentage increase in the median remuneration of employees in the Financial Year	2.25
Number of permanent employees on the rolls of the Company as on 31st March 2018	443

<b>Name of Director and KMP</b>	<b>Ratio of remuneration to median remuneration of all employees(a)</b>	<b>% increase in remuneration in the Financial Year 2017-2018</b>
<b>Executive Director</b>		
Mr. Jay Mehta, Executive Vice Chairman	49:1	(*)
Mr. M. S. Gilotra, Managing Director	48:1	32.14 (#)
Other KMPs		
Mr. Rakesh Mehta, Chief Finance Officer	17:1	6.66%
Ms. Sonali Sanas, Vice President (Legal) & Company Secretary	11:1	9.05%

(a) The ratio of remuneration to the median remuneration is based on the remuneration paid during the period 1st April 2017 to 31st March 2018.

(\*) No increase and the payment of remuneration was as per the maximum permissible limits under the Companies Act, 2013 due to inadequacy of profits.

(#) In accordance with all applicable approvals; includes annual increments and payment of HRA in place of rent free accommodation.

**b. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentage increase in the remuneration of employees is around 6.71%. Average increase in the remuneration of the employees other than the Managerial Personnel and that of the managerial personnel is in line with the industry practice and is within the normal range.

**c. The remuneration is as per the remuneration policy of the Company.**



## **INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF SAURASHTRA CEMENT LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Saurashtra Cement Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these standalone Ind AS financial statement, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose reports for the year ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016 dated 23<sup>rd</sup> May 2017 and 23<sup>rd</sup> May 2016 respectively expressed an unmodified opinion on those standalone financial statements, which have been adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraphs 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 32 to the standalone Ind AS financial statements.
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

For **Manubhai & Shah LLP**

Chartered Accountants

ICAI Firm Registration No. 106041W /W100136

**K. C. Patel**

Partner

Membership No. 30083

Place: Mumbai

Date: May 24, 2018



## ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report to the members of Saurashtra Cement Limited of even date)

### **Report on the Companies (Auditor’ Report) Order, 2016, issued in terms of section 143 (11) of the Companies Act, 2013(‘the Act’) of Saurashtra Cement Limited (‘the Company’)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, portion of the fixed assets were physically verified by the Management during the year. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties other than self-constructed immovable properties (buildings) are held in the name of Company. The self-constructed Building having Gross book value of ₹ 2411.45 Lakhs (Net Block ₹ 120.57 Lakhs) is on the land of Gujarat Maritime Board which has given license vide agreement dated January 17, 1997 to use the land for a period of 15 years from the date of completion of construction being October 8, 2000. This agreement is now pending for renewal.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- (iii) (a) According to information and explanations given to us, the Company had granted interest-free unsecured deposit to one of its subsidiary in earlier years, which is a company covered in the register maintained under Section 189 of the Act. The Company has not granted any other loans, secured or unsecured, to firms, Limited Liabilities Partnerships or other parties covered under Section 189 of the Act.
- (b) As regards the said interest-free deposit to the subsidiary, no other terms and conditions, including repayment thereof have been stipulated and accordingly, the question of making any comment further regularity of the receipt of the principal or the recovery of overdue amounts does not arise. Considering the amount involved and the fact that is given to a subsidiary and for the purpose of which it is given, in our opinion, the same is not, prima facie, prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made. The Company has not given any guarantee or provided any security in connection with the loan to any person or other body corporate and accordingly, the question of commenting on compliance with the provisions in respect thereof does not arise.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of cement produced by the Company where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and based on records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Services Tax, and other material statutory dues, as applicable, with appropriate authorities, except Sales Tax, Excise duty, Service Tax, Custom duty where there was some delay on few occasions.

According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no undisputed amounts payable were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable. As informed to us, the provisions of the Employees’ State Insurance Act are not applicable to the Company.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the details of disputed statutory dues of Income Tax, Service Tax, Sales Tax, Value Added Tax, Excise Duty and other material statutory dues which have not been deposited as at March 31, 2018 on account of dispute are as under:

Name of the Statute	Nature of the Dues	Amount (₹ In Lacs)*	Year to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	174.05	2006-07 & 2007-08	High Court of Gujarat
		636.31	2007-08 to 2013-14	CESTAT
		16.58	2013-14	CESTAT
		1.41	2013-14 & 2014-15	Assistant Commissioner Junagadh
		9.24	2014-15 to 2016-17	Commissioner of Excise Appeals
		405.57	2009-10 to 2013-14	CESTAT
The Finance Act, 1994	Service Tax	2.10	2006-07	CESTAT
		3.49	2006-07 to 2011-12	CESTAT
Customs Act 1962	Custom Duty	1,022.95	2011-12 & 2012-13	CESTAT

\*Amount Includes the amount of Interest to the extent provided by the Company in the books of account.

- (viii) To the best of our knowledge and according to information and explanations given to us, the Company has not defaulted in the repayment of loans to banks. The Company has not issued debentures. The Company has not taken any loans either from financial institution or Government or has not issued any debentures.
- (ix) The Company has raised money by way of Term Loan from Bank and the proceeds were applied for the purposes for which those are raised. The Company has not raised moneys by way of initial public offer or further public offer (Including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting requirement under paragraph 3 (xiv) of the order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected to directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 451A of Reserve bank of India Act, 1934.

For **Manubhai & Shah LLP**  
Chartered Accountants  
ICAI Firm Registration No. 106041W /W100136

**K. C. Patel**  
Partner  
Membership No. 30083

Place: Mumbai  
Date: May 24, 2018



## ANNEXURE – B TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(f) under “Report on Other Legal and Regulatory Requirements” section of our report to the members of Saurashtra Cement Limited of even date)

### Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the standalone Ind AS financial statements of Saurashtra Cement Limited (The Company) as of and for the year ended March 31, 2018, we have also audited the internal financial controls over financial reporting of the Company.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Manubhai & Shah LLP**  
Chartered Accountants  
ICAI Firm Registration No. 106041W /W100136

**K. C. Patel**  
Partner  
Membership No. 30083

Place: Mumbai  
Date: May 24, 2018



## BALANCE SHEET AS AT MARCH 31, 2018

	Note No.	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	2	<b>33,387.54</b>	31,718.02	31,302.85
(b) Capital Work-in-Progress	2	<b>4,330.00</b>	4,788.33	3,957.72
(c) Intangible Assets	2	<b>7.23</b>	20.42	35.95
(d) Financial Assets				
(i) Investments	3	<b>892.87</b>	892.91	892.89
(ii) Loans	4	<b>171.32</b>	302.01	320.13
(iii) Other Financial Assets	5	<b>116.43</b>	68.59	12.16
(e) Other Non-Current Assets	6	<b>1,241.48</b>	1,317.56	615.20
<b>SUB-TOTAL</b>		<b>40,146.87</b>	39,107.84	37,136.90
<b>CURRENT ASSETS</b>				
(a) Inventories	7	<b>5,628.77</b>	5,839.32	4,352.51
(b) Financial Assets				
(i) Trade Receivables	8	<b>1,894.49</b>	1,450.72	1,405.18
(ii) Cash and Cash Equivalents	9	<b>552.63</b>	541.29	315.42
(iii) Bank Balances other than (ii) above	10	<b>7,582.28</b>	6,426.32	6,073.23
(iv) Loans	11	<b>232.26</b>	241.02	228.75
(v) Other Financial Assets	12	<b>219.13</b>	204.54	244.85
(c) Other Current Assets	13	<b>1,262.13</b>	1,455.75	1,156.18
<b>SUB-TOTAL</b>		<b>17,371.69</b>	16,158.96	13,776.12
<b>TOTAL ASSETS</b>		<b>57,518.56</b>	55,266.80	50,913.02
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	14	<b>6,919.42</b>	6,919.42	6,019.42
(b) Other Equity	15	<b>34,719.36</b>	29,193.92	28,460.07
<b>SUB-TOTAL</b>		<b>41,638.78</b>	36,113.34	34,479.49
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	16	<b>295.68</b>	212.18	120.11
(b) Provisions	17	<b>1,159.66</b>	1,097.25	1,027.87
(c) Deferred Tax Liabilities (Net)	18	<b>36.24</b>	2,659.42	2,288.10
<b>SUB-TOTAL</b>		<b>1,491.58</b>	3,968.85	3,436.08
<b>CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	19	<b>1,306.33</b>	1,462.02	1,792.02
(ii) Trade Payables	20	<b>5,213.82</b>	5,068.13	2,854.59
(iii) Other Financial Liabilities	21	<b>2,366.69</b>	2,638.84	2,768.91
(b) Other current liabilities	22	<b>5,193.50</b>	5,696.88	5,084.49
(c) Provisions	23	<b>307.86</b>	318.74	497.44
<b>SUB-TOTAL</b>		<b>14,388.20</b>	15,184.61	12,997.45
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,518.56</b>	55,266.80	50,913.02

**Significant Accounting Policies** 1  
**The accompanying Notes are an integral part of the Financial Statements**

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta Chairman  
Jay M. Mehta Executive Vice-Chairman  
M. N. Rao Director  
M. S. Gilotra Managing Director  
Rakesh Mehta Chief Financial Officer  
Sonali Sanas Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Note No.	For the Year ended March 31, 2018 ₹ in lacs	For the Year ended March 31, 2017 ₹ in lacs
Revenue from Operations	24	<b>59,200.71</b>	53,087.98
Other Income	25	<b>1,767.57</b>	1,078.22
<b>Total Income</b>		<b>60,968.28</b>	54,166.20
<b>Expenses</b>			
(a) Cost of Materials Consumed	26	<b>4,822.49</b>	3,573.56
(b) Excise Duty on sale of goods		<b>1,835.67</b>	6,069.45
(c) Purchases of Stock-in-Trade	27	-	203.86
(d) Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	28	<b>(125.45)</b>	212.14
(e) Employee Benefits Expense	29	<b>4,149.74</b>	3,909.73
(f) Finance Costs	30	<b>341.88</b>	365.41
(g) Depreciation and Amortisation Expense	2	<b>1,774.30</b>	1,535.50
(h) Other Expenses	31	<b>43,517.83</b>	36,171.59
<b>Total Expenses</b>		<b>56,316.46</b>	52,041.24
<b>Profit before tax</b>		<b>4,651.82</b>	2,124.96
<b>Tax Expense</b>			
(a) Current tax	38	<b>1,021.93</b>	344.37
(b) Deferred tax	38	<b>(2,622.66)</b>	377.27
<b>Total tax Expense</b>		<b>(1,600.73)</b>	721.64
<b>Profit for the year</b>		<b>6,252.55</b>	1,403.32
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of defined benefit plans		<b>(1.53)</b>	(17.19)
(b) Net gains / (loss) on Fair value of investment in quoted shares		<b>(0.04)</b>	0.02
(c) Income tax on (a) & (b)		<b>0.53</b>	5.95
<b>Total Other Comprehensive Income for the year (net of tax)</b>		<b>(1.04)</b>	(11.22)
<b>Total Comprehensive Income for the year</b>		<b>6,251.51</b>	1,392.10
<b>Earnings per Equity Share of Face Value of ₹ 10 each :</b>			
(a) Basic (₹ per share)	42	<b>9.04</b>	2.19
(b) Diluted (₹ per share)	42	<b>9.04</b>	2.19
<b>Significant Accounting Policies</b>	1		

The accompanying Notes are an integral part of the Financial Statements

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

For and on Behalf of the Board of Directors

M. N. Mehta Chairman  
Jay M. Mehta Executive Vice-Chairman  
M. N. Rao Director  
M. S. Gilotra Managing Director  
Rakesh Mehta Chief Financial Officer  
Sonali Sanas Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

	<b>For the Year ended March 31, 2018 ₹ in lacs</b>	For the Year ended March 31, 2017 ₹ in lacs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>4,651.82</b>	2,124.96
Adjustments for :		
Add: Finance Costs	<b>341.88</b>	365.41
Loss on Sale of PPE / Capital WIP Written Off	<b>51.55</b>	66.45
Bad Debts / Advances Written off	<b>124.48</b>	24.46
Provision for Leave & Gratuity Expenses	<b>64.82</b>	70.46
Expenses under Employee Stock Option Scheme	<b>106.71</b>	-
Depreciation and Amortisation	<b>1,774.30</b>	1,535.50
	<b>2,463.74</b>	2,062.28
Less: Interest Income	<b>(512.68)</b>	(499.95)
Dividends Received	<b>(0.08)</b>	(0.04)
Excess Provision and Trade / Other Payables Written Back	<b>(787.09)</b>	(394.52)
Provision for Doubtful Debts no longer required	<b>(138.91)</b>	(2.78)
	<b>(1,438.76)</b>	(897.29)
<b>Operating Profit before Working Capital changes</b>	<b>5,676.80</b>	3,289.95
Adjustments for increase / decrease in:		
Trade Payables, Financial Liabilities, Other Current Liabilities & Provision	<b>42.58</b>	3,027.64
Long-term Loans and Advances and Other Non-current Assets	<b>99.84</b>	(322.97)
Inventories	<b>210.55</b>	(1,486.81)
Trade Receivables	<b>(429.34)</b>	(42.76)
Short-term Loans and Advances and Other Current Assets	<b>241.36</b>	(84.60)
	<b>164.99</b>	1,090.50
<b>Cash Generated from Operations</b>	<b>5,841.79</b>	4,380.45
Add: Direct Taxes (Payments) / Refunds	<b>(923.88)</b>	(959.68)
<b>Net Cash Generated from Operating Activities</b>	<b>4,917.91</b>	3,420.77
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	<b>(3,143.18)</b>	(3,175.94)
Sale of Property, Plant and Equipment	<b>84.74</b>	106.45
Interest Income	<b>485.70</b>	526.30
Dividends Received	<b>0.08</b>	0.04
<b>Net Cash used in Investing Activities</b>	<b>(2,572.66)</b>	(2,543.15)



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

	For the Year ended March 31, 2018 ₹ in lacs	For the Year ended March 31, 2017 ₹ in lacs
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Allotment / Call money received on Issue of Shares	-	900.00
Proceeds from Long-term Borrowings	<b>219.38</b>	144.46
Redemption of Preference Share Capital	-	(0.29)
Repayment of Long-term Borrowings	<b>(74.99)</b>	(19.91)
Dues (From) / To Subsidiaries	<b>8.00</b>	(0.45)
Short-term Borrowings (Net)	<b>(155.69)</b>	(330.00)
(Increase) / Decrease in Bank Deposits	<b>(1,155.96)</b>	(353.09)
Finance Costs Paid	<b>(341.88)</b>	(337.10)
Dividends and Distributions Taxes Paid	<b>(832.78)</b>	(655.37)
<b>Net Cash used in Financing Activities</b>	<b>(2,333.92)</b>	(651.75)
<b>Net increase in Cash and Cash Equivalents</b>	<b>11.34</b>	225.87
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>541.29</b>	315.42
<b>Cash and Cash Equivalents at the end of the year (Refer Note 9)</b>	<b>552.63</b>	541.29

Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7, as notified under the Companies (Accounting Standards) Rules, 2006, as the same are applicable in terms of the provisions of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta	Chairman
Jay M. Mehta	Executive Vice-Chairman
M. N. Rao	Director
M. S. Gilotra	Managing Director
Rakesh Mehta	Chief Financial Officer
Sonali Sanas	Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

### A. EQUITY SHARE CAPITAL

	Balance as at March 31, 2017	Changes in Equity Share Capital during the year 2017-18	Balance as at March 31, 2018
Balance as at April 01, 2016	Changes in Equity Share Capital during the year 2016-17		
6,019.11	900.00	-	6,919.11

### B. OTHER EQUITY

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Share Options Outstanding		
Balance at the beginning of the Reporting Period i.e. <b>As at April 01, 2016</b>	2,712.70	737.60	10,566.71	-	(635.14)	28,460.07
Profit for the year	-	-	-	-	-	1,403.32
Gain / (Loss) on fair valuation of investment in quoted shares	-	-	-	-	0.02	0.02
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-	-	(11.24)
Total Comprehensive Income for the year	-	-	-	-	0.02	1,392.10
Dividend on Equity Shares	-	-	-	-	-	(546.92)
Dividend Distribution Tax	-	-	-	-	-	(111.34)
Balance at the end of the Reporting Period i.e. <b>As at March 31, 2017</b>	2,712.70	737.60	10,566.71	-	(635.12)	29,193.92
Balance at the beginning of the Reporting Period i.e. <b>As at April 01, 2017</b>	2,712.70	737.60	10,566.71	-	(635.12)	29,193.92
Profit for the year	-	-	-	-	-	6,252.55
Gain / (Loss) on fair valuation of investment in quoted shares	-	-	-	-	-	(0.04)
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-	(1.00)	(1.00)
Total Comprehensive Income for the year	-	-	-	-	(0.04)	6,251.51
Dividend on Equity Shares	-	-	-	-	(691.91)	(691.91)
Dividend Distribution Tax	-	-	-	-	(140.86)	(140.86)
Employee Stock Options Granted during the year	-	-	-	106.71	-	-
Balance at the end of the Reporting Period i.e. <b>As at March 31, 2018</b>	2,712.70	737.60	10,566.71	106.71	(635.16)	34,719.36

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

### For and on Behalf of the Board of Directors

M. N. Mehta Jay M. Mehta M. N. Rao M. S. Gilotra Rakesh Mehta Sonali Sanas	Chairman Executive Vice-Chairman Director Managing Director Chief Financial Officer Vice President (Legal) & Company Secretary
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Mumbai, Dated May 24, 2018



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1 Company Overview and Significant Accounting Policies:

#### A Company Overview:

Saurashtra Cement Limited (the Company) is a Public Limited Company incorporated in India, under the provisions of the Companies Act, 1956, having its registered office at Ranavav, Gujarat, India. The Company is engaged in the business of manufacturing and selling of Cement.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for publication on May 24, 2018.

#### B Significant Accounting Policies

##### 1.1 Statement of Compliance:

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable

The financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2016. Accordingly, the Company has prepared an Opening Ind AS Balance Sheet as at April 01, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS.

In accordance with Ind AS 101 First time Adoption of Indian Accounting Standard, the Company has presented reconciliations and explanations of the effects from Previous GAAP to Ind AS on financial position, financial performance and cash flows in the Note 41.

##### 1.2 Basis of Preparation and Presentation:

###### a) Basis of Preparation:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- Certain financial assets and liabilities measured at fair value (Refer Note 1.18 being accounting policy regarding financial instruments)
- Assets held for sale - measured at the lower of its carrying amount and fair value less estimated costs to sell
- Employee's Defined Benefit Plan as per actuarial valuation

###### b) Functional and Presentation Currency:

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and all values are rounded to the nearest lacs, except when otherwise indicated.

###### c) Classification of Assets and Liabilities into Current/Non-current:

- i. The Company presents assets and liabilities in the Balance Sheet based on Current/ Non-current classification.
- ii. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of Current/Non-current classification of its Assets and Liabilities.
- iii. An asset is classified as Current when:
  - It is expected to be realised or intended to be sold or consumed in normal operating cycle; or
  - It is held primarily for the purpose of trading; or
  - It is expected to be realised within twelve months after the reporting period; or
  - It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as Non-current.
- iv. A liability is classified as Current when:
  - It is expected to be settled in normal operating cycle; or
  - It is held primarily for the purpose of trading; or
  - It is due to be settled within twelve months after the reporting period; or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as Non-current.
- v. Deferred Tax Assets and Liabilities are classified as Non-current assets and liabilities.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1.3 Property, Plant and Equipment (PPE):

- i. The Company has adopted the cost model as its accounting policy for all its PPE and accordingly, the same are carried at its cost less any accumulated depreciation and/or any accumulated impairment loss. An item of PPE is recognised as an asset, if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- ii. Items such as spare parts, stand-by equipment and servicing equipment are recognised under PPE, if those meet the definition thereof and are material, else, such spare parts, etc. are classified as inventory.
- iii. The cost comprises of - purchase price (net of recoverable GST / CENVAT / value added tax / other taxes / subsidy etc.), including import duties, other non-recoverable taxes and any cost incurred directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- iv. Items of PPE, which are not yet ready to be capable of operating in the manner intended by management are carried at cost (unless impaired) and are disclosed as "Capital Work-in-progress". Pre-operative Expenditure and cost relating to borrowed funds attributable to the construction or acquisition upto the date asset is ready for use is included under Capital Work-in-Progress and the same is allocated to the respective items of PPE on its completion for satisfactory commercial commencement.

### 1.4 Depreciation / Amortisation:

- i. Depreciation on PPE is commenced when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation (other than Jetty and Premium on Leasehold Land) is provided on the "Straight-line Method" as per the useful lives specified in Part C of Schedule II to the Companies Act, 2013 or as per technical assessment. The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the change is recognised in the Statement of Profit and Loss with appropriate disclosure thereof.
- ii. Where the cost of a part of the asset which is significant to the total cost of the asset and the useful life of that part is different from the useful life of the remaining asset, the Company has determined the useful life of that significant part separately ("Component Accounting"). However, if the useful life of the identified part is higher than the useful life of the related items of PPE, the life of such identified part is restricted upto the life of the related items of PPE. The Company has adopted such basis for the purpose of providing depreciation as per the useful life of tangible items of PPE.
- iii. Depreciation of an asset ceases at the earlier of the date, the asset is retired from active use and is held for disposal and from the date, the asset is derecognised.
- iv. Premium on leasehold land of long lease duration is not amortised, being not material.

### 1.5 Non-current Assets held for sale:

Items of PPE, which are retired from active use and held for disposal and where the sale is highly probable, are classified under Other Current Assets; the same are carried at the lower of their carrying amounts and fair value less costs to sell. Any write-down in this regard is recognised immediately in the Statement of Profit and Loss.

### 1.6 Intangible Assets:

Intangible Assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets being computer software are amortised on the "Straight-line Method" over a period of three years.

### 1.7 Assets acquired on Lease:

Assets acquired under leases where a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

### 1.8 Impairment of Non-financial Assets:

- i. The Company, at the end of each reporting period, assesses the carrying amounts of Non-financial Assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of that asset is estimated in order to determine the extent of the impairment loss, if any.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

- ii. Recoverable amount is the higher of fair value less costs of disposal and value in use. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- iii. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
- iv. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 1.9 Inventories:

Inventories are valued as follows:

- i. **Raw materials, Fuels, Stores and spare parts and Packing materials** - At cost or net realisable value, whichever is lower, derived on moving weighted average basis.
- ii. **Work-in-progress (WIP), Finished goods and Stock-in-trade** - At cost or net realisable value, whichever is lower. Cost of Finished goods and WIP includes all direct costs and other related factory overheads incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 1.10 Revenue Recognition:

- i. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
- ii. Sales are recognised on transfer of significant risks and rewards of ownership of the goods to the customer on dispatch of goods. Sales figures are inclusive of excise duty, but are net of GST, sales tax, value added tax, sales returns and adjustment in respect of discounts, rate difference, etc.
- iii. Export Sales are accounted on the basis of bills of lading / mates receipt dates.
- iv. Export incentives are accounted for on export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to their claims are fulfilled.
- v. Claims for Insurance are accounted on certainty of acceptance thereof by the Insurer.
- vi. Dividend income is recognised based on establishment of the right to receive such income.
- vii. For all debt instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR).

### 1.11 Foreign Currency Transactions:

- i. Transactions in foreign currency (Monetary or Non-monetary items) are recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items (i.e. receivables, payables, loans etc.), which are denominated in foreign currency are translated at the spot rates of exchange of functional currency at the reporting date.
- iii. Non-monetary items which are carried at historical cost denominated in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

- iv. Exchange differences arising on the settlement of monetary items or on reporting at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the Statement of Profit and Loss for the period in which they arise.

### 1.12 Employee share based payments:

- i. Equity-settled share-based payments to employees are measured at the fair value of the employee stock options at the grant date.
- ii. The fair value determined at the grant date of the equity-settled share-based payments is amortised over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.
- iii. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.
- iv. The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share.

### 1.13 Employee Benefits:

- i. **Defined contribution plan:** The Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the year in which the employees render the related service.
- ii. **Defined benefit plan - Gratuity:** In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date, carried out by an Actuary. The Company has an employees gratuity fund managed by the Life Insurance Corporation of India ("LIC").

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), is reflected immediately in the Balance Sheet with a charge or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement is not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment and
  - The date when the Company recognises related restructuring costs
- iii. **Compensated Absences:** As per policy of the Company, it allows for the encashment of absence or absence with pay to its employees. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Company records an obligation for compensated absences in the year in which the employees render the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an Actuarial valuation. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

### 1.14 Borrowing Costs:

Borrowing costs that are attributable to the acquisition / construction of qualifying assets are capitalised, net of income earned on temporary investments from such borrowings. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are charged to the Statement of Profit and Loss as expense in the year in which the same are incurred.

### 1.15 Segment Reporting:

- i. Primary Segment is identified based on the nature of products, the different risks and returns and the internal business reporting system. Secondary Segment is identified based on the geographic location of its customers.
- ii. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1.16 Taxation:

#### i. Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period in accordance with the provisions of the Income-tax Act, 1961.

#### ii. Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Tax relating to items recognised in equity or OCI is recognised directly in equity or OCI and not in the Statement of Profit and Loss. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset.

The deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company offsets on a year on year basis, the deferred tax assets and liabilities, where it has a legally enforceable right to offset current tax assets and liabilities and where it intends to settle such assets and liabilities on a net basis."

### 1.17 Provisions, Contingent Liabilities and Contingent Assets:

- i. Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

- ii. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- iii. Contingent assets are neither recognised nor disclosed.

Provisions, Contingent liabilities and Contingent assets are reviewed at each reporting date and are adjusted to reflect the current best estimate.

### 1.18 Financial Instruments:

- i. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- ii. Financial assets:

Initial recognition and measurement:

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in below categories:

- Financial Assets at amortised cost
- Equity investments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

### iii. Debt instruments at amortised cost:

A debt instrument is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and loss. The losses arising from impairment are recognised in the Statement of Profit and loss.

### iv. Equity investments:

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments, the Company may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. All fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L even on sale of investment. However the Company may transfer the cumulative gain or loss within equity. The Company has made such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

### v. Derecognition:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109."

### vi. Investment in Subsidiaries:

The Company's investment in its Subsidiaries are carried at cost less provision for impairment.

### vii. Impairment of financial assets:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, bank balance etc.
- b) Financial assets that are equity instruments and are measured at FVTOCI.
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However if credit risk has increased significantly, lifetime ECL is used.

### viii. Financial liabilities:

#### Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and other current liabilities.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

ix. Subsequent measurement:

The subsequent measurement of financial liabilities depends on their classification, as described below:

### **Financial liabilities at fair value through profit or loss**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses on changes in fair value of such liability are recognised in the Statement of Profit and Loss.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

x. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

xi. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **1.19 Fair Value Measurement:**

- i. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
  - In the principal market for the asset or liability or
  - In the absence of a principal market, in the most advantageous market for the asset or liability.
- ii. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- iii. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- iv. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
  - Level 1 - This hierarchy uses quoted (unadjusted) market prices in active markets for identical assets or liabilities.
  - Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.
  - Level 3 - If the lowest level input that is significant to the fair value measurement is not based on observable market data.
- v. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### **1.20 Cash and Cash Equivalents:**

Cash and cash equivalents in the Balance Sheet comprise cash at banks and in hand and short-term deposits with banks with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1.21 Earnings Per Share:

- i. Basic Earnings per share (EPS) is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii. Diluted EPS is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders adjusted for the effects of potential dilution of equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

### 1.22 Standards issued but not yet effective:

- i. Appendix B - Foreign currency transactions and advance consideration, to Ind AS 21:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 inserting Appendix B - Foreign currency transactions and advance consideration, to Ind AS 21, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 01, 2018. The Company has evaluated the effect of this on the financial statements and the impact material.

- ii. Ind AS 115 - Revenue from Contracts with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contracts with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customer.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

### C Critical accounting judgements, estimates and assumptions:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

#### Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### i. Useful Lives of Property, Plant and Equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/ component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### ii. Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

### iii. Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### iv. Defined benefit plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### v. Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take into account of changing facts and circumstances.

### vi. Share-based payments:

The Company measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 39.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 2 Property, Plant and Equipment

₹ in lacs

	Gross Block			Depreciation, Amortisation and Impairment			Net Block	
	As at April 01, 2017	Additions / Deductions / Adjustments	As at March 31, 2018	As at April 01, 2017	For the Year	Deductions/ Adjustments	As at March 31, 2018	As at March 31, 2017
<b>Tangible Assets</b>								
Freehold land [Refer Note (i)]	11,236.77	-	11,236.77	-	-	-	-	11,236.77
Leasehold land [Refer Note (iii)]	0.09	-	0.09	-	-	-	0.09	0.09
Buildings and Jety [Refer Note (iv)]	6,935.42	942.16	7,865.61	3,602.01	117.50	11.37	3,708.14	3,333.41
Plant and equipments [Refer Note (v & vi)]	41,801.67	1,694.11	43,222.01	26,701.58	1,136.26	238.25	27,599.59	15,100.09
Furniture and Fixtures	1,585.35	347.55	1,642.16	1,008.46	108.08	265.66	850.88	576.89
Vehicles	1,911.67	324.67	2,042.05	905.62	166.66	94.56	977.72	1,006.05
Office equipments	882.72	168.75	948.66	560.02	98.89	93.65	565.26	322.70
Railway siding, weighbridge, rolling stock and locomotives	272.48	-	256.80	130.46	9.45	14.89	125.02	142.02
<b>Total Tangible Assets</b>	<b>64,626.17</b>	<b>3,477.24</b>	<b>67,214.15</b>	<b>32,908.15</b>	<b>1,636.84</b>	<b>718.38</b>	<b>33,826.61</b>	<b>31,718.02</b>
<b>Intangible Assets</b>								
Other than internally generated								
Computer softwares	271.52	2.23	265.11	251.10	15.42	8.64	257.88	20.42
<b>Total Intangible Assets</b>	<b>271.52</b>	<b>2.23</b>	<b>265.11</b>	<b>251.10</b>	<b>15.42</b>	<b>8.64</b>	<b>257.88</b>	<b>20.42</b>
<b>Capital Work-in-Progress</b>								
<b>Tangible Capital WIP</b>	<b>9,207.43</b>	<b>361.29</b>	<b>8,871.14</b>	<b>4,419.10</b>	<b>122.04</b>	<b>-</b>	<b>4,541.14</b>	<b>4,788.33</b>
[Refer Note (vii)]								
<b>Total Assets</b>	<b>74,105.12</b>	<b>3,840.76</b>	<b>76,350.40</b>	<b>37,578.35</b>	<b>1,774.30</b>	<b>727.02</b>	<b>38,625.63</b>	<b>37,724.77</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 2 Property, Plant and Equipment (contd.)

₹ in lacs

	Gross Block			Depreciation, Amortisation and Impairment			Net Block		
	As at April 01, 2016	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2017	As at April 01, 2016	For the Year	Deductions / Adjustments	As at March 31, 2017	As at April 01, 2016
<b>Tangible Assets</b>									
Freehold land [Refer Note [i & iii]]	11,474.06	-	237.29	11,236.77	-	-	-	11,236.77	11,474.06
Leasehold land [Refer Note [iii]]	0.09	-	-	0.09	-	-	-	0.09	0.09
Buildings and Jetty [Refer Note [iv]]	6,725.99	209.43	-	6,935.42	3,488.52	113.49	-	3,602.01	3,237.47
Plant and equipments [Refer Note [vi]]	42,794.28	1,155.01	2,147.62	41,801.67	27,702.52	1,039.30	2,040.24	15,100.09	15,091.76
Furniture and Fixtures	1,282.28	307.55	4.48	1,585.35	913.42	97.83	2.79	1,008.46	368.86
Vehicles	1,687.08	348.20	123.61	1,911.67	803.62	166.70	64.70	1,006.05	883.46
Office equipments	709.02	181.03	7.33	882.72	471.32	91.10	2.40	560.02	237.70
Railway siding, weighbridge, rolling stock and locomotives	136.68	135.80	-	272.48	127.23	3.24	-	142.02	9.45
<b>Total Tangible Assets</b>	64,809.48	2,337.02	2,520.33	64,626.17	33,506.63	1,511.66	2,110.14	32,908.15	31,302.85
<b>Intangible Assets</b>									
Other than internally generated									
Computer softwares	263.21	8.31	-	271.52	227.26	23.84	-	251.10	35.95
<b>Total Intangible Assets</b>	263.21	8.31	-	271.52	227.26	23.84	-	251.10	35.95
<b>Capital Work-in-Progress</b>									
<b>Tangible Capital WIP</b> [Refer Note [vii]]	8,376.82	833.17	2.56	9,207.43	4,419.10	-	-	4,419.10	3,957.72
<b>Total Assets</b>	73,449.51	3,178.50	2,522.89	74,105.12	38,152.99	1,535.50	2,110.14	37,578.35	35,296.52



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 2 Property, Plant and Equipment (contd.)

- i. The Company has considered fair value as deemed cost for its land located at Ranavav, Dist. - Porbandar, Gujarat - 360 560 in accordance with stipulations of Ind AS 101 with the resultant impact of ₹ 11,236.05 lacs being recognised in Retained Earnings.
- ii. The deductions under the gross block of freehold land, for the year ended March 31, 2017, of ₹ 237.29 lacs is of certain land which is held for disposal. The same is classified under other current assets in Note 13.
- iii. Besides the land specified above, the Company holds other leasehold land for which only ground rent is payable.
- iv. Buildings and Jetty include a Private Jetty having a gross block of ₹ 2411.45 lacs (net block ₹ 120.57 lacs), constructed by the Company under the license to use agreement with Gujarat Maritime Board (GMB) on the land provided by them. The license period of 15 years from October 2000 has expired and the Company has requested to GMB for the renewal of the agreement, which is pending.
- v. The deductions under the gross block of Plant & Equipments, for the year ended March 31, 2018, include amount of ₹ 255.14 lacs which is in respect of certain machineries held for disposal. The same is classified under other current assets in Note 13.
- vi. Plant and equipments include cost of service line of ₹ 33.20 lacs (Previous Year and as at April 01, 2016: ₹ 33.20 lacs), ownership of which is vested with Paschim Gujarat Vij Company Limited.

#### vii. Impairment of Assets:

- a. The Company had incurred an aggregate sum of ₹ 8107.17 lacs (Previous Year and as at April 01, 2016: ₹ 8107.17 lacs) towards Expansion Project Assets and shown the same under Capital Work-in-progress (CWIP). The expenditure includes cost of an imported plant purchased (including related stores and spares), civil work carried out and pre-operative expenses (including interest capitalised) as shown in (b) below. However, in the year 2005, due to several adversities, the project was suspended.

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
b. Capital work-in-progress includes pre-operative expenses, as under:			
Technical Consultancy	320.40	320.40	320.40
Employee Cost	144.56	144.56	144.56
Interest and Finance Cost	3,104.18	3,104.18	3,104.18
Traveling and Conveyance	227.48	227.48	227.48
Exchange Rate Fluctuation	42.43	42.43	42.43
Transportation Charges	19.96	19.96	19.96
Miscellaneous	59.97	59.97	59.97
	<b>3,918.98</b>	<b>3,918.98</b>	<b>3,918.98</b>

- c. Considering cash flow constraints, the Company had earlier proposed to dispose off the Expansion Project Assets through the Asset Sale Committee (ASC) constituted under the aegis of BIFR, subject to necessary approvals of Lenders / BIFR. However the proposal was deferred at the advice of the ASC. The Company has the option to install the assets at a later date, depending on market conditions. Therefore, considering utilisation of assets in future, the Expansion Project Assets have got been valued by a project consultant. Based on the valuation report obtained from the project consultant, an additional impairment of ₹ 122.04 lacs has been provided during the year ended March 31, 2018. As at March 31, 2018, the aggregate provision for impairment is at ₹ 4541.14 lacs.

- viii. Refer Note 16.1 and 19.1 for information on Property, Plant and Equipment pledged as security.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>3 Non-current Investments</b>			
<b>a) Investments measured at Cost:</b>			
<b>In Equity Instruments of Subsidiaries</b>			
Unquoted			
(Fully paid equity shares of ₹ 10 each)			
<b>Quantity Investee company</b>			
1,00,00,000 Pranay Holdings Limited	<b>1,000.00</b>	1,000.00	1,000.00
1,00,00,000 Prachit Holdings Limited	<b>1,000.00</b>	1,000.00	1,000.00
1,00,00,000 Ria Holdings Limited	<b>1,000.00</b>	1,000.00	1,000.00
40,00,000 Reeti Investments Private Limited	<b>400.00</b>	400.00	400.00
4,04,100 Agrima Consultants International Limited	<b>180.36</b>	180.36	180.36
1,49,272 Concorde Cement (Private) Limited	<b>9.19</b>	9.19	9.19
	<b>3,589.55</b>	3,589.55	3,589.55
Less: Provision for impairment in value	<b>2,698.08</b>	2,698.08	2,698.08
	<b>891.47</b>	891.47	891.47
<b>b) Investments measured at Fair Value through Other Comprehensive Income:</b>			
<b>In Equity Instruments of Others</b>			
i) Quoted			
(Fully paid equity shares of ₹ 10 each)			
<b>Quantity Investee company</b>			
70,500 MTZ Industries Limited	<b>0.01</b>	0.01	0.01
30,00,000 MTZ Polyfilms Limited	<b>0.10</b>	0.10	0.10
200 Dena Bank Limited	<b>0.04</b>	0.08	0.06
	<b>0.15</b>	0.19	0.17
ii) Unquoted			
<b>Quantity Investee company</b>			
2,001 Rajkot Nagrik Sahakari Bank Limited	50.00	1.00	1.00
2,500 Saraswat Co-op Bank Limited	10.00	0.25	0.25
	<b>1.25</b>	1.25	1.25
	<b>1.40</b>	1.44	1.42
	<b>892.87</b>	892.91	892.89
<b>Aggregate Carrying Value of:</b>			
Quoted investments	<b>0.15</b>	0.19	0.17
Unquoted investments	<b>892.72</b>	892.72	892.72
	<b>892.87</b>	892.91	892.89
Aggregate Market Value of quoted investments	<b>0.04</b>	0.08	0.06

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>4 Loans</b>			
Unsecured, Considered Good			
Security Deposits	<b>158.15</b>	302.01	320.13
Staff Loans	<b>13.17</b>	-	-
	<b>171.32</b>	<u>302.01</u>	<u>320.13</u>
<b>5 Other Financial Assets</b>			
Fixed Deposits with Bank with maturity greater than 12 months (Held as Margin Money)	<b>116.43</b>	68.59	12.16
	<b>116.43</b>	<u>68.59</u>	<u>12.16</u>
<b>6 Other Non-current Assets</b>			
Capital Advances	<b>623.81</b>	666.99	385.55
Advances other than Capital Advances			
Taxes Paid (Net of Provision of ₹ 1,811.52 lacs, previous year, ₹ 3,757.17 lacs and as at April 01, 2016, ₹ 2,483.72 lacs)	<b>497.01</b>	533.62	115.92
Pre-deposit Balances with Statutory / Government Authorities against Appeals	<b>120.66</b>	116.95	113.73
	<b>1,241.48</b>	<u>1,317.56</u>	<u>615.20</u>
<b>7 Inventories</b>			
Raw Materials (includes in transit of ₹ 291.59 lacs, previous year: ₹ 291.55 lacs and as at April 01, 2016: ₹ Nil)	<b>1,188.64</b>	938.67	762.66
Packing Materials	<b>109.90</b>	154.96	121.96
Work-in-progress	<b>349.07</b>	513.27	561.82
Finished Goods	<b>862.54</b>	572.89	735.85
Fuels (includes in transit of ₹ 1,509.77 lacs, previous year: ₹ 1,343.29 lacs and as at April 01, 2016: ₹ 103.70 lacs)	<b>1,945.85</b>	2,122.97	716.77
Stores and Spare Parts (includes in transit of ₹ 28.54 lacs, previous year: ₹ 11.02 lacs and as at April 01, 2016: ₹ 29.01 lacs)	<b>1,172.77</b>	1,536.56	1,453.45
	<b>5,628.77</b>	<u>5,839.32</u>	<u>4,352.51</u>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>8 Trade Receivables</b>			
Unsecured, Considered Good			
Amounts Receivable from a related party [Refer Note 36.2(B)(iv)]	-	136.80	-
Others	<b>1,894.49</b>	1,313.92	1,405.18
Doubtful	<b>15.58</b>	154.49	157.27
	<b>1,910.07</b>	1,605.21	1,562.45
Less : Allowance for Credit Losses	<b>15.58</b>	154.49	157.27
	<b>1,894.49</b>	1,450.72	1,405.18
<b>9 Cash and Cash Equivalents</b>			
Balances with Banks			
In Current Accounts	<b>552.63</b>	541.29	311.89
Cash on Hand	-	-	3.53
	<b>552.63</b>	541.29	315.42
<b>10 Bank Balances other than Cash and Cash Equivalents</b>			
Deposits with Banks (Maturity below 12 months from the date of Balance Sheet)			
Held as Margin Money	<b>1,027.81</b>	225.12	55.06
Held as Security against Overdraft facilities	<b>5,254.00</b>	3,531.11	2,770.00
Others	<b>1,294.00</b>	2,666.43	3,247.10
	<b>7,575.81</b>	6,422.66	6,072.16
Earmarked Balances			
For Unpaid Dividend (Equity and Preference)	<b>5.69</b>	2.88	-
For Redemption of Preference Shares	<b>0.64</b>	0.64	0.93
For Money received on Issue of Debentures	<b>0.14</b>	0.14	0.14
	<b>6.47</b>	3.66	1.07
	<b>7,582.28</b>	6,426.32	6,073.23

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>11 Loans</b>			
Unsecured, Considered good			
Staff Loans	<b>9.95</b>	23.72	25.26
Loans and Advances to related party			
Interest-free Deposit to Reeti Investments Pvt Ltd *	<b>34.40</b>	34.40	34.40
[Refer Note 36.2(B)(i)(b)]			
Other Receivables [Refer Note 36.2(B)(i)(a)]	<b>187.91</b>	182.90	169.09
	<b>222.31</b>	217.30	203.49
	<b>232.26</b>	241.02	228.75

\* For business purposes.

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>11.1 Disclosure as per Regulations 34(3) and 53(f) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015</b>			
a. Loans and Advances in the nature of loans to subsidiaries:			
<b>Name of the Subsidiary Company</b>			
Agrima Consultants International Limited *	<b>178.14</b>	186.55	186.11
Prachit Holdings Limited	<b>2.79</b>	2.71	2.40
Reeti Investments Private Limited	<b>6.99</b>	6.92	6.66
b. Deposits			
<b>Name of the Subsidiary Company</b>			
Reeti Investments Private Limited	<b>34.40</b>	34.40	34.40
- The above Wholly-owned Subsidiary Companies			
c. Maximum amount outstanding during the year *	<b>195.92</b>	196.18	195.17
d. The loanees have not made any investment in the shares of the Company			
* The amounts are stated at undiscounted values.			

### 11.2 Information on advances in the nature of loans given pursuant to Section 186(4) of the Companies Act, 2013

a. Particulars of Loans given by Company				
<b>Name of the Subsidiary Company</b>	<b>Rate of interest</b>			
Prachit Holdings Limited	10% p.a.	<b>0.07</b>	0.06	-
Reeti Investments Private Limited	10% p.a.	<b>0.07</b>	0.06	-
- The loans have been given to meet companies requirement for incurring expenses.				
- As legally advised, the provisions of Section 186 of the Companies Act, 2013 are not applicable to the loans given prior to the commencement of the Act and accordingly, the disclosure here-in-above is made in respect of loans given after 01.04.2014.				
b. Particulars of Investments - Refer Note 3 on Non-current Investments.				
c. There is no guarantee given or security provided by the Company.				

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### NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>12 Other Financial Assets</b>			
Interest accrued on Fixed Deposits	<b>213.35</b>	199.78	239.05
Others	<b>5.78</b>	4.76	5.80
	<b><u>219.13</u></b>	<u>204.54</u>	<u>244.85</u>
	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>13 Other Current Assets</b>			
Advances			
Balances with Statutory / Government Authorities	<b>164.00</b>	559.90	573.51
Advances Against Purchase of Stores	<b>589.97</b>	481.19	429.16
Prepaid Expenses	<b>153.36</b>	123.47	113.89
Travelling Advance Due from a Director [Refer Note 36.2(B)(ii)(c)]	<b>1.31</b>	16.61	-
Others	<b>81.61</b>	37.29	24.65
Non-current Asset held for Disposal [Refer Note 2(ii) & (v)]	<b>271.88</b>	237.29	-
Export Benefits Receivable	<b>-</b>	-	14.97
	<b><u>1,262.13</u></b>	<u>1,455.75</u>	<u>1,156.18</u>
	<b>As at March 31, 2018</b>	As at March 31, 2017	As at April 01, 2016
	Numbers	Numbers	Numbers
	₹ in lacs	₹ in lacs	₹ in lacs
<b>14 Share Capital</b>			
<b>Authorised</b>			
Equity Shares of ₹ 10 par value	<b>19,50,00,000</b>	19,50,00,000	13,00,00,000
Preference Shares of ₹ 100 par value #	-	-	60,00,000
Unclassified Shares of ₹ 10 par value #	-	-	50,00,000
# (Reclassified to Equity Shares during the year 2016-17)	<b><u>19,500.00</u></b>	<u>19,500.00</u>	<u>19,500.00</u>
<b>Issued</b>			
Equity Shares, of ₹ 10 par value	<b>6,92,06,334</b>	6,92,06,334	6,92,06,334
	<b><u>6,920.63</u></b>	<u>6,920.63</u>	<u>6,920.63</u>
<b>Subscribed</b>			
Equity Shares, of ₹ 10 par value			
Subscribed and Fully Paid Up	<b>6,91,91,065</b>	6,91,91,065	5,11,91,065
Subscribed but Not Fully Paid Up	-	-	1,80,00,000
(₹ 5 per share paid up as at April 01, 2016)	<b><u>6,91,91,065</u></b>	<u>6,91,91,065</u>	<u>6,91,91,065</u>
Equity Shares - forfeited	<b>15,269</b>	15,269	15,269
(₹ 2 per share paid up)	<b><u>0.31</u></b>	<u>0.31</u>	<u>0.31</u>
	<b><u>6,919.42</u></b>	<u>6,919.42</u>	<u>6,919.42</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 14.1 Reconciliation of the number of shares outstanding and amount of share capital

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Numbers	₹ in lacs	Numbers	₹ in lacs	Numbers	₹ in lacs
Equity Shares, of ₹ 10 par value						
At the beginning	<b>6,91,91,065</b>	<b>6,919.11</b>	6,91,91,065	6,019.11	5,11,91,065	5,119.11
Changes during the year - Call Money / allotment	-	-	-	900.00	1,80,00,000	900.00
At the end	<b><u>6,91,91,065</u></b>	<b><u>6,919.11</u></b>	<b><u>6,91,91,065</u></b>	<b><u>6,919.11</u></b>	<b><u>6,91,91,065</u></b>	<b><u>6,019.11</u></b>

### 14.2 Rights, Preferences and Restrictions

#### Equity Shares

- The Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividend in Indian rupees. With effect from April 01, 2016, final dividend, if any, proposed by the Board of Directors is recorded as a liability on the date of the approval of the shareholders in the coming Annual General Meeting; in case of interim dividend, it is recorded as a liability on the date of declaration by the Board of Directors of the Company. Board of Directors has recommended equity dividend of ₹ 1 per share of face value of ₹ 10 each, for the year ended March 31, 2018.
- In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- In respect of ESOP granted to the employees during the year, refer Note 39.

### 14.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Numbers	%	Numbers	%	Numbers	%
Equity Shares						
Villa Trading Company Private Limited	<b>1,36,58,167</b>	<b>19.74%</b>	1,41,58,167	20.46%	1,41,58,167	20.46%
Parsec Enterprises Private Limited	<b>1,35,38,370</b>	<b>19.57%</b>	1,35,38,370	19.57%	1,35,38,370	19.57%
Samja Mauritius Limited	<b>1,71,75,000</b>	<b>24.82%</b>	-	-	-	-
TransAsia Investments And Trading Limited	-	-	80,00,000	11.56%	80,00,000	11.56%
Jagmi Investments Limited	-	-	51,75,000	7.48%	51,75,000	7.48%
Sampson Limited	-	-	40,00,000	5.78%	40,00,000	5.78%

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### NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>15 Other Equity</b>			
<b>Capital Reserve</b>	<b>2,712.70</b>	2,712.70	2,712.70
<b>Capital Redemption Reserve</b>	<b>737.60</b>	737.60	737.60
<b>Securities Premium Account</b>	<b>10,566.71</b>	10,566.71	10,566.71
<b>Share Options Outstanding</b>			
Balance as at the beginning of the year	-	-	-
Add: Employee Stock Options Granted	<b>106.71</b>	-	-
Less: Employee Stock Options Exercised	-	-	-
	<b>106.71</b>	-	-
<b>General Reserve</b>	<b>5,786.29</b>	5,786.29	5,786.29
<b>Retained Earnings</b>			
Balance as at the beginning of the year	<b>10,025.74</b>	9,291.91	-
Add: Profit transferred from the Statement of Profit and Loss	<b>6,252.55</b>	1,403.32	-
Add/(Less): Remeasurement gain / (loss) on defined benefit plan	<b>(1.00)</b>	(11.24)	-
Less: Appropriations			
Dividend on Equity Shares	<b>691.91</b>	546.92	-
Dividend Distribution Tax	<b>140.86</b>	111.34	-
	<b>15,444.51</b>	10,025.74	9,291.91
<b>Equity Instruments through Other Comprehensive Income</b>			
Balance as at the beginning of the year	<b>(635.12)</b>	(635.14)	-
Add/(Less): Movement during the year	<b>(0.04)</b>	0.02	-
	<b>(635.16)</b>	(635.12)	(635.14)
	<b>34,719.36</b>	29,193.92	28,460.07

	Non-Current			Current maturities of Long-term debts *		
	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>16 Non-Current Borrowings</b>						
Secured						
<b>Term Loans</b>						
From Banks	<b>188.09</b>	56.83	65.71	<b>65.52</b>	8.88	8.03
From Others	<b>107.59</b>	155.35	54.40	<b>47.76</b>	43.51	11.88
	<b>295.68</b>	212.18	120.11	<b>113.28</b>	52.39	19.91

\* Amount disclosed under the head 'Other Financial Liabilities' (Note 21).

#### 16.1 Security and Repayment Terms:

- i. Term Loans are repayable in 36 to 60 equated monthly installments carrying varied interest from 8% to 10% p.a. These loans are secured by hypothecation of vehicles financed there under.
- ii. The Company's debt was restructured under Corporate Debt Restructuring (CDR) in 2005 and the restructured debt including Funded Interest Term Loan (FITL) has been fully repaid in the earlier years. One of the conditions of the restructuring was that the Lenders would have a Right of Recompense (ROR) as may be approved by the CDR Empowered Group (EG). Hon'ble BIFR has subsequently sanctioned a Rehabilitation Scheme for the Company which over rides all previous schemes and the same does not envisage payment of recompense. Further RBI has repealed the Circular under which CDR was formed and operating. The Company has filed a Miscellaneous Application with the NCLT, Ahmedabad praying that directions be given to the CDR Lenders that no ROR is payable and to release all securities including personal guarantees and shares pledged by the promoters.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>17 Provisions</b>			
For Employee Benefits - Gratuity and Compensated absences (Refer Note 34)	<b>1,159.66</b>	1,097.25	1,027.87
	<b>1,159.66</b>	1,097.25	1,027.87

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>18 Deferred Tax Liabilities (net)</b>			
<b>Deferred Tax Assets</b>			
i. Fair Valuation of Financial Assets	-	4.59	9.03
ii. Provision for Impairment	<b>1,586.85</b>	1,529.36	1,529.36
iii. Provision for expenses allowable on cash basis	<b>916.74</b>	1,162.82	1,115.46
iv. Provision for Gratuity & Leave encashment	<b>499.19</b>	471.43	441.10
v. MAT Credit Entitlement	<b>2,865.72</b>	-	-
vi. Others	<b>13.99</b>	61.93	192.29
<b>Total</b>	<b>5,882.49</b>	3,230.13	3,287.24
<b>Deferred Tax Liabilities</b>			
i. Property, Plant and Equipment	<b>5,918.73</b>	5,889.55	5,575.34
<b>Total</b>	<b>5,918.73</b>	5,889.55	5,575.34
	<b>36.24</b>	2,659.42	2,288.10

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>19 Short-term Borrowings</b>			
Secured			
Loans Repayable on Demand from Banks			
Cash Credits *	-	-	454.64
Overdraft against lien of Bank Fixed Deposits	<b>1,306.33</b>	1,462.02	1,337.38
	<b>1,306.33</b>	1,462.02	1,792.02

### 19.1 Security:

- \* The Working Capital facilities are secured by first charge by way of hypothecation of current assets, namely stocks of raw materials, semi finished and finished goods, consumable stores and spares, bills receivables, book debts and all other movable properties, both, present and future. They are also secured by second mortgage and charge on the Company's immovable and movable properties, both, present and future, hypothecation of "Hathi" Brand, pledge of promoter shares and personal guarantee of two Directors of the Company.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>20 Trade Payables</b>			
Amounts Payable to a Related Party [Refer Note 36.2(B)(iv)]	43.39	-	23.25
Others	5,170.43	5,068.13	2,831.34
	<b>5,213.82</b>	<b>5,068.13</b>	<b>2,854.59</b>

**20.1** "Others" includes dues to small and medium enterprises, which require the following disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :

i. Principal amount remaining unpaid and interest thereon	-	1.07	1.07
ii. Interest paid in terms of Section 16	-	-	-
iii. Interest due and payable for the period of delay in payment	-	-	-
iv. Interest accrued and remaining unpaid	-	-	-
v. Interest due and payable even in succeeding years	-	1.07	1.07

The above information has been determined to the extent such parties could be identified on the basis of information available with the company regarding the status of suppliers under the MSME.

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>21 Other Financial Liabilities</b>			
Current Maturities of Long-term Debt *			
Term Loans			
From Banks	65.52	8.88	8.03
From Others	47.76	43.51	11.88
	<b>113.28</b>	<b>52.39</b>	<b>19.91</b>
Unpaid Dividends	5.69	2.88	-
Unclaimed Share Application Money	14.48	14.48	14.48
Amounts Payable on Redemption of Preference Shares	0.64	0.64	0.93
Security Deposits from Customers / Transporters	964.58	972.73	881.77
Remuneration Payable to Key Managerial Personnel [Refer Note 36.2(B)(i)(a&b)]	43.12	31.22	28.75
Liabilities for Expenses at the year-end	<b>1,224.90</b>	<b>1,564.50</b>	<b>1,823.07</b>
	<b>2,366.69</b>	<b>2,638.84</b>	<b>2,768.91</b>

\* Refer Note 16.1 (i) for security given.

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>22 Other Current Liabilities</b>			
Statutory Dues	3,360.89	3,979.30	3,896.74
Advances from Customers	1,565.20	1,463.88	990.80
Advance against sale of Non-current Asset held for Disposal	185.00	160.00	110.00
Book Overdraft on Current Account	-	1.44	-
Others	82.41	92.26	86.95
	<b>5,193.50</b>	<b>5,696.88</b>	<b>5,084.49</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>23 Provisions</b>			
For Employee Benefits - Gratuity and Compensated Absences (Refer Note 34)	<b>268.90</b>	264.96	246.69
Others			
Provision for Taxation	<b>999.45</b>	-	1,470.17
Less: Taxes paid	<b>960.49</b>	-	1,272.56
	<b>38.96</b>	-	197.61
Excise duty on Stocks	-	53.78	53.14
	<b>307.86</b>	318.74	497.44

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>24 Revenue from Operations</b>		
Sale of Products		
Manufactured Goods	<b>58,605.22</b>	52,067.01
Traded Goods	-	210.76
	<b>58,605.22</b>	52,277.77
Other Operating Revenues		
Sale of Power	<b>219.21</b>	563.18
Sale of Scrap	<b>369.71</b>	207.24
Export Entitlements	<b>6.57</b>	39.79
	<b>595.49</b>	810.21
	<b>59,200.71</b>	53,087.98

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>25 Other Income</b>		
Interest Income on		
Fixed Deposits with Banks	<b>490.26</b>	474.44
Interest Receivable from Subsidiaries [Refer Note 36.2(A)(i)(b)]	<b>0.14</b>	0.12
Others	<b>22.28</b>	25.39
	<b>512.68</b>	499.95
Dividend Income from Non-current Investments	<b>0.08</b>	0.04
Miscellaneous Income	<b>153.01</b>	80.96
Net Gain on Foreign Currency Transactions and Translation	<b>76.30</b>	97.45
Insurance Claims	<b>99.07</b>	2.03
Bad Debts Recovered	<b>0.43</b>	0.49
Provision for Doubtful Debts Written Back	<b>138.91</b>	2.78
Excess Provision Written Back	<b>724.39</b>	180.98
Trade / Other Payables Written Back	<b>62.70</b>	213.54
	<b>1,767.57</b>	1,078.22



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>26 Cost of Materials Consumed</b>		
Raw Materials		
Opening Stock	<b>938.67</b>	762.66
Add: Purchases	<b>3,350.60</b>	2,273.06
	<b>4,289.27</b>	3,035.72
Less: Closing Stock	<b>1,188.64</b>	938.67
	<b>3,100.63</b>	2,097.05
Packing Materials		
Opening Stock	<b>154.96</b>	121.96
Add: Purchases	<b>1,676.80</b>	1,509.51
	<b>1,831.76</b>	1,631.47
Less: Closing Stock	<b>109.90</b>	154.96
	<b>1,721.86</b>	1,476.51
	<b>4,822.49</b>	3,573.56

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>27 Purchases of Stock-in-trade</b>		
Purchases of Traded Goods		
Cement	-	203.86
	-	203.86

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>28 Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress</b>		
Stocks at the end		
Finished Goods - Cement	<b>862.54</b>	572.89
Work-in-progress - Raw Flour and Clinker	<b>349.07</b>	513.27
	<b>1,211.61</b>	1,086.16
Less: Stocks at the Beginning		
Finished Goods - Cement	<b>572.89</b>	735.85
Work-in-progress - Raw Flour and Clinker	<b>513.27</b>	561.82
	<b>1,086.16</b>	1,297.67
	<b>(125.45)</b>	211.51
Increase in Excise Duty on Stocks	-	0.63
	<b>(125.45)</b>	212.14

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>29 Employee Benefits Expense</b>		
[Refer Note 31.1 (a)]		
Salaries, Wages and Bonus	<b>3,497.80</b>	3,375.30
Expense on Employee Stock Options Scheme (Refer Note 39)	<b>106.71</b>	-
Contribution to Provident and Other Funds	<b>245.87</b>	257.56
Gratuity Expense	<b>137.92</b>	126.99
Staff Welfare Expenses	<b>161.44</b>	149.88
	<b>4,149.74</b>	3,909.73

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>30 Finance Costs</b>		
Interest expense		
On Borrowings	<b>158.31</b>	121.64
On Custom Duty, Service Tax and Income Tax	<b>84.29</b>	116.76
On Others	<b>98.08</b>	126.39
	<b>340.68</b>	364.79
Other Borrowing Costs	<b>1.20</b>	0.62
	<b>341.88</b>	365.41



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>31 Other Expenses</b>		
Stores and Spare Parts Consumed	<b>3,452.51</b>	3,924.78
Power and Fuel	<b>15,883.32</b>	12,919.11
Rent	<b>266.90</b>	263.79
Repairs and Maintenance		
Buildings	<b>274.96</b>	332.23
Machinery	<b>2,054.05</b>	2,398.95
Others	<b>693.13</b>	719.70
	<b>3,022.14</b>	3,450.88
Insurance	<b>115.64</b>	115.80
Rates and Taxes	<b>67.73</b>	64.36
Raw Material Handling Charges [Refer Note 31.1 (a)]	<b>548.57</b>	591.31
Limestone / Marl Raising Charges [Refer Note 31.1 (a)]	<b>544.05</b>	810.72
Royalty and Cess [Refer Note 31.1 (a)]	<b>1,688.20</b>	1,785.23
Advertisement and Business Promotion Expenses	<b>1,481.62</b>	1,112.20
Freight and Handling Expenses	<b>12,215.73</b>	7,440.52
Packing Plant expenses	<b>741.54</b>	561.55
Commission	<b>945.94</b>	851.38
Directors' Fees	<b>34.50</b>	31.40
Charity and Donation [Refer Note 31.1 (b)]	<b>214.50</b>	12.50
Traveling and Conveyance	<b>490.52</b>	416.26
Legal and Professional Charges	<b>420.09</b>	331.06
Auditor's Remuneration		
Audit Fees	<b>11.00</b>	10.50
Tax Audit Fees	<b>3.00</b>	2.66
For Other Services - Certification Work	<b>3.51</b>	5.42
	<b>17.51</b>	18.58
Provision for Doubtful Debts / Advance	-	24.46
Bad Debts written off	<b>124.48</b>	-
Loss on Sale of Property, Plant and Equipment (Net)	<b>51.55</b>	66.45
Corporate Social Responsibility (CSR) Expenditure [Refer Note 33]	<b>88.36</b>	91.66
Miscellaneous Expenses	<b>1,121.36</b>	1,330.51
Cost of Cement Self Consumed [Refer Note 31.1 (c)]	<b>(18.93)</b>	(42.92)
	<b>43,517.83</b>	36,171.59
<b>31.1 a.</b> Employee Benefit Expenses (Note 29) and Other Expenses (Note 31) as incurred on cost of raising and transporting limestone / marl are as under:		
Salaries, Wages and Bonus	<b>134.37</b>	130.28
Stores and Spare Parts Consumed	<b>368.35</b>	370.90
Repairs and Maintenance to Machinery	<b>77.57</b>	79.92
Raw Material Handling Charges	<b>401.38</b>	455.01
Limestone / Marl Raising Charges	<b>544.05</b>	810.72
Royalty and Cess	<b>1,688.20</b>	1,781.40
	<b>3,213.92</b>	3,628.23
b. Charity and Donation include donation of ₹ 200 lacs (Previous Year: Nil) given to political parties.		
c. Cost of cement self consumed also includes other material costs and depreciation.		

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs
<b>32 Contingent Liabilities and Commitments</b>		
i. Contingent liabilities: (to the extent not provided for)		
a. Claims against the Company not acknowledged as debt - matters under disputes / appeals;		
i. Sales Tax	-	101.42
ii. Excise Duty	<b>856.72</b>	884.61
iii. Service Tax	<b>2.39</b>	2.39
iv. Royalty	<b>15.12</b>	15.12
v. Customs Duty	<b>23.25</b>	20.00
vi. Claims filed by workmen or their union against the Company	<b>25.55</b>	58.19
vii. On account of Power Supply	<b>440.99</b>	440.99
viii. In the earlier years, the company had sold residential flats through a bidding process in which the bidder failed to make the payments as per the agreed schedule due to which the Earnest Money Deposit and part payments received against the failed bid were forfeited as per the agreed tender terms and the flats were sold to another person. The matter is under dispute as the original unsuccessful bidder has disputed the subsequent sale and the outcome / impact of the same is presently unascertainable.		
ix. Other demands and claims	<b>82.69</b>	44.66
The amounts stated are including interest and penalty, to the extent demanded.		
b. Other money for which the Company is contingently liable; The impact / outcome of recompense clause as detailed in Note 16.1(ii), in respect of the restructured loans is presently unascertainable.		
ii. Commitments:		
a. Estimated amount of contracts remaining to be executed on capital account (net of advances of ₹ 623.81 lacs, previous Year ₹ 705.97 lacs).	<b>1,962.99</b>	1,999.97
b. Other Commitments	-	-
	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>33 Corporate Social Responsibility (CSR)</b>		
Gross amount required to be spent by the Company during the year	<b>88.84</b>	78.44
Amount spent and paid on CSR activities included in the Statement of Profit and Loss for the year :		
Nature of Expenses specified in Schedule VII to the Companies Act, 2013		
Vocational Training	<b>5.12</b>	6.00
Rural Development	<b>22.78</b>	6.96
Promoting Preventive Health Care and Sanitation	<b>10.95</b>	7.67
Education Promotion	<b>49.51</b>	71.03
	<b>88.36</b>	91.66



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 34 Employee benefits

As per Ind AS - 19 - "Employee Benefits", the disclosures of Employee Benefits is given as below:-

#### 34.1 Defined Contribution Plans

The Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 245.87 lacs (Previous Year ₹ 257.56 lacs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense. (Refer Note 29)

#### 34.2 Defined Benefit Plan: Gratuity

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Features of the Defined Benefit Plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary Definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 20,00,000 was applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	60 years

**34.3** The fund is a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The trustees are responsible for the governance of the plan. The day-to-day administration of the scheme is carried out by the trustees. It is the trustee's duty to look after assets on behalf of employees who are entitled to benefit from those assets at some future date. Investment of assets of fund is key responsibility of the trustees.

#### 34.4 Risk to the Plan

##### i. Actuarial Risk:

The plan is subject to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employee in future.

##### ii. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.

##### iii. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

##### iv. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

**34.5** The Present Value of Defined Benefit Obligation and Fair Value of the Plan Assets as at April 01, 2016 is ₹ 958.47 lacs and ₹ 22.80 lacs respectively.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 34 Employee benefits (contd.)

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs
<b>34.6 i. Changes in Present Value of Obligations:</b>		
Present Value of Obligation at the beginning	1,010.20	958.47
Current Service Cost	40.39	37.59
Past Service Cost	36.27	-
Interest Cost	75.87	74.86
Actuarial (Gain) / Loss due to:		
- Change in Financial Assumptions	(13.56)	13.56
- Change in Demographic Assumptions	-	-
- Experience Changes	13.37	4.31
Benefits paid	(126.57)	(78.59)
<b>Present Value of Obligation as at the end</b>	<b>1,035.97</b>	<b>1,010.20</b>
<b>ii. Changes in Fair Value of Plan Assets:</b>		
Fair value of Plan Assets at the beginning	39.34	22.80
Expected return on Plan Assets	2.95	1.78
Contributions by the employer	100.84	92.67
Benefits paid	(126.56)	(78.59)
Return on plan assets excluding amounts included in interest income	(1.72)	0.68
<b>Fair value of Plan Assets as at the end</b>	<b>14.85</b>	<b>39.34</b>
<b>iii. The amount recognised in Balance Sheet</b>		
Gross value of Present Obligation at the end	1,035.97	1,010.20
Fair Value of Plan Assets at the end	14.85	39.34
<b>Net Liability / (Asset) recognised in Balance Sheet</b>	<b>1,021.12</b>	<b>970.86</b>
<b>iv. Amount recognised in the Statement of Profit and Loss</b>		
Current Service Cost	40.39	37.59
Past Service Cost	36.27	-
Interest Cost	75.87	74.86
Expected return on Plan Assets	(2.95)	(1.78)
<b>Expenses Recognised in the Statement of Profit and Loss</b>	<b>149.58</b>	<b>110.67</b>
<b>v. Amount recognised in Other Comprehensive Income</b>		
Components of Actuarial (Gain) / Loss:		
- Change in Financial Assumptions	(13.56)	13.56
- Change in Demographic Assumptions	-	-
- Experience Changes	13.37	4.31
- Return on plan assets excluding amounts included in interest income	1.72	(0.68)
<b>Amount recognised in Other Comprehensive Income</b>	<b>1.53</b>	<b>17.19</b>
<b>vi. Category of Assets</b>		
Insurer Managed Funds	14.85	39.34
<b>vii. Maturity Profile of the Defined Benefit Obligation</b>		
1 <sup>st</sup> Following Year (Within next 12 months)	174.72	152.89
2 <sup>nd</sup> Following Year	111.98	77.80



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 34 Employee benefits (contd.)

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs
3 <sup>rd</sup> Following Year	<b>144.60</b>	139.15
4 <sup>th</sup> Following Year	<b>158.00</b>	137.53
5 <sup>th</sup> Following Year	<b>121.44</b>	141.41
Sum of Years 6 to 10	<b>498.96</b>	518.70
<b>viii. Sensitivity Analysis for significant assumptions *</b>		
<b>Increase/(Decrease) on present value of defined benefit obligations at the end of the year</b>		
1% increase in discount rate	<b>(41.20)</b>	(43.78)
1% decrease in discount rate	<b>45.22</b>	48.13
1% increase in salary escalation rate	<b>44.03</b>	48.85
1% decrease in salary escalation rate	<b>(40.79)</b>	(45.19)
1% increase in employee turnover rate	<b>6.92</b>	6.03
1% decrease in employee turnover rate	<b>(7.54)</b>	(6.60)
<b>ix. Assumptions</b>		
Mortality Table - Indian Assured Life Mortality 2006-08		
Discount Rate	<b>7.82%</b>	7.51%
Rate of increase in compensation levels	<b>5.00%</b>	5.00%
Expected Return on Plan Assets	<b>7.82%</b>	7.51%
Attrition Rate	<b>2.00%</b>	2.00%
<b>x. Weighted average duration of Defined Benefit Obligation</b>	<b>5 years</b>	6 years
<b>xi.</b> The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, including supply and demand in the employment market.		
<b>xii.</b> Expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.		
<b>xiii. Asset Liability matching strategy</b>		
The money contributed by the Company to the Gratuity fund to finance the liabilities of the plan has to be invested.		
The trustees of the plan have outsourced the investment management of the fund to an Insurance Company. The Insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy.		
There is no compulsion on the part of the Company to fully prefund the liability of the Plan. The Company's philosophy is to fund these benefits based on its own liquidity.		
* The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		

### 35 Segment Reporting

The Company has only one business segment 'cement / clinker' as primary segment.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 36 Related Party Disclosures

#### 36.1 List of related parties:

**i. Promoter companies together with its subsidiaries and associate companies holding more than 20% of the Equity Share Capital:**

- |  |  |
|--|--|
| a. Fawn Trading Co. Private Limited      | k. Arj Investments Limited                     |
| b. Fern Trading Co. Private Limited      | l. Samja Mauritius Limited                     |
| c. Willow Trading Co. Private Limited    | m. Villa Trading Co. Private Ltd.              |
| d. Tejashree Trading Co. Private Limited | n. Galaxy Technologies Private Limited         |
| e. Pallor Trading Co. Private Limited    | o. Mehta Sports Private Limited                |
| f. The Mehta International Limited       | p. The Sea Island Investments Limited          |
| g. Mehta Private Limited                 | q. Parsec Enterprises Private Limited          |
| h. Sameta Exports Private Limited        | r. Bhadra Textiles and Trading Private Limited |
| i. Sunnidhi Trading Private Limited      | s. Mehta Investments Pte Limited               |
| j. Sumaraj Holdings Private Limited      | t. Mehta Asiatic Pte Limited                   |

**ii. Subsidiary Companies:**

- |   |                                      |
|---|--------------------------------------|
| a. Agrima Consultants International Limited | d. Ria Holdings Limited              |
| b. Pranay Holdings Limited                  | e. Reeti Investments Private Limited |
| c. Prachit Holdings Limited                 | f. Concorde Cement (Private) Limited |

**iii. Key Management Personnel:**

- a. Mr. M. N. Mehta - Chairman
- b. Mr. Jay Mehta - Executive Vice Chairman
- c. Mr. M. S. Gilotra - Managing Director
- d. Mr. Hemang D. Mehta - Non-Executive Director
- e. Mr. Hemnabh R. Khatau - Non-Executive Director
- f. Mr. S. V. S. Raghavan - Independent Director
- g. Mr. M. N. Rao - Independent Director
- h. Mr. B. P. Deshmukh - Independent Director
- i. Mr. Kailash N. Bhandari - Independent Director
- j. Mr. Jayant N. Godbole - Independent Director
- k. Mr. P. K. Behl - Independent Director
- l. Mr. Bimal R. Thakkar - Independent Director
- m. Mrs. Bhagyam Ramani - Independent Director

**iv. Relatives of Key Management Personnel with whom transactions have taken place:**

- a. Mrs. Narinder Kaur - Wife of Mr. M S Gilotra
- b. Mr. Amandeep Singh Gilotra - Son of Mr. M S Gilotra

**v. Enterprise having Key Management Personnel in common:**

- a. Gujarat Sidhee Cement Limited



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 36.2 Transactions and Balances with related parties:

#### A Transactions with related parties:

##### i. Compensation paid to Key Management Personnel:

Key Management Personnel	For the year ended March 31, 2018		For the year ended March 31, 2017	
	₹ in lacs		₹ in lacs	
	Short-term employee benefits	Share-based payment	Short-term employee benefits	Share-based payment
Mr. Jay Mehta (Refer Note a below)	227.51	-	240.15	-
Mr. M. S. Gilotra (Refer Note a and b below)	221.96	260.54	168.41	-
a. As the liability for gratuity are provided on actuarial basis for the Company as a whole, the amounts mentioned are exclusive of gratuity.				
b. The amount represents fair value of employee stock options granted during the year 2017-18 to be vested over a period of three years in terms of ESOS 2017.				

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>ii. Transactions with subsidiary companies:</b>		
a. Expenses reimbursements to Agrima Consultants International Ltd	15.54	15.17
b. Interest Receivable from Subsidiaries		
i. Prachit Holdings Limited	0.07	0.06
ii. Reeti Investments Private Limited	0.07	0.06
<b>iii. Transactions with Key Management Personnel:</b>		
a. Directors sitting fees	34.50	31.40
<b>iv. Transactions with relatives of Key Management Personnel:</b>		
a. Rent to Mrs. Narinder Kaur	1.50	9.00
<b>v. Transactions with Gujarat Sidhee Cement Limited</b>		
a. Purchase of goods and materials	722.97	256.28
b. Sale of goods, materials and power	29.59	559.80
c. Expenses / (Recovery) for services (net)	(20.09)	(61.91)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>B Outstanding Balances as at the year-end</b>			
<b>i. Balances with subsidiary companies:</b>			
a. Amount Receivable from subsidiaries			
i. Agrima Consultants International Limited *	<b>178.14</b>	186.55	186.11
ii. Prachit Holdings Limited	<b>2.79</b>	2.71	2.40
iii. Reeti Investments Private Limited	<b>6.99</b>	6.92	6.66
b. Deposits with Reeti Investments Private Limited	<b>34.40</b>	34.40	34.40
<b>ii. Balances with Key Managerial Personnel:</b>			
a. Remuneration payable to Mr. M S Gilotra	<b>21.18</b>	14.45	18.46
b. Remuneration payable to Mr. Jay M Mehta	<b>21.94</b>	16.77	10.29
c. Travelling Advance to Mr. Jay M Mehta	<b>1.31</b>	16.61	-
<b>iii. Balances with relatives of Key Managerial Personnel:</b>			
a. Deposits with Mrs. Narinder Kaur and Mr. Amandeep Singh Gilotra	-	130.00	130.00
<b>iv. Balance with Gujarat Sidhee Cement Limited</b>			
a. Amount payable / (receivable)	<b>43.39</b>	(136.80)	23.25

\* The amounts are stated at undiscounted values.

### C Terms and conditions of transactions and balances with related parties

- i. The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.
- ii. Outstanding balances at the year end are unsecured and interest free except amount receivable from Prachit Holdings Limited and Reeti Investments Private Limited, which carries interest rate @ 10% p.a. and settlement occurs in cash.
- iii. There have been no guarantees provided or received for any related party transaction.
- iv. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

### 37 Capital Management:

The primary objective of Company's Capital Management is to maximize shareholder value without having any adverse impact on interests of other stakeholders. At the same time, company strives to maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's Capital Management, debt includes borrowings and current maturities of long term debt and equity includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company monitors capital using Debt to Equity ratio, which is total debt divided by total equity. Debt to Equity ratio are as follows:

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
Total Debt (A)	<b>1,715.29</b>	1,726.59	1,932.04
Total Equity (B)	<b>41,638.78</b>	36,113.34	34,479.49
Debts Equity Ratio (A/B)	<b>0.04</b>	0.05	0.06



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>38 Income Tax expense</b>		
<b>38.1 Income tax expense recognised in the Statement of Profit &amp; Loss:</b>		
<b>i. Current Income Tax</b>		
In respect of current year	1,021.93	343.23
Adjustments in respect of tax of earlier years	-	1.14
<b>Total current income tax</b>	<u>1,021.93</u>	<u>344.37</u>
<b>ii. Deferred Tax</b>		
In respect of current year origination and reversal of temporary difference	243.06	377.27
In respect of MAT credit entitlement of earlier years	(2,042.87)	-
In respect of MAT credit entitlement	(822.85)	-
<b>Total Deferred Tax</b>	<u>(2,622.66)</u>	<u>377.27</u>
<b>Income Tax expense</b>	<u>(1,600.73)</u>	<u>721.64</u>
<b>38.2 Income tax charge / (credit) recognised in Other Comprehensive Income:</b>		
<b>Deferred Tax</b>		
In respect of remeasurement of defined benefit obligations	(0.53)	(5.95)
<b>38.3 Classification of Income tax charge / (credit) recognised in Other Comprehensive Income:</b>		
Income tax charge / (Credit) related to items that will not be reclassified to profit or loss	(0.53)	(5.95)
<b>38.4 Reconciliation of Income Tax Expense with the accounting profit multiplied by Company's tax rate</b>		
Accounting profit before tax	4,651.82	2,124.96
Applicable Tax Rate	34.608%	34.608%
Computed Tax Expense	<u>1,609.90</u>	<u>735.41</u>
Effect of non deductible items	299.15	208.36
Effect of deductible items	(532.07)	(677.53)
Effect of deductions under Chapter VI-A	(1,200.38)	(266.24)
Adjustment of income tax of earlier year	22.48	1.14
Adjustment of MAT Credit entitlement of earlier years	(2,042.87)	-
Income Tax paid as per MAT	-	343.23
Deferred tax adjustment	243.06	377.27
<b>Tax Expenses recognised in Statement of Profit and Loss</b>	<u>(1,600.73)</u>	<u>721.64</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 39 Share Based Payments

#### 39.1 Saurashtra Employee Stock Option Scheme 2017

During the year, Saurashtra Employee Stock Option Scheme 2017 (ESOS 2017) was approved by the Shareholders at the Annual General Meeting held on July 26, 2017. The Nomination and Remuneration Committee at its meeting held on February 08, 2018 has approved grant of Stock Options under ESOS 2017 to the senior management and executives from middle management for their performance and to motivate them to contribute to the growth and profitability of the company as also to retain them. Each option carries the right to the holder to apply for one equity share of the company at par. The salient features of the Scheme are as below:

Particulars	Details
No. of Options	16,33,253
Date of Grant	February 08, 2018
Exercise Price (₹ per share)	10
Vesting Schedule	Graded Vesting: i) 33% of Options granted to be vested at 1 <sup>st</sup> anniversary from the date of grant. ii) 33% of Options granted to be vested at 2 <sup>nd</sup> anniversary from the date of grant. iii) 34% of Options granted to be vested at 3 <sup>rd</sup> anniversary from the date of grant.
Exercise Period	5 years from the date of respective vesting
Fair Value on the date of Grant of Option (₹ per share)	75.31
Method of Settlement	Equity

#### 39.2 Movement in Options Granted under ESOS 2017

Particulars	As at March 31, 2018 Nos	As at March 31, 2017 Nos
Outstanding at the beginning of the year	-	-
Granted during the year	<b>1,633,253</b>	-
Exercised during the year	-	-
Forfeited / lapsed during the year	-	-
Outstanding at the end of the year	<b>1,633,253</b>	-
Options exercisable at the end of the year	-	-

Since the options are yet to vest, the question of its exercise does not arise and hence, the exercise price or weighted average exercise price of the option is not given. Weighted average remaining contractual life for the share options outstanding as at March 31, 2018 was 4 years and 4.5 months.

#### 39.3 Fair Valuation

The fair value of option have been done by an independent firm on the date of grant using the Black-Scholes Model. Black-Scholes Model takes into account exercise price, the term of the option, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The Key assumptions in the Black-Scholes Model for calculating fair value as on the date of grant:

- i. Risk Free Rate : 7.12% (Vest 1), 7.31% (Vest 2), 7.46% (Vest 3)
- ii. Option Life : Average of [Minimum Life (Vesting period) + Maximum Life (Vesting period + Exercise period)], which is 3.50 Years (Vest 1), 4.51 Years (Vest 2), 5.51 Years (Vest 3)
- iii. Expected Volatility \* : 52.89% (Vest 1), 55.72% (Vest 2), 58.15% (Vest 3)
- iv. Dividend Yield : 1.15%

\* Expected volatility on the Company's stock price on Bombay Stock Exchange based on the data commensurate with the expected life of the option upto the date of grant.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 40 Disclosure on Financial Instruments

#### 40.1 Classification of Financial Assets and Liabilities

Particulars	Note No.	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>Financial Assets at amortised cost:</b>				
Trade Receivables	8	<b>1,894.49</b>	1,450.72	1,405.18
Loans	4 & 11	<b>403.58</b>	543.03	548.88
Investments	3	<b>891.47</b>	891.47	891.47
Cash and Bank Balances	9 & 10	<b>8,134.91</b>	6,967.61	6,388.65
Other Financial Assets	5 & 12	<b>335.56</b>	273.13	257.01
<b>Financial Assets at fair value through Other Comprehensive Income:</b>				
Investments	3	<b>1.40</b>	1.44	1.42
<b>Total</b>		<b><u>11,661.41</u></b>	<u>10,127.40</u>	<u>9,492.61</u>
<b>Financial Liabilities at amortised cost:</b>				
Term Loan from Banks (Non-current)	16	<b>295.68</b>	212.18	120.11
Cash Credit	19	-	-	454.64
Overdraft against lien of Bank Fixed Deposits	19	<b>1,306.33</b>	1,462.02	1,337.38
Trade payables	20	<b>5,213.82</b>	5,068.13	2,854.59
Other Financial Liabilities	21	<b>2,366.69</b>	2,638.84	2,768.91
<b>Total</b>		<b><u>9,182.52</u></b>	<u>9,381.17</u>	<u>7,535.63</u>

The fair value of Bank Deposits with more than 12 months maturities & earmarked balances and fair value of borrowed funds approximate carrying value as the interest rate of the said instruments are at the prevailing market rate of interest.

The carrying amount of financial assets and financial liabilities (other than borrowed funds) measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

#### 40.2 Fair Value Measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Receivables are evaluated by the company based on history of past default as well as individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables, if required.
- The fair value of interest free loans given is estimated by discounting future cash flows using rates currently available for loans with similar terms, credit risk and remaining maturities.
- The fair values of quoted equity instruments are derived from quoted market prices in active markets.

The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1 - This hierarchy uses quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>Financial Assets at fair value through Other Comprehensive Income:</b>			
Investments - Level 1	<b>0.04</b>	0.08	0.06
Investments - Level 2	<b>1.36</b>	1.36	1.36
<b>Total</b>	<b>1.40</b>	1.44	1.42

There is no transfer between Level 1 and Level 2 during the year.

### 40.3 Financial Risk Management Framework:

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The Company's principal financial assets comprises of trade and other receivables, cash and cash equivalents and bank balances other than cash and cash equivalents that are derived directly from its operations.

The Company's activities exposes it to market risk, credit risk and liquidity risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The Company's senior management oversees the management of these risks. They provide assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### The sources of risks which the company is exposed to and their management is given below:

Risk	Exposure Arising From	Measurement	Management
<b>Credit Risk</b>	Trade Receivables, Loans	Ageing Analysis, Credit Rating	Credit limit and credit worthiness monitoring, Criteria based approval process
<b>Liquidity Risk</b>	Borrowings and Other Liabilities	Cash flow forecasts	Adequate unused credit facilities and sufficient Bank FDRs
<b>Foreign Exchange Risk</b>	Committed commercial transaction, Financial asset and Liabilities not denominated in INR	There are no major foreign exchange transactions	Foreign exchange transaction are in the nature of current payment and effected at current exchange rate.
<b>Commodity Price Risk</b>	Movement in prices of commodities mainly Imported Steam Coal	Sensitivity Analysis, Commodity price tracking	Orders are placed based on the best price quoted by parties.

#### Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks – interest rate risk, foreign exchange risk and commodity price risk in a fluctuating market environment. Financial instrument affected by market risks includes foreign currency receivables and payables.

The Company has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Foreign Exchange Risk:

Foreign exchange risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the import of fuels, raw materials and spare parts, capital expenditure and export of cement.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures.

<b>Outstanding foreign currency exposure</b>	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs
<b>Trade Advances</b>		
GBP	<b>3.62</b>	30.51
Euro	<b>7.35</b>	-
<b>Trade Payables</b>		
GBP	<b>2.30</b>	0.95

### Foreign currency sensitivity on unhedged exposure:

Since the exposure is not significant, 1% increase in foreign exchange rates will have negligible impact on profit before tax.

### Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates only to the overdraft facility availed in INR against fixed deposits. The Company doesn't have foreign currency borrowings. The company parks surplus funds in fixed deposits and avails overdraft facility against same to meet temporary fund requirement. The interest rate on overdraft facility is linked with interest rate on fixed deposit. Any adverse movement in interest rate will not affect profit before tax since the same will be offset by interest income earned on corresponding fixed deposit. Hence the interest rate risk is self mitigated.

### Interest rate exposure:

There is no significant interest rate risk as overdraft facility against fixed deposits have fixed margin over the interest rates of fixed deposits.

### Commodity Price Risk:

Commodity price risk arises due to fluctuation in prices of coal, pet coke and other products. The company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

### Credit Risk Management:

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities mainly deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

### Trade Receivables:

Customer credit is managed as per Company's established policy procedures and control related to customer credit risk management. The Company has credit evaluation policy for each customer and based on the evaluation maximum exposure limit of each customer is defined. Wherever the Company assesses the credit risk as high the exposure is backed by either bank guarantee / letter of credit or security deposits.

Export sales is mainly against advance payment or letter of credit.

Generally deposits are taken from domestic debtors. Apart from deposit, there is a third party agent area wise. In case any customer defaults, the amount is first recovered from third party agent, then from the agent's commission. Each outstanding customer receivable is regularly monitored and if outstanding is above due date, further sales orders are controlled and can only be fulfilled if there is a proper justification. The Company does not have higher concentration of credit risks to a single customer.

Total Trade receivable as on March 31, 2018 is ₹ 1,910.07 Lacs Previous year ₹ 1,605.21 Lacs, and as at April 01, 2016 ₹ 1,562.45 Lacs)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

In view of above robust credit policy and considering past history of insignificant bad debts, allowance for expected credit losses based on provision matrix, which uses an estimated default rate, will not give a true picture. Instead company makes allowance for credit losses based on specific identification. This is further substantiated by the fact that entire bad debt written off during the year of ₹ 124.48 lacs was fully provided for in earlier years. The movement in allowance for credit losses is as below:

Particulars	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs
<b>Opening Allowance</b>	<b>154.49</b>	157.27
Add: Provided during the year	-	-
Less: Utilised / written back during the year	<b>138.91</b>	2.78
<b>Closing Allowance</b>	<b>15.58</b>	154.49

### Cash and Cash Equivalent and Bank Deposit:

Credit Risk on cash and cash equivalent, deposits with the banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic rating agencies.

### Liquidity Risk:

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows on daily, monthly and yearly basis. Loan arrangements, credit limits with various banks including working capital and monitoring of operational and working capital issues are always kept in mind for better liquidity management. In addition, processes and policies related to such risks are overseen by senior management.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

₹ in lacs				
As at March 31, 2018	Less than 1 year / On demand	1 to 5 years	More than 5 years	Total
Borrowings (including current maturities of long-term debts)	<b>1,419.61</b>	<b>295.68</b>	-	<b>1,715.29</b>
Trade payables	<b>5,213.82</b>	-	-	<b>5,213.82</b>
Other financial liabilities	<b>2,253.41</b>	-	-	<b>2,253.41</b>

₹ in lacs				
As at March 31, 2017	Less than 1 year / On demand	1 to 5 years	More than 5 years	Total
Borrowings (including current maturities of long-term debts)	1,514.41	212.18	-	1,726.59
Trade payables	5,068.13	-	-	5,068.13
Other financial liabilities	2,586.45	-	-	2,586.45

₹ in lacs				
As at April 01, 2016	Less than 1 year / On demand	1 to 5 years	More than 5 years	Total
Borrowings (including current maturities of long-term debts)	1,811.93	120.11	-	1,932.04
Trade payables	2,854.59	-	-	2,854.59
Other financial liabilities	2,749.00	-	-	2,749.00



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 40.4 Disclosure as required by Ind AS 7

Reconciliation of liabilities and financial assets as arising from financing activities

₹ in lacs

For the year ended March 31, 2018	Opening Balance	Cash Flows	Non Cash Changes	Closing Balance
Short Term Borrowings	1,462.02	(155.69)	-	1,306.33
Long Term Borrowings (including Current maturities)	264.57	144.39	-	408.96
Loans to related parties	217.30	8.00	13.01	222.31
Bank Balances other than Cash and Cash Equivalents	6,426.32	(1,155.96)	-	7,582.28

₹ in lacs

For the year ended March 31, 2017	Opening Balance	Cash Flows	Non Cash Changes	Closing Balance
Short Term Borrowings	1,792.02	(330.00)	-	1,462.02
Long Term Borrowings (including Current maturities)	140.02	124.55	-	264.57
Loans to related parties	203.49	(0.45)	13.36	217.30
Bank Balances other than Cash and Cash Equivalents	6,073.23	(353.09)	-	6,426.32
Amounts Payable on Redemption of Preference Shares	0.93	(0.29)	-	0.64

Note: Figures in bracket indicates cash outflows.

### 41 First-time adoption of Ind AS:

- i. These financial statements, for the year ended March 31, 2018, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### ii. Exemptions applied:

- The Company has elected not to apply Ind AS 103 - Business Combinations retrospectively to past business combinations that occurred before the date of transition of April 01, 2016. Consequently, the Company has kept the same classification for the past business combinations as in its previous GAAP financial statements.
- The Company has elected to measure items of Property, Plant and Equipment and Intangible Assets at Cost except certain class of assets which are measured at fair value as deemed cost as at the date of transition.
- The Company has designated investment in quoted and unquoted equity shares (other than subsidiaries) held at the date of transition as fair value through OCI.
- The Company has elected to carry its investment in subsidiaries at deemed cost which is its previous GAAP carrying amount at the date of transition.

#### iii. Exception applied:

Derecognition of financial assets and liabilities – Financial assets and liabilities derecognized before the date of transition are not re-recognized under Ind-AS. The Company has not chosen to apply the Ind AS 109 - Financial Instruments derecognition criteria to an earlier date.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 41.1 Disclosure as required by Ind AS 101 - First time adoption of Indian Accounting Standards

#### A Reconciliation of Total Comprehensive Income and Total Equity between Indian GAAP and Ind AS

Nature of adjustments	Note No.	Net Profit	Total Equity	
		For the Year ended March 31, 2017 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>Net Profit / Total Equity as per Indian GAAP</b>		963.58	28,337.32	26,694.80
For recognition of spare parts as PPE	1 & 7	535.80	445.03	(90.76)
Recognition of fair value of freehold land as at April 01, 2016 as per Ind AS 101	1	-	11,236.05	11,236.05
Gain / (Loss) on impairment of Investment in Subsidiaries	2	-	(985.57)	(985.57)
Deferred Tax (Net)	4	(130.75)	(2,733.52)	(2,608.74)
Adoption of cost model for PPE	1	4.70	(194.65)	(420.41)
Gain / (Loss) on fair valuation of other investments	2	-	(46.37)	(46.40)
Fair Valuation of Loans	3	12.80	55.05	42.25
Actuarial Loss considered in OCI	6	17.19	-	-
Proposed Dividend and tax thereon	5	-	-	658.27
Total		<u>439.74</u>	<u>7,776.02</u>	<u>7,784.69</u>
<b>Net Profit before OCI / Total Equity as per Ind AS</b>		1,403.32	36,113.34	34,479.49
Other Comprehensive Income (net of tax)	8	(11.22)	-	-
<b>Total Comprehensive Income / Total Equity as per Ind AS</b>		<u>1,392.10</u>	<u>36,113.34</u>	<u>34,479.49</u>

#### B Reconciliation of Statement of Cash flow for the year ended March 31, 2017

	For the Year ended March 31, 2017 (IGAAP) ₹ in lacs	Effect of transition to Ind AS ₹ in lacs	For the Year ended March 31, 2017 (Ind AS) ₹ in lacs
Net Cash flow from Operating Activities	3,263.45	157.32	3,420.77
Net Cash flow from Investing Activities	(2,385.36)	(157.79)	(2,543.15)
Net Cash flow from Financing Activities	(652.22)	0.47	(651.75)
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<u>225.87</u>	<u>-</u>	<u>225.87</u>
Cash and Cash Equivalents as at April 01, 2016	<u>315.42</u>		<u>315.42</u>
<b>Cash and Cash Equivalents as at March 31, 2017</b>	<u>541.29</u>		<u>541.29</u>

#### Notes to the reconciliation of Total Comprehensive Income and Other Equity between Indian GAAP and Ind AS:

##### 1 Property, Plant and Equipment:

- The Company has elected to measure items of Property, Plant and Equipment at Cost as per Ind AS 16 (Refer (iii) below).
- As per Ind AS 16, spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment ('PPE') when they meet the following criteria:



## NOTES FORMING PART OF FINANCIAL STATEMENTS

- a. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- b. Are expected to be used during more than one period.

Based on the above provision, stores and spares satisfying above criteria are de-recognised from Inventory and capitalized as PPE from the date of purchase.

- iii. The Company has considered fair value as deemed cost for its land located at Ranavav, Dist. - Porbandar, Gujarat - 360 560 in accordance with stipulations of Ind AS 101 with the resultant impact of ₹ 11,236.05 lacs being recognised in Retained Earnings.

### 2 Investments:

The Company has elected to carry its investment in subsidiaries at deemed cost which is its previous GAAP carrying amount at the date of transition and other investments at Fair Value through Other Comprehensive Income.

### 3 Loans:

Under IGAAP, the Company had accounted for interest free loan to employees and subsidiary company at the undiscounted amount whereas under Ind AS, such financial assets are recognised at present value.

### 4 Deferred Tax:

- i. IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred Tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or profit and loss respectively.

- ii. As per Ind AS 12, the Company has considered MAT entitlement credit as deferred tax asset being unused tax credit entitlement.

### 5 Proposed Dividend:

Under IGAAP, proposed dividend and tax thereon are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognised as a liability in the period in which it is declared (on approval of shareholders in a general meeting) or paid. In case of the Company, the declaration of dividend occurs after period end. Accordingly, proposed dividend has been reversed as at the date of transition and adjusted in retained earnings.

### 6 Defined benefit liabilities:

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

### 7 Stores and Spares:

With reference to Point No. 1, Spare parts meeting criteria of PPE has been reduced from inventory. Further Stores and Spares consumption has been reversed from Statement of Profit and Loss and has been capitalised as PPE. Depreciation on capitalized stores and spares till the date of transition has been accounted for in Retained Earnings and has been charged to Statement of Profit and Loss for the year ended March 31, 2017.

### 8 Other Comprehensive Income:

In accordance with Ind AS, Other Comprehensive Income includes gain / (loss) on fair valuation of investment in quoted shares and remeasurements of defined benefit plans.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>42 Earnings Per Share</b>		
Weighted average number of equity shares of ₹ 10 each		
Amount paid up per Share ₹ 5 hence considered proportionate	-	9,000,000
Number of Days in the current year for the partly paid up shares	-	157
Weighted average number partly paid up equity shares of ₹ 10 each	-	3,871,233
Balance at beginning of year	<b>69,191,065</b>	60,191,065
Weighted average number of equity shares of ₹ 10 each	<b>69,191,065</b>	64,062,298
Net Profit for the year	<b>6,252.55</b>	1,403.32
Basic earnings per share (in ₹)	<b>9.04</b>	2.19
Equity Shares to be allotted in future against grant of options to Employees under Employees Stock Option Scheme (ESOS) 2017, that could potentially dilute basic earning per share (EPS) in the future, but are not included in the calculation of diluted EPS because they are antidilutive for the year.	<b>1,633,253</b>	-
Diluted earnings per share (in ₹)	<b>9.04</b>	2.19

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta	Chairman
Jay M. Mehta	Executive Vice-Chairman
M. N. Rao	Director
M. S. Gilotra	Managing Director
Rakesh Mehta	Chief Financial Officer
Sonali Sanas	Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018



## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### TO THE MEMBERS OF SAURASHTRA CEMENT LIMITED

#### Report on the Consolidated financial statements

We have audited the accompanying consolidated Ind AS financial statements of Saurashtra Cement Limited ("the Holding Company") and its subsidiaries (the Holding company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with relevant rules issued thereunder.

The respective Board of Directors of the Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (i) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the consolidated state of affairs of the Group, as at March 31, 2018, and their consolidated profit, including other comprehensive income, their consolidated cash flows and their consolidated statement of changes in equity for the year ended on that date.

#### Other Matters

- (i) We did not audit the financial statements and other information in respect of five subsidiaries, whose Ind AS financial statements include total assets of ₹ 1,037.82 lacs and net assets of ₹ 810.44 lacs as at March 31, 2018, and total revenues of ₹ 29.21 lacs and net cash outflows of ₹ (9.02) lacs for the year ended on that date. These financial statements, other financial information and auditors' reports have been furnished to us by the management.



- (ii) The comparative financial information of the Group for the year ended 31<sup>st</sup> March 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these Consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose reports for the year ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016 dated 23<sup>rd</sup> May 2017 and 23<sup>rd</sup> May 2016 respectively expressed an unmodified opinion on those Consolidated financial statements, which have been adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

- a. We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of other auditors.
- c. The consolidated balance sheet, the consolidated statement of profit and loss including the consolidated statement of other comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies none of the Directors of the Group is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our report in "**Annexure A**", which is based on the auditor's reports of the Holding company and report of subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company and its Subsidiaries internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries ,as noted in the 'Other matter' paragraph:
  - (i) The Consolidated Ind AS financial statements disclose the impact of pending litigations on consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 32 to the consolidated Ind AS financial statements.
  - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses for the year ended on March 31, 2018.
  - (iii) There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Companies in the Group during the year ended March 31, 2018.

For **Manubhai & Shah LLP**

Chartered Accountants

ICAI Firm Registration No. 106041W /W100136

**K. C. Patel**

Partner

Membership No. 30083

Place: Mumbai

Date: May 24, 2018



## ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph f under “Report on Other Legal and Regulatory Requirements” section of our report to the members of Saurashtra Cement Limited of even date)

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of Saurashtra Cement Limited (‘the Holding Company’) as of and for the year ended March 31, 2018, we have also audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are Companies incorporated in India (the Holding Company and its subsidiaries together referred to as “the Group”)

#### **Management’s Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company and its subsidiaries are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Holding Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred in paragraph on the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary companies’ internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by these Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### **Other Matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to five subsidiary companies, is based on the corresponding reports of the auditors of the companies.

For **Manubhai & Shah LLP**  
Chartered Accountants  
ICAI Firm Registration No. 106041W /W100136

**K. C. Patel**  
Partner  
Membership No. 30083

Place: Mumbai  
Date: May 24, 2018

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

	Note No.	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	2	<b>33,390.05</b>	31,720.53	31,308.22
(b) Capital Work-in-Progress	2	<b>4,330.00</b>	4,788.33	3,957.72
(c) Intangible Assets	2	<b>7.23</b>	20.42	35.95
(d) Financial Assets				
(i) Investments	3	<b>614.36</b>	618.97	561.79
(ii) Loans	4	<b>186.87</b>	317.56	335.68
(iii) Other Financial Assets	5	<b>116.43</b>	68.59	12.16
(e) Other Non-Current Assets	6	<b>1,282.00</b>	1,357.29	654.14
<b>SUB-TOTAL</b>		<b>39,926.94</b>	38,891.69	36,865.66
<b>CURRENT ASSETS</b>				
(a) Inventories	7	<b>5,628.77</b>	5,839.32	4,352.51
(b) Financial Assets				
(i) Trade Receivables	8	<b>1,894.49</b>	1,450.81	1,407.57
(ii) Cash and Cash Equivalents	9	<b>566.13</b>	563.81	332.12
(iii) Bank Balances other than (ii) above	10	<b>7,582.28</b>	6,426.32	6,073.23
(iv) Loans	11	<b>359.03</b>	372.80	374.33
(v) Other Financial Assets	12	<b>219.13</b>	204.56	244.85
(c) Other Current Assets	13	<b>1,264.78</b>	1,458.06	1,159.70
<b>SUB-TOTAL</b>		<b>17,514.61</b>	16,315.68	13,944.31
<b>TOTAL ASSETS</b>		<b>57,441.55</b>	55,207.37	50,809.97
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	14	<b>6,919.42</b>	6,919.42	6,019.42
(b) Other Equity	15	<b>34,638.36</b>	29,123.77	28,345.31
<b>SUB-TOTAL</b>		<b>41,557.78</b>	36,043.19	34,364.73
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	16	<b>295.68</b>	212.18	120.11
(b) Provisions	17	<b>1,159.66</b>	1,097.25	1,027.87
(c) Deferred Tax Liabilities (Net)	18	<b>36.24</b>	2,659.42	2,288.10
<b>SUB-TOTAL</b>		<b>1,491.58</b>	3,968.85	3,436.08
<b>CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	19	<b>1,306.38</b>	1,462.07	1,792.07
(ii) Trade Payables	20	<b>5,217.57</b>	5,073.83	2,860.30
(iii) Other Financial Liabilities	21	<b>2,366.69</b>	2,638.84	2,768.96
(b) Other current liabilities	22	<b>5,193.69</b>	5,701.85	5,090.39
(c) Provisions	23	<b>307.86</b>	318.74	497.44
<b>SUB-TOTAL</b>		<b>14,392.19</b>	15,195.33	13,009.16
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,441.55</b>	55,207.37	50,809.97

1  
**Significant Accounting Policies**  
**The accompanying Notes are an integral part of the Financial Statements**

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta                      Chairman  
Jay M. Mehta                    Executive Vice-Chairman  
M. N. Rao                         Director  
M. S. Gilotra                     Managing Director  
Rakesh Mehta                    Chief Financial Officer  
Sonali Sanas                     Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Note No.	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
Revenue from Operations	24	<b>59,200.70</b>	53,087.98
Other Income	25	<b>1,771.28</b>	1,079.65
<b>Total Income</b>		<b>60,971.98</b>	54,167.63
<b>Expenses :</b>			
(a) Cost of Materials Consumed	26	<b>4,822.49</b>	3,573.56
(b) Excise Duty on sale of goods		<b>1,835.67</b>	6,069.45
(c) Purchases of Stock-in-Trade	27	-	203.86
(d) Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	28	<b>(125.45)</b>	212.14
(e) Employee Benefits Expense	29	<b>4,149.74</b>	3,909.73
(f) Finance Costs	30	<b>341.88</b>	365.41
(g) Depreciation and Amortisation Expense	2	<b>1,774.30</b>	1,538.35
(h) Other Expenses	31	<b>43,527.81</b>	36,181.64
<b>Total Expenses</b>		<b>56,326.44</b>	52,054.14
<b>Profit before tax</b>		<b>4,645.54</b>	2,113.49
<b>Tax Expense</b>			
(a) Current tax	38	<b>1,021.93</b>	345.45
(b) Deferred tax	38	<b>(2,622.66)</b>	377.27
<b>Total tax Expense</b>		<b>(1,600.73)</b>	722.72
Profit for the year		<b>6,246.27</b>	1,390.77
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of defined benefit plans		<b>(1.53)</b>	(17.19)
(b) Net gains / (loss) on Fair value of investment in quoted shares		<b>(4.61)</b>	57.18
(c) Income tax on (a) & (b)		<b>0.53</b>	5.95
<b>Total Other Comprehensive Income for the year (net of tax)</b>		<b>(5.61)</b>	45.94
<b>Total Comprehensive Income for the year</b>		<b>6,240.66</b>	1,436.71
<b>Earnings per Equity Share of Face Value of ₹ 10 each :</b>			
(a) Basic (₹ per share)	43	<b>9.03</b>	2.17
(b) Diluted (₹ per share)	43	<b>9.03</b>	2.17
<b>Significant Accounting Policies</b>			
<b>The accompanying Notes are an integral part of the Financial Statements</b>			

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta Chairman  
Jay M. Mehta Executive Vice-Chairman  
M. N. Rao Director  
M. S. Gilotra Managing Director  
Rakesh Mehta Chief Financial Officer  
Sonali Sanas Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

	For the Year ended March 31, 2018 ₹ in lacs	For the Year ended March 31, 2017 ₹ in lacs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>4,645.54</b>	2,113.49
<b>Adjustments for :</b>		
<b>Add: Finance Costs</b>	<b>341.89</b>	365.41
Loss on Sale of PPE / Capital WIP Written Off	<b>51.55</b>	66.45
Bad Debts / Advances Written off	<b>124.48</b>	24.46
Provision for Leave & Gratuity Expenses	<b>64.82</b>	70.46
Expenses under Employee Stock Option Scheme	<b>106.71</b>	-
Depreciation and Amortisation	<b>1,774.30</b>	1,538.36
	<b>2,463.75</b>	2,065.14
Less: Interest Income	<b>(499.27)</b>	(487.03)
Dividends Received	<b>(0.16)</b>	(0.08)
Excess Provision and Trade / Other Payables Written Back	<b>(787.09)</b>	(394.52)
Provision for Doubtful Debts no longer required	<b>(138.91)</b>	(2.78)
	<b>(1,425.42)</b>	(884.41)
<b>Operating Profit before Working Capital changes</b>	<b>5,683.86</b>	3,294.22
<b>Adjustments for increase / decrease in:</b>		
Trade Payables, Financial Liabilities, Other Current Liabilities & Provision	<b>35.05</b>	3,027.50
Long-term Loans and Advances and Other Non-current Assets	<b>99.54</b>	(321.80)
Inventories	<b>210.55</b>	(1,486.81)
Trade Receivables	<b>(428.85)</b>	(40.87)
Short-term Loans and Advances and Other Current Assets	<b>241.36</b>	(84.60)
	<b>157.65</b>	1,093.42
<b>Cash Generated from Operations</b>	<b>5,841.52</b>	4,387.64
<b>Add: Direct Taxes (Payments) / Refunds</b>	<b>(924.67)</b>	(961.55)
<b>Net Cash Generated from Operating Activities</b>	<b>4,916.85</b>	3,426.09
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	<b>(3,143.18)</b>	(3,175.94)
Sale of Property, Plant and Equipment	<b>84.74</b>	106.45
Interest Income	<b>485.70</b>	526.30
Dividends Received	<b>0.16</b>	0.08
<b>Net Cash used in Investing Activities</b>	<b>(2,572.58)</b>	(2,543.11)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (contd.)

	For the Year ended March 31, 2018 ₹ in lacs	For the Year ended March 31, 2017 ₹ in lacs
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Allotment / Call money received on Issue of Shares	-	900.00
Proceeds from Long-term Borrowings	<b>219.38</b>	144.46
Redemption of Preference Share Capital	-	(0.29)
Repayment of Long-term Borrowings	<b>(74.99)</b>	(19.91)
Short-term Borrowings	<b>(155.69)</b>	(330.00)
(Increase) / Decrease in Bank Deposits	<b>(1,155.96)</b>	(353.09)
Finance Costs Paid	<b>(341.88)</b>	(337.10)
Dividends and Distributions Taxes Paid	<b>(832.78)</b>	(655.37)
<b>Net Cash used in Financing Activities</b>	<b>(2,341.92)</b>	(651.30)
<b>Net increase in Cash and Cash Equivalents</b>	<b>2.32</b>	231.68
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>563.81</b>	332.12
<b>Cash and Cash Equivalents at the end of the year (Refer Note 9)</b>	<b>566.13</b>	563.81

Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7, as notified under the Companies (Accounting Standards) Rules, 2006, as the same are applicable in terms of the provisions of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

As per our report of even date attached

For **MANUBHAI & SHAH LLP**  
Chartered Accountants  
Firm Registration No. 106041W / W100136

**K C Patel**  
Partner  
Membership No. 30083  
Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta	Chairman
Jay M. Mehta	Executive Vice-Chairman
M. N. Rao	Director
M. S. Gilotra	Managing Director
Rakesh Mehta	Chief Financial Officer
Sonali Sanas	Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

### A. EQUITY SHARE CAPITAL

	Changes in Equity Share Capital during the year 2016-17	Balance as at March 31, 2017	Changes in Equity Share Capital during the year 2017-18	Balance as at March 31, 2018
Balance as at April 01, 2016	900.00	6,919.11	-	6,919.11
6,019.11				

(₹ in lacs)

### B. OTHER EQUITY

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Share Options Outstanding		
Balance at the beginning of the Reporting Period i.e. <b>As at April 01, 2016</b>	2,712.70	737.60	10,566.71	-	9,177.15	28,345.31
Profit for the year	-	-	-	-	1,390.77	1,390.77
Gain / (loss) on fair valuation of investment in quoted shares	-	-	-	-	-	57.18
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-	(11.24)	(11.24)
Total Comprehensive Income for the year	-	-	-	-	1,379.53	1,436.71
Dividend on Equity Shares	-	-	-	-	(546.92)	(546.92)
Dividend Distribution Tax	-	-	-	-	(111.34)	(111.34)
Balance at the end of the Reporting Period i.e. <b>As at March 31, 2017</b>	2,712.70	737.60	10,566.71	-	9,898.43	29,123.77
Balance at the beginning of the Reporting Period i.e. <b>As at April 01, 2017</b>	2,712.70	737.60	10,566.71	-	5,786.29	29,123.77
Profit for the year	-	-	-	-	9,898.43	9,898.43
Gain / (loss) on fair valuation of investment in quoted shares	-	-	-	-	6,246.27	6,246.27
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-	-	(4.61)
Total Comprehensive Income for the year	-	-	-	-	(1.00)	(1.00)
Dividend on Equity Shares	-	-	-	-	6,245.27	6,245.27
Dividend Distribution Tax	-	-	-	-	(691.91)	(691.91)
Employee Stock Options Granted during the year	-	-	-	106.71	(140.86)	(140.86)
Balance at the end of the Reporting Period i.e. <b>As at March 31, 2018</b>	2,712.70	737.60	10,566.71	106.71	5,786.29	15,310.92
						(582.57)
						34,638.36

(₹ in lacs)

As per our report of even date attached

**For MANUBHAI & SHAH LLP**

 Chartered Accountants  
 Firm Registration No. 106041W / W100136

**K C Patel**

 Partner  
 Membership No. 30083  
 Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta Chairman	M. N. Mehta Chairman
Jay M. Mehta Executive Vice-Chairman	Jay M. Mehta Executive Vice-Chairman
M. N. Rao Director	M. N. Rao Director
M. S. Gilotra Managing Director	M. S. Gilotra Managing Director
Rakesh Mehta Chief Financial Officer	Rakesh Mehta Chief Financial Officer
Sonali Sanas Vice President (Legal) & Company Secretary	Sonali Sanas Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1 Holding Company Overview, Principles of Consolidation and Significant Accounting Policies:

#### A Holding Company Overview:

Saurashtra Cement Limited (the Holding Company) is a Public Limited Company incorporated in India, under the provisions of the Companies Act, 1956, having its registered office at Ranavav, Gujarat, India. The Holding Company is engaged in the business of manufacturing and selling of Cement.

The consolidated financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for publication on May 24, 2018.

#### B Principles of Consolidation:

- i. These Consolidated Financial Statements (CFS) are prepared in accordance with Ind AS 110 - Consolidated Financial Statements, specified under Section 133 of the Companies Act, 2013. As part of its transition to Ind AS, the Group has elected to avail the exemption under Ind AS 103 for business combinations prior to the transition date i.e. April 01, 2016 (Refer Note 42).
- ii. The financial statements of Concorde Cement Private Limited are excluded from the consolidation as control is intended only to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal and the same is fully provided for.
- iii. The financial statements of the Holding Company and its Subsidiaries ("the Group") have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- iv. As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate Financial Statements.
- v. The excess of cost to the Holding Company of its investment in the Subsidiary is recognised in the Consolidated Financial Statements as goodwill and the goodwill is amortised over a period of 10 years commencing from the date from which it arises.

#### C Subsidiaries considered in the Consolidated Financial Statements are:

No.	Name of the Company	Country of Incorporation	Parent's holding as at March 31, 2018	Parent's holding as at March 31, 2017	Parent's holding as at April 01, 2016	Financial Year ends
i.	Pranay Holdings Limited	India	100.00%	100.00%	100.00%	March 31
ii.	Prachit Holdings Limited	India	100.00%	100.00%	100.00%	
iii.	Ria Holdings Limited	India	100.00%	100.00%	100.00%	
iv.	Reeti Investments Private Limited	India	100.00%	100.00%	100.00%	
v.	Agrima Consultants International Limited	India	100.00%	100.00%	100.00%	

#### D Significant Accounting Policies

##### 1.1 Statement of Compliance:

These consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable. The consolidated financial statements for the year ended March 31, 2018 are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is April 01, 2016. Accordingly, the Group has prepared an Opening Ind AS Balance Sheet as at April 01, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS. In accordance with Ind AS 101 First time Adoption of Indian Accounting Standard, the Group has presented reconciliations and explanations of the effects from Previous GAAP to Ind AS on consolidated financial position, consolidated financial performance and consolidated cash flows in the Note 42.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1.2 Basis of Preparation and Presentation:

#### a) Basis of Preparation:

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- Certain financial assets and liabilities measured at fair value (Refer Note 1.18 being accounting policy regarding financial instruments)
- Assets held for sale - measured at the lower of its carrying amount and fair value less estimated costs to sell
- Employee's Defined Benefit Plan as per actuarial valuation.

#### b) Functional and Presentation Currency:

The consolidated financial statements are presented in Indian Rupees, which is the functional currency of the Group and all values are rounded to the nearest lacs, except when otherwise indicated.

#### c) Classification of Assets and Liabilities into Current/Non-current:

- i. The Group presents assets and liabilities in the Consolidated Balance Sheet based on Current/ Non-current classification.
- ii. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Holding Company has ascertained its operating cycle as twelve months for the purpose of Current/Non-current classification of its Assets and Liabilities.
- iii. An asset is classified as Current when:
  - It is expected to be realised or intended to be sold or consumed in normal operating cycle; or
  - It is held primarily for the purpose of trading; or
  - It is expected to be realised within twelve months after the reporting period; or
  - It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as Non-current.
- iv. A liability is classified as Current when:
  - It is expected to be settled in normal operating cycle; or
  - It is held primarily for the purpose of trading; or
  - It is due to be settled within twelve months after the reporting period; or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as Non-current.
- v. Deferred Tax Assets and Liabilities are classified as Non-current assets and liabilities.

### 1.3 Property, Plant and Equipment (PPE):

- i. The Group has adopted the cost model as its accounting policy for all its PPE and accordingly, the same are carried at its cost less any accumulated depreciation and/or any accumulated impairment loss. An item of PPE is recognised as an asset, if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
- ii. Items such as spare parts, stand-by equipment and servicing equipment are recognised under PPE, if those meet the definition thereof and are material, else, such spare parts, etc. are classified as inventory.
- iii. The cost comprises of - purchase price (net of recoverable GST / CENVAT / value added tax / other taxes / subsidy etc.), including import duties, other non-recoverable taxes and any cost incurred directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- iv. Items of PPE, which are not yet ready to be capable of operating in the manner intended by management are carried at cost (unless impaired) and are disclosed as "Capital Work-in-progress". Pre-operative Expenditure and cost relating to borrowed funds attributable to the construction or acquisition upto the date asset is ready for use is included under Capital Work-in-Progress and the same is allocated to the respective items of PPE on its completion for satisfactory commercial commencement.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1.4 Depreciation / Amortisation:

- i. Depreciation on PPE is commenced when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation (other than Jetty and Premium on Leasehold Land) is provided on the "Straight-line Method" as per the useful lives specified in Part C of Schedule II to the Companies Act, 2013 or as per technical assessment. The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the change is recognised in the Consolidated Statement of Profit and Loss with appropriate disclosure thereof.
- ii. Where the cost of a part of the asset which is significant to the total cost of the asset and the useful life of that part is different from the useful life of the remaining asset, the Holding Company has determined the useful life of that significant part separately ("Component Accounting"). However, if the useful life of the identified part is higher than the useful life of the related items of PPE, the life of such identified part is restricted upto the life of the related items of PPE. The Holding Company has adopted such basis for the purpose of providing depreciation as per the useful life of tangible items of PPE.
- iii. Depreciation of an asset ceases at the earlier of the date, the asset is retired from active use and is held for disposal and from the date, the asset is derecognised.
- iv. Premium on leasehold land of long lease duration is not amortised, being not material.

### 1.5 Non-current Assets held for sale:

Items of PPE, which are retired from active use and held for disposal and where the sale is highly probable, are classified under Other Current Assets; the same are carried at the lower of their carrying amounts and fair value less costs to sell. Any write-down in this regard is recognised immediately in the Consolidated Statement of Profit and Loss.

### 1.6 Intangible Assets:

Intangible Assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets being computer software are amortised on the "Straight-line Method" over a period of three years.

### 1.7 Assets acquired on Lease:

Assets acquired under leases where a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

### 1.8 Impairment of Non-financial Assets:

- i. The Holding Company, at the end of each reporting period, assesses the carrying amounts of Non-financial Assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of that asset is estimated in order to determine the extent of the impairment loss, if any.
- ii. Recoverable amount is the higher of fair value less costs of disposal and value in use. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- iii. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Consolidated Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
- iv. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1.9 Inventories:

Inventories are valued as follows:

- i. Raw materials, Fuels, Stores and spare parts and Packing materials - At cost or net realisable value, whichever is lower, derived on moving weighted average basis.
- ii. Work-in-progress (WIP), Finished goods and Stock-in-trade - At cost or net realisable value, whichever is lower. Cost of Finished goods and WIP includes all direct costs and other related factory overheads incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 1.10 Revenue Recognition:

- i. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
- ii. Sales are recognised on transfer of significant risks and rewards of ownership of the goods to the customer on dispatch of goods. Sales figures are inclusive of excise duty, but are net of GST, sales tax, value added tax, sales returns and adjustment in respect of discounts, rate difference, etc.
- iii. Export Sales are accounted on the basis of bills of lading / mates receipt dates.
- iv. Export incentives are accounted for on export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to their claims are fulfilled.
- v. Claims for Insurance are accounted on certainty of acceptance thereof by the Insurer.
- vi. Dividend income is recognised based on establishment of the right to receive such income.
- vii. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR).

### 1.11 Foreign Currency Transactions:

- i. Transactions in foreign currency (Monetary or Non-monetary items) are recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items (i.e. receivables, payables, loans etc.), which are denominated in foreign currency are translated at the spot rates of exchange of functional currency at the reporting date.
- iii. Non-monetary items which are carried at historical cost denominated in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- iv. Exchange differences arising on the settlement of monetary items or on reporting at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognised as income or expense in the Consolidated Statement of Profit and Loss for the period in which they arise.

### 1.12 Employee share based payments:

- i. Equity-settled share-based payments to employees are measured at the fair value of the employee stock options at the grant date.
- ii. The fair value determined at the grant date of the equity-settled share-based payments is amortised over the vesting period, based on the Holding Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.
- iii. At the end of each reporting period, the Holding Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.
- iv. The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1.13 Employee Benefits:

- i. **Defined contribution plan:** The Holding Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the year in which the employees render the related service.
- ii. **Defined benefit plan - Gratuity:** In accordance with applicable Indian Laws, the Holding Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Holding Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Consolidated Balance Sheet date, carried out by an Actuary. The Holding Company has an employees gratuity fund managed by the Life Insurance Corporation of India ("LIC").

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), is reflected immediately in the Consolidated Balance Sheet with a charge or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement is not reclassified to Consolidated Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Consolidated Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment and
  - The date when the Holding Company recognises related restructuring costs.
- iii. **Compensated Absences:** As per policy of the Holding Company, it allows for the encashment of absence or absence with pay to its employees. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Holding Company records an obligation for compensated absences in the year in which the employees render the services that increases this entitlement. The Holding Company measures the expected cost of compensated absences as the additional amount that the Holding Company expects to pay as a result of the unused entitlement that has accumulated at the Consolidated Balance Sheet date on the basis of an Actuarial valuation. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred.

### 1.14 Borrowing Costs:

Borrowing costs that are attributable to the acquisition / construction of qualifying assets are capitalised, net of income earned on temporary investments from such borrowings. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are charged to the Consolidated Statement of Profit and Loss as expense in the year in which the same are incurred.

### 1.15 Segment Reporting:

- i. Primary Segment is identified based on the nature of products, the different risks and returns and the internal business reporting system. Secondary Segment is identified based on the geographic location of its customers.
- ii. The Holding Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

### 1.16 Taxation:

- i. **Current tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period in accordance with the provisions of the Income-tax Act, 1961.
- ii. **Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Tax relating to items recognised in equity or OCI is recognised directly in equity or OCI and not in the Consolidated Statement of Profit and Loss. MAT Credits are in the form of unused tax credits that are carried forward by the Holding Company for a specified period of time, hence it is grouped with Deferred Tax Asset.

The deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Holding Company offsets on a year on year basis, the deferred tax assets and liabilities, where it has a legally enforceable right to offset current tax assets and liabilities and where it intends to settle such assets and liabilities on a net basis.

### 1.17 Provisions, Contingent Liabilities and Contingent Assets:

i. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

ii. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

iii. Contingent assets are neither recognised nor disclosed.

Provisions, Contingent liabilities and Contingent assets are reviewed at each reporting date and are adjusted to reflect the current best estimate.

### 1.18 Financial Instruments:

i. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

ii. Financial assets:

Initial recognition and measurement:

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in below categories:

- Financial Assets at amortised cost
- Equity investments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

iii. Debt instruments at amortised cost:

A debt instrument is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Statement of Profit and loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and loss.

iv. Equity Investments:

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments, the Group may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. All fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L even on sale of investment. However the Group may transfer the cumulative gain or loss within equity. The Group has made such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

v. Derecognition: The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

vi. Impairment of financial assets:

In accordance with Ind AS 109, the Holding Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, bank balance etc.
- b) Financial assets that are equity instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

For recognition of impairment loss on other financial assets and risk exposure, the Holding Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However if credit risk has increased significantly, lifetime ECL is used.

vii. Financial Liabilities:

Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and other current liabilities.

viii. Subsequent measurement:

The subsequent measurement of financial liabilities depends on their classification, as described below:

### **Financial liabilities at fair value through profit or loss**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses on changes in fair value of such liability are recognised in the Consolidated Statement of Profit and Loss.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

ix. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

x. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1.19 Fair Value Measurement:

- i. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
  - In the principal market for the asset or liability or
  - In the absence of a principal market, in the most advantageous market for the asset or liability
- ii. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- iii. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- iv. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
  - Level 1 - This hierarchy uses quoted (unadjusted) market prices in active markets for identical assets or liabilities.
  - Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.
  - Level 3 - If the lowest level input that is significant to the fair value measurement is not based on observable market data.
- v. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### 1.20 Cash and Cash Equivalents:

Cash and cash equivalents in the Consolidated Balance Sheet comprise cash at banks and in hand and short-term deposits with banks with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

### 1.21 Earnings Per Share:

- i. Basic Earnings per share (EPS) is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii. Diluted EPS is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders adjusted for the effects of potential dilution of equity shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

### 1.22 Standards issued but not yet effective:

- i. Appendix B - Foreign currency transactions and advance consideration, to Ind AS 21:
 

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 inserting Appendix B - Foreign currency transactions and advance consideration, to Ind AS 21, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 01, 2018. The Holding Company has evaluated the effect of this on the consolidated financial statements and the impact is not material.
- ii. Ind AS 115 - Revenue from Contracts with Customers:
 

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contracts with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customer.

The standard permits two possible methods of transition:

  - Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018. The Holding Company has evaluated the effect of this on the consolidated financial statements and the impact is not material.

### E Critical accounting judgements, estimates and assumptions:

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

#### Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Holding Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Holding Company. Such changes are reflected in the assumptions when they occur.

#### i. Useful Lives of Property, Plant and Equipment:

The Holding Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

#### ii. Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the Consolidated Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

#### iii. Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

#### iv. Defined benefit plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### v. Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take into account of changing facts and circumstances.

#### vi. Share-based payments:

The Holding Company measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 39.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 2 Property, Plant and Equipment

₹ in lacs

	Gross Block			Depreciation, Amortisation and Impairment			Net Block	
	As at April 01, 2017	Additions / Deductions / Adjustments	As at March 31, 2018	As at April 01, 2017	For the Year	Deductions / Adjustments	As at March 31, 2018	As at March 31, 2017
<b>Tangible Assets</b>								
Freehold land [Refer Note (i)]	11,236.77	-	11,236.77	-	-	-	11,236.77	11,236.77
Leasehold land [Refer Note (iii)]	0.09	-	0.09	-	-	-	0.09	0.09
Buildings and Jety [Refer Note (iv)]	6,935.42	942.16	7,865.61	3,602.01	117.50	11.37	4,157.47	3,333.41
Plant and equipments [Refer Note (v & vi)]	41,801.67	1,694.11	43,222.01	26,701.58	1,136.26	238.25	15,622.42	15,100.09
Furniture and Fixtures	1,586.40	347.55	1,643.21	1,009.45	108.08	265.65	791.33	576.95
Vehicles	1,946.77	324.67	2,077.15	938.96	166.66	94.56	1,066.09	1,007.81
Office equipments	896.59	168.75	962.53	573.20	98.89	93.66	384.10	323.39
Railway siding, weighbridge, rolling stock and locomotives	272.48	-	256.80	130.46	9.45	14.89	131.78	142.02
<b>Total Tangible Assets</b>	<b>64,676.19</b>	<b>3,477.24</b>	<b>67,264.17</b>	<b>32,955.66</b>	<b>1,636.84</b>	<b>718.38</b>	<b>33,874.12</b>	<b>31,720.53</b>
<b>Intangible Assets</b>								
Other than internally generated								
Goodwill	95.27	-	95.27	95.27	-	-	-	-
Computer softwares	271.52	2.23	265.11	251.10	15.42	8.64	257.88	20.42
<b>Total Intangible Assets</b>	<b>366.79</b>	<b>2.23</b>	<b>360.38</b>	<b>346.37</b>	<b>15.42</b>	<b>8.64</b>	<b>7.23</b>	<b>20.42</b>
<b>Capital Work-in-Progress</b>								
<b>Tangible Capital WIP</b> [Refer Note (vii)]	<b>9,207.43</b>	<b>361.29</b>	<b>8,871.14</b>	<b>4,419.10</b>	<b>122.04</b>	<b>-</b>	<b>4,541.14</b>	<b>4,788.33</b>
<b>Total Assets</b>	<b>74,250.41</b>	<b>3,840.76</b>	<b>76,495.69</b>	<b>37,721.13</b>	<b>1,774.30</b>	<b>727.02</b>	<b>38,768.41</b>	<b>36,529.28</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****2 Property, Plant and Equipment (contd.)**

₹ in lacs

	Gross Block			Depreciation, Amortisation and Impairment			Net Block		
	As at April 01, 2016	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2017	As at April 01, 2016	For the Year	Deductions / Adjustments	As at March 31, 2017	As at April 01, 2016
<b>Tangible Assets</b>									
Freehold land [Refer Note (i) & (iii)]	11,474.06	-	237.29	11,236.77	-	-	-	11,236.77	11,474.06
Leasehold land [Refer Note (iii)]	0.09	-	-	0.09	-	-	-	0.09	0.09
Buildings and Jethy [Refer Note (iv)]	6,725.99	209.43	-	6,935.42	3,488.52	113.49	-	3,602.01	3,237.47
Plant and equipments [Refer Note (vi)]	42,794.28	1,155.01	2,147.62	41,801.67	27,702.52	1,039.30	2,040.24	26,701.58	15,091.76
Furniture and Fixtures	1,283.33	307.55	4.48	1,586.40	914.26	97.98	2.79	1,009.45	369.07
Vehicles	1,722.18	348.20	123.61	1,946.77	835.27	168.39	64.70	938.96	886.92
Office equipments	722.89	181.03	7.33	896.59	483.48	92.11	2.40	573.20	239.41
Railway siding, weighbridge, rolling stock and locomotives	136.68	135.80	-	272.48	127.23	3.24	-	130.46	9.45
<b>Total Tangible Assets</b>	64,859.50	2,337.02	2,520.33	64,676.19	33,551.28	1,514.51	2,110.14	32,955.66	31,308.22
<b>Intangible Assets</b>									
Other than internally generated									
Goodwill	95.27	-	-	95.27	95.27	-	-	95.27	-
Computer softwares	263.21	8.31	-	271.52	227.26	23.84	-	251.10	35.95
<b>Total Intangible Assets</b>	358.48	8.31	-	366.79	322.53	23.84	-	346.37	35.95
<b>Capital Work-in-Progress</b>									
<b>Tangible Capital WIP</b> [Refer Note (vii)]	8,376.82	833.17	2.56	9,207.43	4,419.10	-	-	4,419.10	3,957.72
<b>Total Assets</b>	73,594.80	3,178.50	2,522.89	74,250.41	38,292.91	1,538.35	2,110.14	37,721.13	35,301.89

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 2 Property, Plant and Equipment (contd.)

- i. The Holding Company has considered fair value as deemed cost for its land located at Ranavav, Dist. - Porbandar, Gujarat - 360 560 in accordance with stipulations of Ind AS 101 with the resultant impact of ₹ 11,236.05 lacs being recognised in Retained Earnings.
- ii. The deductions under the gross block of freehold land, for the year ended March 31, 2017, of ₹ 237.29 lacs is of certain land which is held for disposal. The same is classified under other current assets in Note 13.
- iii. Besides the land specified above, the Holding Company holds other leasehold land for which only ground rent is payable.
- iv. Buildings and Jetty include a Private Jetty having a gross block of ₹ 2411.45 lacs (net block ₹ 120.57 lacs), constructed by the Holding Company under the license to use agreement with Gujarat Maritime Board (GMB) on the land provided by them. The license period of 15 years from October 2000 has expired and the Holding Company has requested to GMB for the renewal of the agreement, which is pending.
- v. The deductions under the gross block of Plant & Equipments, for the year ended March 31, 2018, include amount of ₹ 255.14 lacs which is in respect of certain machineries held for disposal. The same is classified under other current assets in Note 13.
- vi. Plant and equipments include cost of service line of ₹ 33.20 lacs (Previous Year and as at April 01, 2016: ₹ 33.20 lacs), ownership of which is vested with Paschim Gujarat Vij Company Limited.
- vii. **Impairment of Assets :**

- a. The Holding Company had incurred an aggregate sum of ₹ 8107.17 lacs (Previous Year and as at April 01, 2016: ₹ 8107.17 lacs) towards Expansion Project Assets and shown the same under Capital Work-in-progress (CWIP). The expenditure includes cost of an imported plant purchased (including related stores and spares), civil work carried out and pre-operative expenses (including interest capitalised) as shown in (b) below. However, in the year 2005, due to several adversities, the project was suspended.

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
b. Capital work-in-progress includes pre-operative expenses, as under:			
Technical Consultancy	<b>320.40</b>	320.40	320.40
Employee Cost	<b>144.56</b>	144.56	144.56
Interest and Finance Cost	<b>3,104.18</b>	3,104.18	3,104.18
Traveling and Conveyance	<b>227.48</b>	227.48	227.48
Exchange Rate Fluctuation	<b>42.43</b>	42.43	42.43
Transportation Charges	<b>19.96</b>	19.96	19.96
Miscellaneous	<b>59.97</b>	59.97	59.97
	<b><u>3,918.98</u></b>	<u>3,918.98</u>	<u>3,918.98</u>

- c. Considering cash flow constraints, the Holding Company had earlier proposed to dispose off the Expansion Project Assets through the Asset Sale Committee (ASC) constituted under the aegis of BIFR, subject to necessary approvals of Lenders / BIFR. However the proposal was deferred at the advice of the ASC. The Holding Company has the option to install the assets at a later date, depending on market conditions. Therefore, considering utilisation of assets in future, the Expansion Project Assets have got been valued by a project consultant. Based on the valuation report obtained from the project consultant, an additional impairment of ₹ 122.04 lacs has been provided during the year ended March 31, 2018. As at March 31, 2018, the aggregate provision for impairment is at ₹ 4541.14 lacs.

- viii. Refer Note 16.1 and 19.1 for information on Property, Plant and Equipment pledged as security.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>3 Non-current Investments</b>			
<b>a) Investments measured at Cost:</b>			
In Equity Instruments of Subsidiaries			
Unquoted			
(Fully paid equity shares of ₹ 10 each)			
<b>Quantity Investee company</b>			
149,272 Concorde Cement (Private) Limited	<b>9.19</b>	9.19	9.19
	<b>9.19</b>	9.19	9.19
Less: Provision for impairment in value	<b>9.19</b>	9.19	9.19
	<b>-</b>	-	-
<b>b) Investments measured at Fair Value through Other Comprehensive Income:</b>			
In Equity Instruments of Others			
i) Quoted			
(Fully paid equity shares of ₹ 10 each)			
<b>Quantity Investee company</b>			
8,70,500 MTZ Industries Limited	<b>0.02</b>	0.02	0.02
30,00,000 MTZ Polyfilms Limited	<b>0.10</b>	0.10	0.10
22,85,912 Gujarat Sidhee Cement Limited #	<b>612.64</b>	617.22	560.07
1 ACC Limited	<b>0.02</b>	0.01	0.01
1 Ultratech Cements Limited	<b>0.04</b>	0.04	0.03
1 Ambuja Cement Ltd*	-	-	-
1 India Cements Limited*	-	-	-
1 JK Lakshmi Cement Limited*	-	-	-
1 Mangalam Cements Limited*	-	-	-
1 Prism Johnson Limited (Formerly Prism Cement Limited)*	-	-	-
1 Shree Digvijay Cements Limited*	-	-	-
1 Zuari Global Ltd*	-	-	-
1 Zuari Agro Chemicals Limited*	-	-	-
200 Dena Bank Limited	<b>0.04</b>	0.08	0.06
	<b>612.86</b>	617.47	560.29
* Each investment is less than ₹ 0.01 lacs			
ii) Unquoted			
<b>Quantity Investee company</b>			
2,001 Rajkot Nagrik Sahakari Bank Limited	<b>1.00</b>	1.00	1.00
5,000 Saraswat Co-op Bank Limited	<b>0.50</b>	0.50	0.50
	<b>1.50</b>	1.50	1.50
	<b>614.36</b>	618.97	561.79
<b>Aggregate Carrying Value of:</b>			
Quoted investments	<b>612.86</b>	617.47	560.29
Unquoted investments	<b>1.50</b>	1.50	1.50
	<b>614.36</b>	618.97	561.79
Aggregate Market Value of quoted investments	<b>612.74</b>	617.35	560.17

# Out of total equity shares held by the Group in Gujarat Sidhee Cement Limited, pledge created by a Subsidiary Company in earlier years on 60,912 equity shares with Rajkot Nagrik Sahakari Bank Limited for loans taken by Holding Company was removed in FY 2015-16. The transfer of said shares in the name of the Subsidiary Company is under progress.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>4 Loans</b>			
Unsecured, Considered Good			
Security Deposits	173.70	317.56	335.68
Staff Loans	13.17	-	-
	<u>186.87</u>	<u>317.56</u>	<u>335.68</u>
<b>5 Other Financial Assets</b>			
Fixed Deposits with Bank with maturity greater than 12 months (Held as Margin Money)	116.43	68.59	12.16
	<u>116.43</u>	<u>68.59</u>	<u>12.16</u>
<b>6 Other Non-current Assets</b>			
Capital Advances	623.81	666.99	385.55
Advances other than Capital Advances			
Taxes Paid (Net of Provision of ₹ 1,827.80 lacs, previous year: ₹ 3,773.56 lacs and as at April 01, 2016: ₹ 2,425.74 lacs)	537.53	573.35	154.86
Pre-deposit Balances with Statutory / Government Authorities against Appeals	120.66	116.95	113.73
	<u>1,282.00</u>	<u>1,357.29</u>	<u>654.14</u>
<b>7 Inventories</b>			
Raw Materials (includes in transit of ₹ 291.59 lacs, previous year: ₹ 291.55 lacs and as at April 01, 2016: ₹ Nil)	1,188.64	938.67	762.66
Packing Materials	109.90	154.96	121.96
Work-in-progress	349.07	513.27	561.82
Finished Goods	862.54	572.89	735.85
Fuels (includes in transit of ₹ 1,509.77 lacs, previous year: ₹ 1,343.29 lacs and as at April 01, 2016: ₹ 103.70 lacs)	1,945.85	2,122.97	716.77
Stores and Spare Parts (includes in transit of ₹ 28.54 lacs, previous year: ₹ 11.02 lacs and as at April 01, 2016: ₹ 29.01 lacs)	1,172.77	1,536.56	1,453.45
	<u>5,628.77</u>	<u>5,839.32</u>	<u>4,352.51</u>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>8 Trade Receivables</b>			
Unsecured, Considered Good			
Amounts Receivable from a related party [Refer Note 36.2(B)(iii)]	-	136.80	-
Others	<b>1,894.49</b>	1,314.01	1,407.57
Doubtful	<b>15.58</b>	154.49	157.27
	<b>1,910.07</b>	1,605.30	1,564.84
Less : Allowance for Credit Losses	<b>15.58</b>	154.49	157.27
	<b>1,894.49</b>	1,450.81	1,407.57

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>9 Cash and Cash Equivalents</b>			
Balances with Banks			
In Current Accounts	<b>566.13</b>	563.81	328.56
Cash on Hand	-	-	3.57
	<b>566.13</b>	563.81	332.12

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>10 Bank Balances other than Cash and Cash Equivalents</b>			
Deposits with Banks (Maturity below 12 months from the date of Balance Sheet)			
Held as Margin Money	<b>1,027.81</b>	225.12	55.06
Held as Security against Overdraft facilities	<b>5,254.00</b>	3,531.11	2,770.00
Others	<b>1,294.00</b>	2,666.43	3,247.10
	<b>7,575.81</b>	6,422.66	6,072.16
Earmarked Balances			
For Unpaid Dividend (Equity and Preference)	<b>5.69</b>	2.88	-
For Redemption of Preference Shares	<b>0.64</b>	0.64	0.93
For Money received on Issue of Debentures	<b>0.14</b>	0.14	0.14
	<b>6.47</b>	3.66	1.07
	<b>7,582.28</b>	6,426.32	6,073.23

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>11 Loans</b>			
Unsecured, Considered good			
Deposits	<b>32.31</b>	32.31	32.31
Inter Corporate Loans	<b>316.77</b>	316.77	316.77
Staff Loans	<b>9.95</b>	23.72	25.25
	<b>359.03</b>	372.80	374.33

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>12 Other Financial Assets</b>			
Interest accrued on Fixed Deposits	<b>213.35</b>	199.78	239.05
Others	<b>5.78</b>	4.78	5.80
	<b>219.13</b>	204.56	244.85

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>13 Other Current Assets</b>			
Advances			
Balances with Statutory / Government Authorities	<b>164.00</b>	559.90	573.51
Advances Against Purchase of Stores	<b>589.97</b>	481.18	429.16
Prepaid Expenses	<b>153.36</b>	123.47	113.89
Travelling Advance Due from a Director [Refer Note 36.2(B)(i)(c)]	<b>1.31</b>	16.61	-
Others	<b>84.26</b>	39.61	28.17
Non-current Asset held for Disposal [Refer Note 2(ii) & (v)]	<b>271.88</b>	237.29	-
Export Benefits Receivable	<b>-</b>	-	14.97
	<b>1,264.78</b>	1,458.06	1,159.70

	<b>As at March 31, 2018</b>		As at March 31, 2017		As at April 01, 2016	
	Numbers	₹ in lacs	Numbers	₹ in lacs	Numbers	₹ in lacs
<b>14 Share Capital</b>						
<b>Authorised</b>						
Equity Shares, of ₹ 10 par value	<b>195,000,000</b>	<b>19,500.00</b>	195,000,000	19,500.00	130,000,000	13,000.00
Preference Shares, of ₹ 100 par value #	-	-	-	-	6,000,000	6,000.00
Unclassified Shares, of ₹ 10 par value #	-	-	-	-	5,000,000	500.00
# (Reclassified to Equity Shares during the year 2016-17)		<b>19,500.00</b>		19,500.00		19,500.00
<b>Issued</b>						
Equity Shares, of ₹ 10 par value	<b>69,206,334</b>	<b>6,920.63</b>	69,206,334	6,920.63	69,206,334	6,920.63
		<b>6,920.63</b>		6,920.63		6,920.63
<b>Subscribed</b>						
Equity Shares, of ₹ 10 par value						
Subscribed and Fully Paid Up	<b>69,191,065</b>	<b>6,919.11</b>	69,191,065	6,919.11	51,191,065	5,119.11
Subscribed but Not Fully Paid Up	-	-	-	-	18,000,000	900.00
(₹ 5 per share paid up as at April 01, 2016)						
	<b>69,191,065</b>	<b>6,919.11</b>	69,191,065	6,919.11	69,191,065	6,019.11
Equity Shares - forfeited	<b>15,269</b>	<b>0.31</b>	15,269	0.31	15,269	0.31
(₹ 2 per share paid up)		<b>6,919.42</b>		6,919.42		6,019.42



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 14.1 Reconciliation of the number of shares outstanding and amount of share capital

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Numbers	₹ in lacs	Numbers	₹ in lacs	Numbers	₹ in lacs
Equity Shares, of ₹ 10 par value						
At the beginning	<b>69,191,065</b>	<b>6,919.11</b>	69,191,065	6,019.11	51,191,065	5,119.11
Changes during the year - Call Money / allotment	-	-	-	900.00	18,000,000	900.00
At the end	<b>69,191,065</b>	<b>6,919.11</b>	69,191,065	6,919.11	69,191,065	6,019.11

### 14.2 Rights, Preferences and Restrictions

#### Equity Shares

- The Holding Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.
- The Holding Company declares and pays dividend in Indian rupees. With effect from April 01, 2016, final dividend, if any, proposed by the Board of Directors is recorded as a liability on the date of the approval of the shareholders in the coming Annual General Meeting; in case of interim dividend, it is recorded as a liability on the date of declaration by the Board of Directors of the Holding Company. Board of Directors has recommended equity dividend of ₹ 1 per share of face value of ₹ 10 each, for the year ended March 31, 2018.
- In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.
- In respect of ESOP granted to the employees during the year, refer Note 39.

### 14.3 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Holding Company

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Numbers	%	Numbers	%	Numbers	%
Equity Shares						
Villa Trading Company Private Limited	<b>13,658,167</b>	<b>19.74%</b>	14,158,167	20.46%	14,158,167	20.46%
Parsec Enterprises Private Limited	<b>13,538,370</b>	<b>19.57%</b>	13,538,370	19.57%	13,538,370	19.57%
Samja Mauritius Limited	<b>17,175,000</b>	<b>24.82%</b>	-	-	-	-
TransAsia Investments And Trading Limited	-	-	8,000,000	11.56%	8,000,000	11.56%
Jagmi Investments Limited	-	-	5,175,000	7.48%	5,175,000	7.48%
Sampson Limited	-	-	4,000,000	5.78%	4,000,000	5.78%



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>15 Other Equity</b>			
<b>Capital Reserve</b>	<b>2,712.70</b>	2,712.70	2,712.70
<b>Capital Redemption Reserve</b>	<b>737.60</b>	737.60	737.60
<b>Securities Premium Account</b>	<b>10,566.71</b>	10,566.71	10,566.71
<b>Share Options Outstanding</b>			
Balance as at the beginning of the year	-	-	-
Add: Employee Stock Options Granted	<b>106.71</b>	-	-
Less: Employee Stock Options Exercised	-	-	-
	<b>106.71</b>	-	-
<b>General Reserve</b>	<b>5,786.29</b>	5,786.29	5,786.29
<b>Retained Earnings</b>			
Balance as at the beginning of the year	<b>9,898.43</b>	9,177.15	-
Add: Profit transferred from the Consolidated Statement of Profit and Loss	<b>6,246.27</b>	1,390.77	-
Add/(Less): Remeasurement gain / (loss) on defined benefit plan	<b>(1.00)</b>	(11.24)	-
Less: Appropriations			
Dividend on Equity Shares	<b>691.91</b>	546.92	-
Dividend Distribution Tax	<b>140.86</b>	111.34	-
	<b>15,310.92</b>	9,898.43	9,177.15
<b>Equity Instruments through Other Comprehensive Income</b>			
Balance as at the beginning of the year	<b>(577.96)</b>	(635.14)	-
Add/(Less): Movement during the year	<b>(4.61)</b>	57.18	-
	<b>(582.57)</b>	(577.96)	(635.14)
	<b>34,638.36</b>	29,123.77	28,345.31

	Non-Current			Current maturities of Long-term debts *		
	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>16 Non-Current Borrowings</b>						
Secured						
<b>Term Loans</b>						
From Banks	<b>188.09</b>	56.83	65.71	<b>65.52</b>	8.88	8.03
From Others	<b>107.59</b>	155.35	54.40	<b>47.76</b>	43.51	11.88
	<b>295.68</b>	212.18	120.11	<b>113.28</b>	52.39	19.91

\* Amount disclosed under the head 'Other Financial Liabilities' (Note 21).

### 16.1 Security and Repayment Terms:

- Term Loans are repayable in 36 to 60 equated monthly instalments carrying varied interest from 8% to 10% p.a. These loans are secured by hypothecation of vehicles financed there under.
- The Holding Company's debt was restructured under Corporate Debt Restructuring (CDR) in 2005 and the restructured debt including Funded Interest Term Loan (FITL) has been fully repaid in the earlier years. One of the conditions of the restructuring was that the Lenders would have a Right of Recompense (ROR) as may be approved by the CDR Empowered Group (EG). Hon'ble BIFR has subsequently sanctioned a Rehabilitation Scheme for the Holding Company which over rides all previous schemes and the same does not envisage payment of recompense. Further RBI has repealed the Circular under which CDR was formed and operating. The Holding Company has filed a Miscellaneous Application with the NCLT, Ahmedabad praying that directions be given to the CDR Lenders that no ROR is payable and to release all securities including personal guarantees and shares pledged by the promoters.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>17 Provisions</b>			
For Employee Benefits - Gratuity and Compensated absences (Refer Note 34)	<b>1,159.66</b>	1,097.25	1,027.87
	<b>1,159.66</b>	1,097.25	1,027.87

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>18 Deferred Tax Liabilities (net)</b>			
<b>Deferred Tax Assets</b>			
i. Fair Valuation of Financial Assets	-	4.59	9.03
ii. Provision for Impairment	<b>1,586.85</b>	1,529.36	1,529.36
iii. Provision for expenses allowable on cash basis	<b>916.74</b>	1,162.82	1,115.46
iv. Provision for Gratuity & Leave encashment	<b>499.19</b>	471.43	441.10
v. MAT Credit Entitlement	<b>2,865.72</b>	-	-
vi. Others	<b>13.99</b>	66.03	200.35
<b>Total</b>	<b>5,882.49</b>	3,234.23	3,295.30
<b>Deferred Tax Liabilities</b>			
i. Property, Plant & Equipment	<b>5,918.73</b>	5,889.55	5,575.34
ii. Fair Valuation of Financial Liabilities	-	4.10	8.06
<b>Total</b>	<b>5,918.73</b>	5,893.65	5,583.40
	<b>36.24</b>	2,659.42	2,288.10

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>19 Short-term Borrowings</b>			
Secured			
Loans Repayable on Demand from Banks			
Cash Credits *	-	-	454.64
Overdraft against lien of Bank Fixed Deposits	<b>1,306.33</b>	1,462.02	1,337.38
Unsecured			
Loan from related parties	<b>0.05</b>	0.05	0.05
	<b>1,306.38</b>	1,462.07	1,792.07

### 19.1 Security:

- \* The Working Capital facilities are secured by first charge by way of hypothecation of current assets, namely stocks of raw materials, semi finished and finished goods, consumable stores and spares, bills receivables, book debts and all other movable properties, both, present and future. They are also secured by second mortgage and charge on the Holding Company's immovable and movable properties, both, present and future, hypothecation of "Hathi" Brand, pledge of promoter shares and personal guarantee of two Directors of the Holding Company.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>20 Trade Payables</b>			
Amounts Payable to a Related Party [Refer Note 36.2(B)(iii)]	43.39	-	23.25
Others	5,174.18	5,073.83	2,837.05
	<b>5,217.57</b>	<b>5,073.83</b>	<b>2,860.30</b>

**20.1** "Others" includes dues to small and medium enterprises, which require the following disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :

i. Principal amount remaining unpaid and interest thereon	-	1.07	1.07
ii. Interest paid in terms of Section 16	-	-	-
iii. Interest due and payable for the period of delay in payment	-	-	-
iv. Interest accrued and remaining unpaid	-	-	-
v. Interest due and payable even in succeeding years	-	1.07	1.07

The above information has been determined to the extent such parties could be identified on the basis of information available with the Group regarding the status of suppliers under the MSME.

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>21 Other Financial Liabilities</b>			
Current Maturities of Long-term Debt *			
Term Loans			
From Banks	65.52	8.88	8.03
From Others	47.76	43.51	11.88
	<b>113.28</b>	<b>52.39</b>	<b>19.91</b>
Unpaid Dividends	5.69	2.88	-
Unclaimed Share Application Money	14.48	14.48	14.48
Amounts Payable on Redemption of Preference Shares	0.64	0.64	0.93
Security Deposits from Customers / Transporters	964.58	972.73	881.77
Remuneration Payable to Key Managerial Personnel [Refer Note 36.2(B)(i)(a&b)]	43.12	31.22	28.75
Liabilities for Expenses at the year-end	1,224.90	1,564.50	1,823.12
	<b>2,366.69</b>	<b>2,638.84</b>	<b>2,768.96</b>

\* Refer Note 16.1(i) for security given.

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>22 Other Current Liabilities</b>			
Statutory Dues	3,360.89	3,984.08	3,902.07
Advances from Customers	1,565.39	1,464.07	991.37
Advance against sale of Non-current Asset held for Disposal	185.00	160.00	110.00
Book Overdraft on Current Account	-	1.44	-
Others	82.41	92.26	86.95
	<b>5,193.69</b>	<b>5,701.85</b>	<b>5,090.39</b>


**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>23 Provisions</b>			
For Employee Benefits - Gratuity and Compensated Absences (Refer Note 34)	<b>268.90</b>	264.96	246.69
Others			
Provision for Taxation	<b>999.45</b>	-	1,470.17
Less: Taxes paid	<b>960.49</b>	-	1,272.56
	<b>38.96</b>	-	197.61
Excise duty on Stocks	-	53.78	53.14
	<b>307.86</b>	318.74	497.44

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>24 Revenue from Operations</b>		
Sale of Products		
Manufactured Goods	<b>58,605.21</b>	52,067.01
Traded Goods	-	210.76
	<b>58,605.21</b>	52,277.77
Other Operating Revenues		
Sale of Power	<b>219.21</b>	563.18
Sale of Scrap	<b>369.71</b>	207.24
Export Entitlements	<b>6.57</b>	39.79
	<b>595.49</b>	810.21
	<b>59,200.70</b>	53,087.98

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>25 Other Income</b>		
Interest Income on		
Fixed Deposits with Banks	<b>490.26</b>	474.44
Others	<b>9.21</b>	13.33
	<b>499.47</b>	487.77
Dividends Income from Non Current Investments	<b>0.16</b>	0.08
Rent Income	<b>12.00</b>	12.00
Miscellaneous Income	<b>153.73</b>	80.96
Net Gain on Foreign Currency Transactions and Translation	<b>76.30</b>	97.45
Insurance Claims	<b>99.07</b>	2.03
Bad Debts Recovered	<b>0.43</b>	0.49
Provision for Doubtful Debts Written Back	<b>138.91</b>	2.78
Excess Provision Written Back	<b>728.51</b>	182.55
Trade / Other Payables Written Back	<b>62.70</b>	213.54
	<b>1,771.28</b>	1,079.65

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>26 Cost of Materials Consumed</b>		
Raw Materials		
Opening Stock	938.67	762.66
Add: Purchases	3,350.60	2,273.06
	<u>4,289.27</u>	<u>3,035.72</u>
Less: Closing Stock	1,188.64	938.67
	<u>3,100.63</u>	<u>2,097.05</u>
Packing Materials		
Opening Stock	154.96	121.96
Add: Purchases	1,676.80	1,509.51
	<u>1,831.76</u>	<u>1,631.47</u>
Less: Closing Stock	109.90	154.96
	<u>1,721.86</u>	<u>1,476.51</u>
	<u>4,822.49</u>	<u>3,573.56</u>
<b>27 Purchases of Stock-in-trade</b>		
Purchases of Traded Goods		
Cement	-	203.86
	<u>-</u>	<u>203.86</u>
<b>28 Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress</b>		
Stocks at the end		
Finished Goods - Cement	862.54	572.89
Work-in-progress - Raw Flour and Clinker	349.07	513.27
	<u>1,211.61</u>	<u>1,086.16</u>
Less: Stocks at the Beginning		
Finished Goods - Cement	572.89	735.85
Work-in-progress - Raw Flour and Clinker	513.27	561.82
	<u>1,086.16</u>	<u>1,297.67</u>
	<u>(125.45)</u>	<u>211.51</u>
Increase in Excise Duty on Stocks	-	0.63
	<u>(125.45)</u>	<u>212.14</u>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>29 Employee Benefits Expense</b>		
[Refer Note 31.1(a)]		
Salaries, Wages and Bonus	<b>3,497.80</b>	3,375.30
Expense on Employee Stock Options Scheme (Refer Note 39)	<b>106.71</b>	-
Contribution to Provident and Other Funds	<b>245.87</b>	257.56
Gratuity Expense	<b>137.92</b>	126.99
Staff Welfare Expenses	<b>161.44</b>	149.88
	<b>4,149.74</b>	3,909.73

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>30 Finance Costs</b>		
Interest expense		
On Borrowings	<b>158.31</b>	121.64
On Custom Duty, Service Tax and Income Tax	<b>84.29</b>	116.76
On Others	<b>98.08</b>	126.39
	<b>340.68</b>	364.79
Other Borrowing Costs	<b>1.20</b>	0.62
	<b>341.88</b>	365.41

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>31 Other Expenses</b>		
Stores and Spare Parts Consumed	<b>3,452.51</b>	3,924.78
Power and Fuel	<b>15,883.32</b>	12,919.11
Rent	<b>265.21</b>	261.70
Repairs and Maintenance		
Buildings	<b>274.96</b>	332.23
Machinery	<b>2,054.05</b>	2,398.95
Others	<b>693.13</b>	719.70
	<b>3,022.14</b>	3,450.88
Insurance	<b>115.64</b>	115.80
Rates and Taxes	<b>76.12</b>	72.68
Raw Material Handling Charges [Refer Note 31.1(a)]	<b>548.57</b>	591.31

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>31 Other Expenses (contd.)</b>		
Limestone / Marl Raising Charges [Refer Note 31.1(a)]	<b>544.05</b>	810.72
Royalty and Cess [Refer Note 31.1(a)]	<b>1,688.20</b>	1,785.23
Advertisement and Business Promotion Expenses	<b>1,481.62</b>	1,112.45
Freight and Handling Expenses	<b>12,157.03</b>	7,398.77
Packing Plant expenses	<b>741.54</b>	561.55
Commission	<b>945.94</b>	851.38
Directors' Fees	<b>34.50</b>	31.40
Charity and Donation [Refer Note 31.1(b)]	<b>214.50</b>	12.50
Traveling and Conveyance	<b>490.52</b>	416.26
Legal and Professional Charges	<b>421.49</b>	331.96
Auditor's Remuneration		
Audit Fees	<b>11.26</b>	10.84
Tax Audit Fees	<b>3.00</b>	2.66
For Other Services - Certification Work	<b>3.51</b>	5.42
	<b>17.77</b>	18.92
Provision for Doubtful Debts / Advance	-	24.46
Bad Debts written off	<b>124.48</b>	-
Loss on Sale of Property, Plant and Equipment (Net)	<b>51.55</b>	66.45
Corporate Social Responsibility (CSR) Expenditure [Refer Note 33]	<b>88.36</b>	91.66
Miscellaneous Expenses	<b>1,181.67</b>	1,374.59
Cost of Cement Self Consumed [Refer Note 31.1(c)]	<b>(18.93)</b>	(42.92)
	<b>43,527.81</b>	36,181.64
<b>31.1 a.</b> Employee Benefit Expenses (Note 29) and Other Expenses (Note 31) as incurred on cost of raising and transporting limestone / marl are as under:		
Salaries, Wages and Bonus	<b>134.37</b>	130.28
Stores and Spare Parts Consumed	<b>368.35</b>	370.90
Repairs and Maintenance to Machinery	<b>77.57</b>	79.92
Raw Material Handling Charges	<b>401.38</b>	455.01
Limestone / Marl Raising Charges	<b>544.05</b>	810.72
Royalty and Cess	<b>1,688.20</b>	1,781.40
	<b>3,213.92</b>	3,628.23
b. Charity and Donation include donation of ₹ 200 lacs (Previous Year: Nil) given to political parties.		
c. Cost of cement self consumed also includes other material costs and depreciation.		



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs
<b>32 Contingent Liabilities and Commitments</b>		
i. Contingent liabilities: (to the extent not provided for)		
a. Claims against the Holding Company not acknowledged as debt - matters under disputes / appeals;		
i. Sales Tax	-	101.42
ii. Excise Duty	<b>856.72</b>	884.61
iii. Service Tax	<b>2.39</b>	2.39
iv. Royalty	<b>15.12</b>	15.12
v. Customs Duty	<b>23.25</b>	20.00
vi. Claims filed by workmen or their union against the Holding Company	<b>25.55</b>	58.19
vii. On account of Power Supply	<b>440.99</b>	440.99
viii. In the earlier years, the Holding Company had sold residential flats through a bidding process in which the bidder failed to make the payments as per the agreed schedule due to which the Earnest Money Deposit and part payments received against the failed bid were forfeited as per the agreed tender terms and the flats were sold to another person. The matter is under dispute as the original unsuccessful bidder has disputed the subsequent sale and the outcome / impact of the same is presently unascertainable.		
ix. Other demands and claims	<b>82.69</b>	44.66
The amounts stated are including interest and penalty, to the extent demanded.		
b. Other money for which the Holding Company is contingently liable; The impact / outcome of recompense clause as detailed in Note 16.1(ii), in respect of the restructured loans is presently unascertainable.		
ii. Commitments:		
a. Estimated amount of contracts remaining to be executed on capital account (net of advances of ₹ 623.81 lacs, previous Year ₹ 705.97 lacs).	<b>1,962.99</b>	1,999.97
b. Other Commitments	-	-
	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>33 Corporate Social Responsibility (CSR)</b>		
Gross amount required to be spent by the Holding Company during the year	<b>88.84</b>	78.44
Amount spent and paid on CSR activities included in the Consolidated Statement of Profit and Loss for the year :		
Nature of Expenses specified in Schedule VII to the Companies Act, 2013		
Vocational Training	<b>5.12</b>	6.00
Rural Development	<b>22.78</b>	6.96
Promoting Preventive Health Care and Sanitation	<b>10.95</b>	7.67
Education Promotion	<b>49.51</b>	71.03
	<b>88.36</b>	91.66



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 34 Employee benefits

As per Ind AS - 19 - "Employee Benefits", the disclosures of Employee Benefits is given as below:-

#### 34.1 Defined Contribution Plans

The Holding Company's contribution to Provident Fund and Superannuation Fund aggregating to ₹ 245.87 lacs (Previous Year ₹ 257.56 lacs) has been recognised in the Consolidated Statement of Profit and Loss under the head Employee Benefits Expense. (Refer Note 29)

#### 34.2 Defined Benefit Plan: Gratuity

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Features of the Defined Benefit Plan	Remarks
Benefit offered	$15 / 26 \times \text{Salary} \times \text{Duration of Service}$
Salary Definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 20,00,000 was applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	60 years

**34.3** The fund is a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The trustees are responsible for the governance of the plan. The day-to-day administration of the scheme is carried out by the trustees. It is the trustee's duty to look after assets on behalf of employees who are entitled to benefit from those assets at some future date. Investment of assets of fund is key responsibility of the trustees.

#### 34.4 Risk to the Plan

##### i. Actuarial Risk:

The plan is subject to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employee in future.

##### ii. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Holding Company there can be strain on the cash flows.

##### iii. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

##### iv. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

**34.5** The Present Value of Defined Benefit Obligation and Fair Value of the Plan Assets as at April 01, 2016 is ₹ 958.47 lacs and ₹ 22.80 lacs respectively.


**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs
<b>34.6 i. Changes in Present Value of Obligations:</b>		
Present Value of Obligation at the beginning	1,010.20	958.47
Current Service Cost	40.39	37.59
Past Service Cost	36.27	-
Interest Cost	75.87	74.86
Actuarial (Gain) / Loss due to:		
- Change in Financial Assumptions	(13.56)	13.56
- Change in Demographic Assumptions	-	-
- Experience Changes	13.37	4.31
Benefits paid	(126.57)	(78.59)
<b>Present Value of Obligation as at the end</b>	<b>1,035.97</b>	<b>1,010.20</b>
<b>ii. Changes in Fair Value of Plan Assets:</b>		
Fair value of Plan Assets at the beginning	39.34	22.80
Expected return on Plan Assets	2.95	1.78
Contributions by the employer	100.84	92.67
Benefits paid	(126.56)	(78.59)
Return on plan assets excluding amounts included in interest income	(1.72)	0.68
<b>Fair value of Plan Assets as at the end</b>	<b>14.85</b>	<b>39.34</b>
<b>iii. The amount recognised in Consolidated Balance Sheet</b>		
Gross value of Present Obligation at the end	1,035.97	1,010.20
Fair Value of Plan Assets at the end	14.85	39.34
<b>Net Liability / (Asset) recognised in Consolidated Balance Sheet</b>	<b>1,021.12</b>	<b>970.86</b>
<b>iv. Amount recognised in the Consolidated Statement of Profit and Loss</b>		
Current Service Cost	40.39	37.59
Past Service Cost	36.27	-
Interest Cost	75.87	74.86
Expected return on Plan Assets	(2.95)	(1.78)
<b>Expenses Recognised in the Consolidated Statement of Profit and Loss</b>	<b>149.58</b>	<b>110.67</b>
<b>v. Amount recognised in Other Comprehensive Income</b>		
Components of Actuarial (Gain) / Loss:		
- Change in Financial Assumptions	(13.56)	13.56
- Change in Demographic Assumptions	-	-
- Experience Changes	13.37	4.31
- Return on plan assets excluding amounts included in interest income	1.72	(0.68)
<b>Amount recognised in Other Comprehensive Income</b>	<b>1.53</b>	<b>17.19</b>
<b>vi. Category of Assets</b>		
Insurer Managed Funds	14.85	39.34
<b>vii. Maturity Profile of the Defined Benefit Obligation</b>		
1 <sup>st</sup> Following Year (Within next 12 months)	174.72	152.89
2 <sup>nd</sup> Following Year	111.98	77.80
3 <sup>rd</sup> Following Year	144.60	139.15
4 <sup>th</sup> Following Year	158.00	137.53
5 <sup>th</sup> Following Year	121.44	141.41
Sum of Years 6 to 10	498.96	518.70

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs
<b>viii. Sensitivity Analysis for significant assumptions *</b>		
<b>Increase/(Decrease) on present value of defined benefit obligations at the end of the year</b>		
1% increase in discount rate	<b>(41.20)</b>	(43.78)
1% decrease in discount rate	<b>45.22</b>	48.13
1% increase in salary escalation rate	<b>44.03</b>	48.85
1% decrease in salary escalation rate	<b>(40.79)</b>	(45.19)
1% increase in employee turnover rate	<b>6.92</b>	6.03
1% decrease in employee turnover rate	<b>(7.54)</b>	(6.60)
<b>ix. Assumptions</b>		
Mortality Table - Indian Assured Life Mortality 2006-08		
Discount Rate	<b>7.82%</b>	7.51%
Rate of increase in compensation levels	<b>5.00%</b>	5.00%
Expected Return on Plan Assets	<b>7.82%</b>	7.51%
Attrition Rate	<b>2.00%</b>	2.00%
<b>x. Weighted average duration of Defined Benefit Obligation</b>	<b>5 years</b>	6 years
<b>xi.</b> The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, including supply and demand in the employment market.		
<b>xii.</b> Expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.		
<b>xiii. Asset Liability matching strategy</b>		
The money contributed by the Holding Company to the Gratuity fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an Insurance Company. The Insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy.		
There is no compulsion on the part of the Holding Company to fully prefund the liability of the Plan. The Holding Company's philosophy is to fund these benefits based on its own liquidity.		
* The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		

### 35 Segment Reporting

The Holding Company has only one business segment 'cement / clinker' as primary segment.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 36 Related Party Disclosures

#### 36.1 List of related parties:

**i. Promoter companies together with its subsidiaries and associate companies holding more than 20% of the Equity Share Capital:**

- |  |  |
|--|--|
| a. Fawn Trading Co. Private Limited      | k. Arj Investments Limited                     |
| b. Fern Trading Co. Private Limited      | l. Samja Mauritius Limited                     |
| c. Willow Trading Co. Private Limited    | m. Villa Trading Co. Private Ltd.              |
| d. Tejashree Trading Co. Private Limited | n. Galaxy Technologies Private Limited         |
| e. Pallor Trading Co. Private Limited    | o. Mehta Sports Private Limited                |
| f. The Mehta International Limited       | p. The Sea Island Investments Limited          |
| g. Mehta Private Limited                 | q. Parsec Enterprises Private Limited          |
| h. Sameta Exports Private Limited        | r. Bhadra Textiles and Trading Private Limited |
| i. Sunnidhi Trading Private Limited      | s. Mehta Investments Pte Limited               |
| j. Sumaraj Holdings Private Limited      | t. Mehta Asiatic Pte Limited                   |

**ii. Subsidiary Companies :**

- a. Concorde Cement (Private) Limited

**iii. Key Management Personnel :**

- a. Mr. M. N. Mehta - Chairman  
 b. Mr. Jay Mehta - Executive Vice Chairman  
 c. Mr. M. S. Gilotra - Managing Director  
 d. Mr. Hemang D. Mehta - Non-Executive Director  
 e. Mr. Hemnabh R. Khatau - Non-Executive Director  
 f. Mr. S. V. S. Raghavan - Independent Director  
 g. Mr. M. N. Rao - Independent Director  
 h. Mr. B. P. Deshmukh - Independent Director  
 i. Mr. Kailash N. Bhandari - Independent Director  
 j. Mr. Jayant N. Godbole - Independent Director  
 k. Mr. P. K. Behl - Independent Director  
 l. Mr. Bimal R. Thakkar - Independent Director  
 m. Mrs. Bhagyam Ramani - Independent Director

**iv. Relatives of Key Management Personnel with whom transactions have taken place:**

- a. Mrs. Narinder Kaur - Wife of Mr. M S Gilotra  
 b. Mr. Amandeep Singh Gilotra - Son of Mr. M S Gilotra

**v. Enterprise having Key Management Personnel in common:**

- a. Gujarat Sidhee Cement Limited

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 36.2 Transactions and Balances with related parties:

#### A Transactions with related parties:

##### i. Compensation paid to Key Management Personnel:

Key Management Personnel	For the year ended March 31, 2018		For the year ended March 31, 2017	
	₹ in lacs		₹ in lacs	
	Short-term employee benefits	Share-based payment	Short-term employee benefits	Share-based payment
Mr. Jay Mehta (Refer Note a below)	227.51	-	240.15	-
Mr. M. S. Gilotra (Refer Note a and b below)	221.96	260.54	168.41	-

a. As the liability for gratuity are provided on actuarial basis for the Company as a whole, the amounts mentioned are exclusive of gratuity.

b. The amount represents fair value of employee stock options granted during the year 2017-18 to be vested over a period of three years in terms of ESOS 2017.

	For the year ended March 31, 2018	For the year ended March 31, 2017
	₹ in lacs	₹ in lacs
<b>ii. Transactions with Key Management Personnel:</b>		
a. Directors sitting fees	34.50	31.40
<b>iii. Transactions with relatives of Key Management Personnel:</b>		
a. Rent to Mrs. Narinder Kaur	1.50	9.00
<b>iv. Transactions with Gujarat Sidhee Cement Limited</b>		
a. Purchase of goods and materials	722.97	256.28
b. Sale of goods, materials and power	29.59	559.80
c. Expenses / (Recovery) for services (net)	(20.09)	(61.91)
	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
	₹ in lacs	₹ in lacs
		<b>As at April 01, 2016</b>
		₹ in lacs

#### B Outstanding Balances as at the year-end

##### i. Balances with Key Managerial Personnel:

a. Remuneration payable to Mr. M S Gilotra	21.18	14.45	18.46
b. Remuneration payable to Mr. Jay M Mehta	21.94	16.77	10.29
c. Travelling Advance to Mr. Jay M Mehta	1.31	16.61	-

##### ii. Balances with relatives of Key Managerial Personnel:

Deposits with Mrs. Narinder Kaur and Mr. Amandeep Singh Gilotra	-	130.00	130.00
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##### iii. Balance with Gujarat Sidhee Cement Limited

Amount payable / (receivable)	43.39	(136.80)	23.25
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#### C Terms and conditions of transactions and balances with related parties

- The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.
- Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash.
- There have been no guarantees provided or received for any related party transaction.
- For the year ended March 31, 2018, the Holding Company has not recorded any impairment of receivables relating to amounts owed by related parties.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 37 Capital Management:

The primary objective of Group's Capital Management is to maximize shareholder value without having any adverse impact on interests of other stakeholders. At the same time, Holding Company strives to maintain an optimal capital structure to reduce the cost of capital. For the purpose of the Group's Capital Management, debt includes borrowings and current maturities of long term debt and equity includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Company. The Holding Company monitors capital using Debt to Equity ratio, which is total debt divided by total equity. Debt to Equity ratio are as follows :

	<b>As at March 31, 2018 ₹ in lacs</b>	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
Total Debt (A)	<b>1,715.34</b>	1,726.64	1,932.09
Total Equity (B)	<b>41,557.78</b>	36,043.19	34,364.73
Debts Equity Ratio (A/B)	<b>0.04</b>	0.05	0.06

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>38 Income Tax expense</b>		
<b>38.1 Income tax expense recognised in the Consolidated Statement of Profit &amp; Loss:</b>		
<b>i. Current Income Tax</b>		
In respect of current year	<b>1,021.93</b>	343.60
Adjustments in respect of tax of earlier years	-	1.85
<b>Total current income tax</b>	<b>1,021.93</b>	345.45
<b>ii. Deferred Tax</b>		
In respect of current year origination and reversal of temporary difference	<b>243.06</b>	377.27
In respect of MAT credit entitlement of earlier years	<b>(2,042.87)</b>	-
In respect of MAT credit entitlement	<b>(822.85)</b>	-
<b>Total Deferred Tax</b>	<b>(2,622.66)</b>	377.27
<b>Income Tax expense</b>	<b>(1,600.73)</b>	722.72
<b>38.2 Income tax charge / (credit) recognised in Other Comprehensive Income:</b>		
<b>Deferred Tax</b>		
In respect of remeasurement of defined benefit obligations	<b>(0.53)</b>	(5.95)
<b>38.3 Classification of Income tax charge / (credit) recognised in Other Comprehensive Income:</b>		
Income tax charge / (Credit) related to items that will not be reclassified to profit or loss	<b>(0.53)</b>	(5.95)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended March 31, 2018 ₹ in lacs	For the year ended March 31, 2017 ₹ in lacs
<b>38 Income Tax expense (contd.)</b>		
<b>38.4 Reconciliation of Income Tax Expense with the accounting profit multiplied by Company's tax rate</b>		
Accounting profit before tax	4,645.54	2,113.49
Applicable Tax Rate	34.608%	34.608%
Computed Tax Expense	<u>1,607.73</u>	<u>731.44</u>
Effect of non deductible items	299.15	208.36
Effect of deductible items	(532.07)	(677.53)
Effect of deductions under Chapter VI-A	(1,200.38)	(266.24)
Effect of current year losses of subsidiaries	2.17	3.97
Adjustment of income tax of earlier year	22.48	1.85
Adjustment of MAT Credit entitlement of earlier years	(2,042.87)	-
Income Tax paid as per MAT	-	343.60
Deferred tax adjustment	243.06	377.27
<b>Tax Expenses recognised in Consolidated Statement of Profit and Loss</b>	<u>(1,600.73)</u>	<u>722.72</u>

### 39 Share Based Payments

#### 39.1 Saurashtra Employee Stock Option Scheme 2017

During the year, Saurashtra Employee Stock Option Scheme 2017 (ESOS 2017) was approved by the Shareholders at the Annual General Meeting held on July 26, 2017. The Nomination and Remuneration Committee at its meeting held on February 08, 2018 has approved grant of Stock Options under ESOS 2017 to the senior management and executives from middle management for their performance and to motivate them to contribute to the growth and profitability of the company as also to retain them. Each option carries the right to the holder to apply for one equity share of the company at par. The salient features of the Scheme are as below:

Particulars	Details
No. of Options	16,33,253
Date of Grant	February 08, 2018
Exercise Price (₹ per share)	10
Vesting Schedule	Graded Vesting: i) 33% of Options granted to be vested at 1 <sup>st</sup> anniversary from the date of grant. ii) 33% of Options granted to be vested at 2 <sup>nd</sup> anniversary from the date of grant. iii) 34% of Options granted to be vested at 3 <sup>rd</sup> anniversary from the date of grant.
Exercise Period	5 years from the date of respective vesting
Fair Value on the date of Grant of Option (₹ per share)	75.31
Method of Settlement	Equity



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 39.2 Movement in Options Granted under ESOS 2017

Particulars	As at March 31, 2018 Nos	As at March 31, 2017 Nos
Outstanding at the beginning of the year	-	-
Granted during the year	<b>1,633,253</b>	-
Exercised during the year	-	-
Forfeited / lapsed during the year	-	-
Outstanding at the end of the year	<b>1,633,253</b>	-
Options exercisable at the end of the year	-	-

Since the options are yet to vest, the question of its exercise does not arise and hence, the exercise price or weighted average exercise price of the option is not given. Weighted average remaining contractual life for the share options outstanding as at March 31, 2018 was 4 years and 4.5 months.

### 39.3 Fair Valuation

The fair value of option have been done by an independent firm on the date of grant using the Black-Scholes Model. Black-Scholes Model takes into account exercise price, the term of the option, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The Key assumptions in the Black-Scholes Model for calculating fair value as on the date of grant:

- i. Risk Free Rate : 7.12% (Vest 1), 7.31% (Vest 2), 7.46% (Vest 3)
- ii. Option Life : Average of [Minimum Life (Vesting period) + Maximum Life (Vesting period + Exercise period)], which is 3.50 Years (Vest 1), 4.51 Years (Vest 2), 5.51 Years (Vest 3)
- iii. Expected Volatility \* : 52.89% (Vest 1), 55.72% (Vest 2), 58.15% (Vest 3)
- iv. Dividend Yield : 1.15%

\* Expected volatility on the Company's stock price on Bombay Stock Exchange based on the data commensurate with the expected life of the option upto the date of grant.

## 40 Disclosure on Financial Instruments

### 40.1 Classification of Financial Assets and Liabilities

Particulars	Note No.	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>Financial Assets at amortised cost:</b>				
Trade Receivables	8	<b>1,894.49</b>	1,450.81	1,407.57
Loans	4 & 11	<b>545.90</b>	690.36	710.01
Cash and Bank Balances	9 & 10	<b>8,148.41</b>	6,990.13	6,405.35
Other Financial Assets	5 & 12	<b>335.56</b>	273.15	257.01
<b>Financial Assets at fair value through Other Comprehensive Income:</b>				
Investments	3	<b>614.36</b>	618.97	561.79
<b>Total</b>		<b>11,538.72</b>	10,023.42	9,341.73
<b>Financial Liabilities at amortised cost:</b>				
Term Loan from Banks (Non-current)	16	<b>295.68</b>	212.18	120.11
Cash Credit	19	-	-	454.64
Overdraft against lien of Bank Fixed Deposits	19	<b>1,306.38</b>	1,462.07	1,337.43
Trade payables	20	<b>5,217.57</b>	5,073.83	2,860.30
Other Financial Liabilities	21	<b>2,366.69</b>	2,638.84	2,768.96
<b>Total</b>		<b>9,186.32</b>	9,386.92	7,541.44



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The fair value of Bank Deposits with more than 12 months maturities & earmarked balances and fair value of borrowed funds approximate carrying value as the interest rate of the said instruments are at the prevailing market rate of interest.

The carrying amount of financial assets and financial liabilities (other than borrowed funds) measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

### 40.2 Fair Value Measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Receivables are evaluated by the Holding company based on history of past default as well as individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables, if required.
- The fair value of interest free loans given is estimated by discounting future cash flows using rates currently available for loans with similar terms, credit risk and remaining maturities.
- The fair values of quoted equity instruments are derived from quoted market prices in active markets.

The Group has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1 - This hierarchy uses quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>Financial Assets at fair value through Other Comprehensive Income:</b>			
Investments - Level 1	<b>612.74</b>	617.35	560.17
Investments - Level 2	<b>1.62</b>	1.62	1.62
<b>Total</b>	<b>614.36</b>	618.97	561.79

There is no transfer between Level 1 and Level 2 during the year.

### 40.3 Financial Risk Management Framework:

#### Holding Company

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets comprises of trade and other receivables, cash and cash equivalents and bank balances other than cash and cash equivalents that are derived directly from its operations.

The Company's activities exposes it to market risk, credit risk and liquidity risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The Company's senior management oversees the management of these risks. They provide assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The sources of risks which the company is exposed to and their management is given below:

Risk	Exposure Arising From	Measurement	Management
Credit Risk	Trade Receivables, Loans	Ageing Analysis, Credit Rating	Credit limit and credit worthiness monitoring, Criteria based approval process
Liquidity Risk	Borrowings and Other Liabilities	Cash flow forecasts	Adequate unused credit facilities and sufficient Bank FDRs
Foreign Exchange Risk	Committed commercial transaction, Financial asset and Liabilities not denominated in INR	There are no major foreign exchange transactions	Foreign exchange transaction are in the nature of current payment and effected at current exchange rate.
Commodity Price Risk	Movement in prices of commodities mainly Imported Steam Coal	Sensitivity Analysis, Commodity price tracking	Orders are placed based on the best price quoted by parties.

Sensitivity Analysis, Commodity price tracking Orders are placed based on the best price quoted by parties.

### Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks – interest rate risk, foreign exchange risk and commodity price risk in a fluctuating market environment. Financial instrument affected by market risks includes foreign currency receivables and payables.

The Company has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

### Foreign Exchange Risk:

Foreign exchange risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the import of fuels, raw materials and spare parts, capital expenditure and export of cement.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures.

Outstanding foreign currency exposure	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs
<b>Trade Advances</b>		
GBP	<b>3.62</b>	30.51
Euro	<b>7.35</b>	-
<b>Trade Payables</b>		
GBP	<b>2.30</b>	0.95

### Foreign currency sensitivity on unhedged exposure:

Since the exposure is not significant, 1% increase in foreign exchange rates will have negligible impact on profit before tax.

### Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates only to the overdraft facility availed in INR against fixed deposits. The Company doesn't have foreign currency borrowings. The company parks surplus funds in fixed deposits and avails overdraft facility against same to meet temporary fund requirement. The interest rate on overdraft facility is linked with interest rate on fixed deposit. Any adverse movement in interest rate will not affect profit before tax since the same will be offset by interest income earned on corresponding fixed deposit. Hence the interest rate risk is self mitigated.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Interest rate exposure:

There is no significant interest rate risk as overdraft facility against fixed deposits have fixed margin over the interest rates of fixed deposits.

### Commodity Price Risk:

Commodity price risk arises due to fluctuation in prices of coal, pet coke and other products. The company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

### Credit Risk Management:

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities mainly deposits with banks and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

### Trade Receivables:

Customer credit is managed as per Company's established policy procedures and control related to customer credit risk management. The Company has credit evaluation policy for each customer and based on the evaluation maximum exposure limit of each customer is defined. Wherever the Company assesses the credit risk as high the exposure is backed by either bank guarantee / letter of credit or security deposits.

Export sales is mainly against advance payment or letter of credit.

Generally deposits are taken from domestic debtors. Apart from deposit, there is a third party agent area wise. In case any customer defaults, the amount is first recovered from third party agent, then from the agent's commission. Each outstanding customer receivable is regularly monitored and if outstanding is above due date, further sales orders are controlled and can only be fulfilled if there is a proper justification. The Company does not have higher concentration of credit risks to a single customer.

Total Trade receivable as on March 31, 2018 is ₹ 1,910.07 Lacs (previous year ₹ 1,605.30 Lacs, as at April 01, 2016 ₹ 1,564.84 Lacs)

In view of above robust credit policy and considering past history of insignificant bad debts, allowance for expected credit losses based on provision matrix, which uses an estimated default rate, will not give a true picture. Instead company makes allowance for credit losses based on specific identification. This is further substantiated by the fact that entire bad debt written off during the year of ₹ 124.48 lacs was fully provided for in earlier years. The movement in allowance for credit losses is as below:

Particulars	As at March 31, 2018 ₹ in lacs	As at March 31, 2017 ₹ in lacs
<b>Opening Allowance</b>	<b>154.49</b>	157.27
Add: Provided during the year	-	-
Less: Utilised / written back during the year	<b>138.91</b>	2.78
<b>Closing Allowance</b>	<b>15.58</b>	154.49

### Cash and Cash Equivalent and Bank Deposit:

Credit Risk on cash and cash equivalent, deposits with the banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic rating agencies.

### Subsidiaries

#### i. Agrima Consultants International Ltd

The Company's source of revenue is rental income which is not exposed to any kind of the market risk or credit risk since the same is derived from holding company and one other company in which Key Management Personnel of holding company is common.

#### ii. Others

The other subsidiaries are not involved into any business activity during the year and hence not exposed to any kind of the market risk or credit risk.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Group

#### Liquidity Risk:

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows on daily, monthly and yearly basis. Loan arrangements, credit limits with various banks including working capital and monitoring of operational and working capital issues are always kept in mind for better liquidity management. In addition, processes and policies related to such risks are overseen by senior management.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

₹ in lacs

<b>As at March 31, 2018</b>	<b>Less than 1 year / On demand</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings (including current maturities of long-term debts)	<b>1,419.66</b>	<b>295.68</b>	-	<b>1,715.34</b>
Trade payables	<b>5,217.57</b>	-	-	<b>5,217.57</b>
Other financial liabilities	<b>2,253.41</b>	-	-	<b>2,253.41</b>

₹ in lacs

<b>As at March 31, 2017</b>	<b>Less than 1 year / On demand</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings (including current maturities of long-term debts)	1,514.46	212.18	-	1,726.64
Trade payables	5,073.83	-	-	5,073.83
Other financial liabilities	2,586.45	-	-	2,586.45

₹ in lacs

<b>As at April 01, 2016</b>	<b>Less than 1 year / On demand</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings (including current maturities of long-term debts)	1,811.98	120.11	-	1,932.09
Trade payables	2,860.30	-	-	2,860.30
Other financial liabilities	2,749.05	-	-	2,749.05

#### 40.4 Disclosure as required by Ind AS 7

Reconciliation of liabilities and financial assets as arising from financing activities

₹ in lacs

<b>For the year ended March 31, 2018</b>	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non Cash Changes</b>	<b>Closing Balance</b>
Short Term Borrowings	<b>1,462.07</b>	<b>(155.69)</b>	-	<b>1,306.38</b>
Long Term Borrowings (including Current maturities)	<b>264.57</b>	<b>144.39</b>	-	<b>408.96</b>
Bank Balances other than Cash and Cash Equivalents	<b>6,426.32</b>	<b>(1,155.96)</b>	-	<b>7,582.28</b>

₹ in lacs

<b>For the year ended March 31, 2017</b>	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non Cash Changes</b>	<b>Closing Balance</b>
Short Term Borrowings	1,792.07	(330.00)	-	1,462.07
Long Term Borrowings (including Current maturities)	140.02	124.55	-	264.57
Bank Balances other than Cash and Cash Equivalents	6,073.23	(353.09)	-	6,426.32
Amounts Payable on Redemption of Preference Shares	0.93	(0.29)	-	0.64

Note: Figures in bracket indicates cash outflows.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 41 Disclosure by way of Additional information as required for the preparation of Consolidated Financial Statements under Schedule III to the Companies Act, 2013:

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in Profit or (Loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of Consolidated Net Assets	₹ in lacs	As % of Consolidated Profit or (Loss)	₹ in lacs	As % of Consolidated OCI	₹ in lacs	As % of Consolidated TCI	₹ in lacs
1	2	3	4	5	6	7	8	9
Parent :								
Saurashtra Cement Limited	97.52%	40,525.02	100.30%	6,264.43	18.54%	(1.04)	100.36%	6,263.39
Subsidiaries (Indian):								
1 Pranay Holdings Limited	0.76%	317.51	-0.01%	(0.45)	26.38%	(1.48)	-0.03%	(1.93)
2 Prachit Holdings Limited	0.75%	312.26	-0.01%	(0.46)	26.38%	(1.48)	-0.03%	(1.94)
3 Ria Holdings Limited	0.76%	313.95	-0.01%	(0.46)	26.56%	(1.49)	-0.03%	(1.95)
4 Reeti Investments Private Limited	0.04%	17.07	-0.01%	(0.38)	2.14%	(0.12)	-0.01%	(0.50)
5 Agrima Consultants International Limited	0.17%	71.97	-0.26%	(16.41)	-	-	-0.26%	(16.41)
Minority Interest	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>41,557.78</b>	<b>100.00%</b>	<b>6,246.27</b>	<b>100.00%</b>	<b>(5.61)</b>	<b>100.00%</b>	<b>6,240.66</b>

### 42 First-time adoption of Ind AS:

- i. These consolidated financial statements, for the year ended March 31, 2018, are the first consolidated financial statements, the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at April 01, 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP consolidated financial statements, including the Consolidated Balance Sheet as at April 01, 2016 and the consolidated financial statements as at and for the year ended March 31, 2017 and how the transition from IGAAP to Ind AS has affected the Group's consolidated financial position, consolidated financial performance and consolidated cash flows.

#### ii. Exemptions applied:

- The Holding Company has elected not to apply Ind AS 103 - Business Combinations retrospectively to past business combinations that occurred before the date of transition of April 01, 2016. Consequently, the Holding Company has kept the same classification for the past business combinations as in its previous GAAP consolidated financial statements.
- The Group has elected to measure items of Property, Plant and Equipment and Intangible Assets at Cost except certain class of assets which are measured at fair value as deemed cost as at the date of transition.
- The Group has designated investment in quoted and unquoted equity shares held at the date of transition as fair value through OCI.

#### iii. Exception applied:

Derecognition of financial assets and liabilities – Financial assets and liabilities derecognized before the date of transition are not re-recognized under Ind-AS. The Group has not chosen to apply the Ind AS 109 - Financial Instruments derecognition criteria to an earlier date.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 42.1 Disclosure as required by Ind AS 101 - First time adoption of Indian Accounting Standards

#### A Reconciliation of Total Comprehensive Income and Total Equity between Indian GAAP and Ind AS

Nature of adjustments	Note No.	Total Comprehensive Income	Total Equity	
		For the year ended March 31, 2017 ₹ in lacs	As at March 31, 2017 ₹ in lacs	As at April 01, 2016 ₹ in lacs
<b>Net Profit / Total Equity as per Indian GAAP</b>		963.78	28,147.08	26,504.36
For recognition of spare parts as PPE	1 & 6	535.80	445.03	(90.76)
Recognition of fair value of freehold land as at April 01, 2016 as per Ind AS 101	1	-	11,236.05	11,236.05
Deferred Tax (Net)	3	(130.70)	(2,712.41)	(2,587.63)
Adoption of cost model for PPE	1	4.70	(194.65)	(420.40)
Gain / (Loss) on fair valuation of other investments	2	-	(877.91)	(935.16)
Actuarial Loss considered in OCI	5	17.19	-	-
Proposed Dividend including DDT	4	-	-	658.27
		<u>426.99</u>	<u>7,896.11</u>	<u>7,860.37</u>
<b>Net Profit before OCI / Total Equity as per Ind AS</b>		<u>1,390.77</u>	<u>36,043.19</u>	<u>34,364.73</u>
Other Comprehensive Income (net of tax)	7	45.94	-	-
<b>Total Comprehensive Income / Total Equity as per Ind AS</b>		<u><u>1,436.71</u></u>	<u><u>36,043.19</u></u>	<u><u>34,364.73</u></u>

#### B Reconciliation of Consolidated Statement of Cash flow for the year ended March 31, 2017

	For the year ended March 31, 2017 (Ind AS) ₹ in lacs	Effect of transition to Ind AS ₹ in lacs	For the year ended March 31, 2017 (Ind AS) ₹ in lacs
Net Cash flow from Operating Activities	3,267.59	158.50	3,426.09
Net Cash flow from Investing Activities	(2,384.70)	(158.41)	(2,543.11)
Net Cash flow from Financing Activities	<u>(651.21)</u>	<u>(0.09)</u>	<u>(651.30)</u>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<u>231.68</u>	<u>-</u>	<u>231.68</u>
Cash and Cash Equivalents as at April 01, 2016	<u>332.12</u>		<u>332.12</u>
<b>Cash and Cash Equivalents as at March 31, 2017</b>	<u><u>563.81</u></u>		<u><u>563.81</u></u>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the reconciliation of Total Comprehensive Income and Total Equity between Indian GAAP and Ind AS:

#### 1 Property, Plant and Equipment

- i. The Group has elected to measure items of Property, Plant and Equipment at Cost as per Ind AS 16 (Refer (iii) below).
- ii. As per Ind AS 16, spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment ('PPE') when they meet the following criteria:
  - a. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
  - b. Are expected to be used during more than one period.

Based on the above provision, stores and spares satisfying above criteria are de-recognised from Inventory and capitalized as PPE from the date of purchase.

- iii. The Holding Company has considered fair value as deemed cost for its land located at Ranavav, Dist. - Porbandar, Gujarat - 360 560 in accordance with stipulations of Ind AS 101 with the resultant impact of ₹ 11,236.05 lacs being recognised in Retained Earnings.

#### 2 Investments

The Group has designated investments at Fair Value through Other Comprehensive Income.

#### 3 Deferred Tax:

- i. IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred Tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or profit and loss respectively.
- ii. As per Ind AS 12, the Holding Company has considered MAT entitlement credit as deferred tax asset being unused tax credit entitlement.

#### 4 Proposed Dividend:

Under IGAAP, proposed dividend and tax thereon are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognised as a liability in the period in which it is declared (on approval of shareholders in a general meeting) or paid. In case of the Holding Company, the declaration of dividend occurs after period end. Accordingly, proposed dividend has been reversed as at the date of transition and adjusted in retained earnings.

#### 5 Defined benefit liabilities:

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### 6 Stores and Spares:

With reference to Point No. 1, Spare parts meeting criteria of PPE has been reduced from inventory. Further Stores and Spares consumption has been reversed from Consolidated Statement of Profit and Loss which has been capitalised as PPE. Depreciation on capitalized stores and spares till the date of transition has been accounted for in Retained Earnings and has been charged to Consolidated Statement of Profit and Loss for the year ended March 31, 2017.

#### 7 Other Comprehensive Income:

In accordance with Ind AS, Other Comprehensive Income includes gain / (loss) on fair valuation of investment in quoted shares and remeasurements of defined benefit plans.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	<b>For the year ended March 31, 2018 ₹ in lacs</b>	For the year ended March 31, 2017 ₹ in lacs
<b>43 Earnings Per Share</b>		
Weighted average number of equity shares of ₹ 10 each		
Amount paid up per Share ₹ 5 hence considered proportionate	-	9,000,000
Number of Days in the current year for the partly paid up shares	-	157
Weighted average number partly paid up equity shares of ₹ 10 each	-	3,871,233
Balance at beginning of year	<b>69,191,065</b>	60,191,065
Weighted average number of equity shares of ₹ 10 each	<b>69,191,065</b>	64,062,298
Net Profit for the year	<b>6,246.27</b>	1,390.77
Basic earnings per share (in ₹)	<b>9.03</b>	2.17
Equity Shares to be allotted in future against grant of options to Employees under Employees Stock Option Scheme (ESOS) 2017, that could potentially dilute basic earning per share (EPS) in the future, but are not included in the calculation of diluted EPS because they are antidilutive for the year.	<b>1,633,253</b>	-
Diluted earnings per share (in ₹)	<b>9.03</b>	2.17

As per our report of even date attached

For **MANUBHAI & SHAH LLP**

Chartered Accountants

Firm Registration No. 106041W / W100136

**K C Patel**

Partner

Membership No. 30083

Mumbai, Dated May 24, 2018

**For and on Behalf of the Board of Directors**

M. N. Mehta

Chairman

Jay M. Mehta

Executive Vice-Chairman

M. N. Rao

Director

M. S. Gilotra

Managing Director

Rakesh Mehta

Chief Financial Officer

Sonali Sanas

Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018



## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

(₹ in Lacs)

Sl. No.	1	2	3	4	5	6
Name of the Subsidiary Companies	Pranay Holdings Limited	Prachit Holdings Limited	Ria Holdings Limited	Reeti Investments Private Limited	Agrima Consultants International Limited	Concorde Cement (Private) Limited
Share capital	1,000.00	1,000.00	1,000.00	400.00	40.41	9.19
Reserves & surplus	(681.95)	(691.07)	(685.51)	(424.86)	(146.58)	-
Total Assets	318.17	312.32	314.55	17.17	75.61	-
Total Liabilities	0.12	3.39	0.06	42.03	181.78	-
Investments	198.35	199.04	198.99	16.34	0.25	-
Turnover	0.04	-	0.04	-	29.13	-
Profit / (Loss) before taxation	(0.41)	(0.58)	(0.42)	(0.49)	(4.41)	-
Provision for taxation	-	-	-	-	-	-
Profit / (Loss) after taxation	(0.41)	(0.58)	(0.42)	(0.49)	(4.41)	-
Proposed Dividend	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%

### For and on Behalf of the Board of Directors

M. N. Mehta	Chairman
Jay M. Mehta	Executive Vice-Chairman
M. N. Rao	Director
M. S. Gilotra	Managing Director
Rakesh Mehta	Chief Financial Officer
Sonali Sanas	Vice President (Legal) & Company Secretary

Mumbai, Dated May 24, 2018



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