

**PUSHING BOUNDARIES...
LEAPING AHEAD**



SINCE 1944

73rd Annual Report
2017-18

SHREE DIGVIJAY CEMENT CO. LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- Mr. A. K. Chhatwani
– Independent Director & Chairman
- Mr. A. Kumaresan
– Independent Director
- Mr. Sven Erik Oppelstrup Madsen
– Non-Executive / Non-Independent Director
(Till 24th January, 2018)
- Mr. Jorge Alejandro Wagner
– Non-Executive / Non-Independent Director
(From 24th January, 2018)
- Mr. Persio Morassutti
– Non-Executive / Non-Independent Director
- Ms. Meike Albrecht
– Non-Executive / Non-Independent Director
- Mr. K.K. Rajeev Nambiar
– CEO & Whole-time Director

AUDIT COMMITTEE

- Mr. A. K. Chhatwani – Chairman
- Mr. A. Kumaresan - Member
- Mr. Persio Morassutti - Member

NOMINATION AND REMUNERATION COMMITTEE

- Mr. A. Kumaresan – Chairman
- Mr. A. K. Chhatwani - Member
- Ms. Meike Albrecht - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

- Mr. A. Kumaresan – Chairman
- Mr. A. K. Chhatwani - Member
- Ms. Meike Albrecht - Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- Mr. A. K. Chhatwani – Chairman
- Mr. A. Kumaresan - Member
- Mr. K.K. Rajeev Nambiar – Member

COMPANY SECRETARY & COMPLIANCE OFFICER

- Mr. Suresh Meher – A.V.P. (Legal) and Company Secretary

EXECUTIVES

- | | | |
|------------------------|---|---------------|
| Mr. Vikas Kumar | – | CFO |
| Mr. P.R.Singh | – | V. P (Mktg.) |
| Mr. T.L.Narendran | – | A.V.P (Tech.) |
| Mr. Satendra Chaudhary | – | A.V.P (H.R) |
| Dr. Girish Mehta | – | G.M (SCM) |

AUDITORS

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

INTERNAL AUDITORS

Deloitte Haskins & Sells LLP
19th floor, Shapath-V, Bds. Crowne Plaza,
S.G. Highway, Ahmedabad 380 015, Gujarat, India

COST AUDITORS

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

SECRETARIAL AUDITORS

M/s Manoj Hurkat & Associates
Practising Company Secretaries
306, Arth Complex, B/h L.G Showroom
Navrangpura, Ahmedabad - 380009

REGISTERED OFFICE AND WORKS

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

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
(Unit – Shree Digvijay Cement Co. Ltd.)
C-201,247 Park, LBS Marg, Vikhroli (West)
Mumbai – 400 083

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FORM OF PROXY / ATTENDANCE SLIP

SHREE DIGVIJAY CEMENT CO. LTD.

PUSHING BOUNDARIES... LEAPING AHEAD

The performance of “**SHREE DIGVIJAY CEMENT CO. LTD**” for the year 2017-18 ended on March 31, 2018 saw tremendous success resulting in strong financial performance despite of challenges with increased energy and fuel cost, solid support from manufacturing helped keep the manufacturing cost under control. This sheer performance was supported by momentum from strong sales volume growth, taking the capacity utilization up by 10%. We are clear on what we aim for – Creating values for our shareholders and all our future endeavors are directed towards this aim.” **said K. K Rajeev Nambiar - CEO and Whole Time Director.**

Performance : Net Income from Operations grew by 18% to 430 Crores compared to 363 Crores for the same financial year ended last year. The operating Profit saw strong growth up by 170% to 53.47 Crores as against 19.82 Crores during last financial year FY 2017-18. Strong sales volume momentum was seen with the sales up by 13% against the same year ended March 31, YOY basis reflecting a solid trust in customer perception.

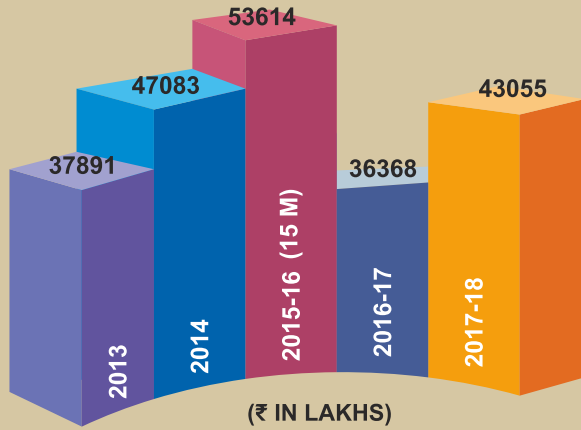
Solid controls on manufacturing helped to keep the manufacturing cost under control despite of rising Petcoke prices and Electricity prices. Robust controls on Fixed Costs, sustainable improvement in operational efficiencies & Optimized selling patterns helped us to deliver strong results.

Future Outlook : With the Government increasing the spending on infrastructure, especially on roads & housing projects, we expect to see increase in demand of cement in the FY 2018-19.

KEY PERFORMANCE INDICATORS

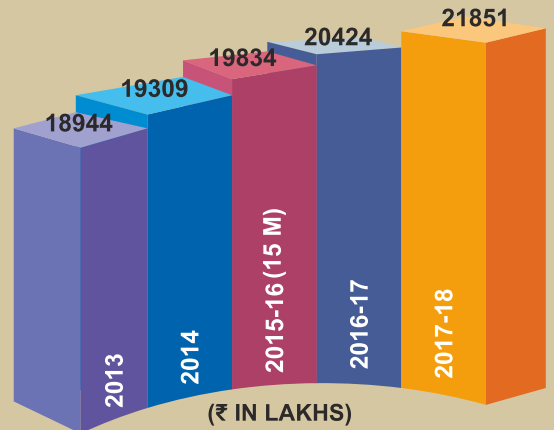
REVENUE GROWTH

18.4%



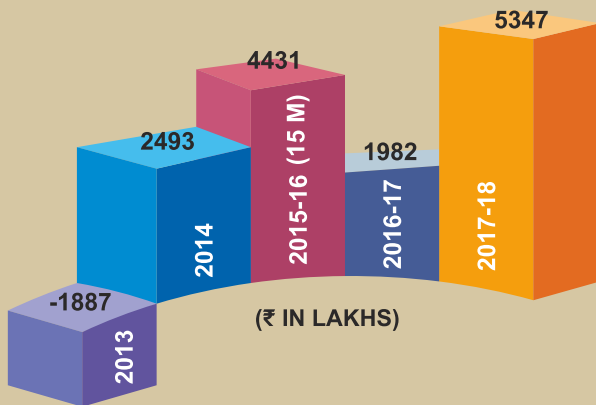
NET WORTH

7%



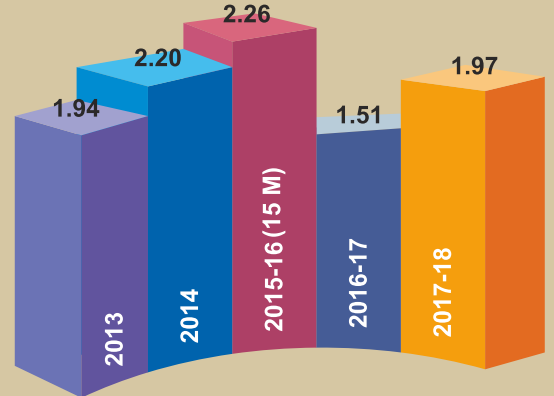
EBITDA

170%



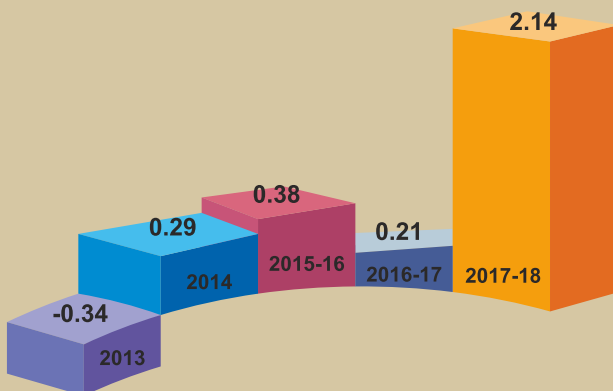
FIXED ASSET TURNOVER RATIO

30.5%



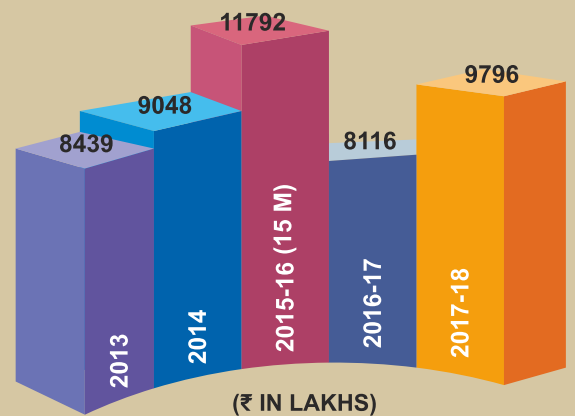
DEBT COVERAGE RATIO

10x



CONTRIBUTION TO EXCHEQUER

20.7%



BUILDING THE NATION SINCE 1944

OUR AREAS OF OPERATIONS

BUILDING



RESIDENTIAL &
NON- RESIDENTIAL
BUILDINGS



COMMERCIAL
SHOPPING
MALL



AFFORDABLE
HOUSING



PUBLIC
BUILDINGS

INFRASTRUCTURE



TRANSPORT



ROADS



DAMS



INDUSTRIES



OIL
&
GAS

NOTICE

NOTICE is hereby given that the **Seventy-Third** Annual General Meeting of the Members of **SHREE DIGVIJAY CEMENT COMPANY LIMITED** (CIN L26940G1944PLC000749) will be held at the Registered Office of the Company at **DIGVIJAYGRAM** 361 140 Via: Jamnagar, Gujarat on Friday, 7th September 2018 at 9:30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt

The Audited Financial Statements of the Company for the financial year ended 31st March, 2018, together with the Reports of the Board of Directors and the Auditors' thereon.

2. Re-appointment of retiring Director

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

3. Appointment of Statutory Auditors and fixing their remuneration

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 140 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. B S R & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No. 116231W/W-100024), be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s. Price Waterhouse, Chartered Accountants of Mumbai due to casual vacancy arising from their resignation as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 78th Annual General Meeting of the Company to be held in the calendar year 2023 and the Board of Directors of the Company be and are hereby authorized to fix such remuneration (along with taxes and out of pocket expenses) as may be determined by the Audit Committee in consultation with the Auditors, and such remuneration may be paid on a progressive billing basis to be agreed upon between the Auditors and the Board of Directors of the Company."

SPECIAL BUSINESS:

4. Appointment of Mr. Jorge Alejandro Wagner as Non-Executive & Non-Independent Director:

To consider and if thought fit, to pass the following resolution which will be proposed as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable Regulations under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Jorge Alejandro Wagner (DIN:0007935739), who was appointed by the Board of Directors as an Additional Director with effect from 24th January, 2018 pursuant to Section 161 of the Act and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company in the category of a Non-Executive & Non Independent Director, liable to retire by rotation."

5. Re-appointment of Mr. KK Rajeev Nambiar designated as a CEO & Whole-time / Managing Director and fixation of remuneration:

To re-appoint Mr. KK Rajeev Nambiar as a Whole-time Director designated as CEO & Whole-time / Managing Director and in this regard, pass the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the approval of the Central Government, if required, consent of the Members be and is hereby accorded to re-appoint Mr. KK Rajeev Nambiar (DIN: 07313541) as a Whole-time Director of the Company for a further period of 3 (three) years effective from 1st August, 2018, designated as "Chief Executive Officer (CEO) & Whole-time Director" till the date of this Annual General Meeting and as "CEO & Managing Director" effective from this Annual General Meeting till 31st July, 2021, on the terms and conditions including remuneration as set out in the Explanatory

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Nomination and Remuneration Committee or any committee of the Board constituted to exercise its power including the powers conferred by this resolution) to determine, alter, revise or vary the terms and conditions of the said re-appointment and / or remuneration, as it may deem fit."

"RESOLVED FURTHER THAT even in the absence of or inadequacy of profits in any Financial Year, subject to the provisions of Schedule V of the Act and such other approvals as may be required, Mr. KK Rajeev Nambiar be paid the same remuneration as mentioned above as minimum remuneration for the entire tenure or such period as may be approved by the Shareholders of the Company and / or Central Government, if required."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider, necessary, expedient or desirable in order to give effect to this resolution and to delegate (to the extent permitted by law) all or any of the powers herein conferred to any officer of the Company."

6. Ratification of Remuneration to Cost Auditor

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof), the Company hereby ratifies the remuneration of ₹ 1,25,000/- (Rupees One lakh twenty five thousand only) plus applicable tax and out of pocket expenses actually incurred and payable to M/s. Kiran J. Mehta & Co, Cost Accountants (Firm Registration No. 000025), who are appointed by the Board of Directors on the recommendation of the Audit Committee as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2018-19.

By Order of the Board

Suresh Meher
Asst. Vice President (Legal)
& Company Secretary

Place: Mumbai

Date: 3rd August, 2018

NOTES:

1. The relative Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Items No. 2, 4 & 5 of the accompanying Notice is annexed hereto.

2. A statement giving additional details of the Directors seeking appointment /re-appointment as set out at Item No.3 to 5 are annexed herewith as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and para 1.2.5 of Secretarial Standard on General Meeting (SS-2) notified under the Companies Act, 2013.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. In order that the appointment of a proxy is effective, the instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the commencement of the meeting.

4. A person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total paid-up Share Capital of the Company carrying voting rights. A member holding more than ten percent of the total paid up share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other Member.

5. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting pursuant to Section 113 of the Companies Act 2013, are requested to send the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.

6. Members, proxies and Authorized representative are requested to bring to the meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No.

7. In case of joint holders attending the Meeting, the joint holder who is higher in the order of names will be entitled to vote at the meeting.

8. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours upto the date of the Meeting.

9. The Register of Members and Share Transfer Books of the Company shall remain closed from 31st August, 2018 to 7th September, 2018 (both days inclusive).

10. E-VOTING: In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI Regulations, as amended from time to time, the Company is pleased to provide members remote e-voting facility to exercise their right to vote by electronic means. Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 31st August, 2018, may cast their votes by electronic means or in the AGM on all the items of the business. Details of user id and password for e-voting alongwith other information with respect to Voting process and instructions, forming part of this Notice, is enclosed with this Annual Report.

Only those members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial owners maintained by the Depositories as on the cut-off date shall be entitled to vote. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date i.e. 31st August, 2018.

11. Pursuant to Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the Annual Report for the financial year 2017-18 is being sent through electronic mode to all the Members whose E-mail IDs are registered with the Company/ Depository Participants for communication purposes, unless any members has requested for physical copy of the same. For Members who have not registered their E-mail IDs with the Company/Depository Participants, a physical copy of the Annual Report for the year 2017-18 is being sent by the permitted mode.

The Notice of AGM and the Annual Report of the Company for the year ended 31st March, 2018 is uploaded on the Company's website <http://www.votorantimcimentos.co.in/SitePages/Agm-Notices.aspx> and may be accessed by the Members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

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

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

13. The Board of Directors in their Meeting held on 19th July, 2018 appointed Mr. Manoj Hurkat, Practicing Company Secretary, Ahmedabad of M/s Manoj

Hurkat & Associates (Membership No.4287 & CP No. 2574) or failing him any other Practicing Company Secretary, as may be appointed by authorised officials, as a Scrutinizer for overseeing the voting and remote e-voting process in a fair and transparent manner.

14. The Scrutinizer shall submit his report to the Chairman. Results declared alongwith report of the Scrutinizer shall be placed on the website of the Company <http://www.votorantimcimentos.co.in/SitePages/Agm-Notices.aspx> and on the website of CDSL www.evotingindia.com immediately after declaration of result by the Chairman or any person authorized by him in this behalf.

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

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

By Order of the Board

Suresh Meher
Asst. Vice President (Legal)
& Company Secretary

Place: Mumbai
Date: 3rd August, 2018

SHREE DIGVIJAY CEMENT COMPANY LIMITED

EXPLANATORY STATEMENT:

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

As required by Section 102 of the Act, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 6 of the accompanying Notice dated 3rd August, 2018

Item No.3:

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

As the members are aware, M/s Price Waterhouse (PWC), Chartered Accountant, Mumbai were appointed as the Statutory Auditors of the Company at the Annual General Meeting held on 8th May, 2013 and for a further period of five years under the Companies Act, 2013 at the Annual General Meeting held on 20th May, 2015. At the Annual General Meeting held on 20th June, 2017, Members of the Company ratified the appointment of PWC as Statutory Auditors of the Company to hold office till the conclusion of this Annual General Meeting.

Subsequent to discussions of Company's Management and Chairman of the Audit Committee on regulatory and other issues, PWC tendered their resignation as Statutory Auditors of the Company vide their letter dated 2nd August, 2018. However, PWC have confirmed their participation in this Annual General Meeting to respond any queries relating to their audit report on the audited financial statements for the year ended 31st March, 2018.

Based on recommendations of the Audit Committee of the Board, at their meeting held on 3rd August, 2018, the Board of Directors took note of the above and proposed to fill this casual vacancy and appoint M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) as the Statutory Auditors of the Company for a period of five years from the financial year 2018-19 to 2022-23.

B S R & Associates LLP is a member entity of B S R & Associates, a network registered with the Institute of Chartered Accountants of India and part of KPMG network. B S R & Associates LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Ahmedabad, Vadodara, and Kochi. M/s. B S R & Associates LLP, Chartered Accountants, Mumbai has given a certificate of their eligibility and willingness to act as the Company's Statutory Auditors, if appointed by the members at the Annual General Meeting.

The Company has also received a Special Notice from a member requesting the Company to move the resolution as laid down in the accompanying Notice.

It is therefore proposed to appoint M/s. B S R & Associates LLP, Chartered Accountants as Statutory Auditors in place of PWC as stated in the resolution under the above item of the Notice.

This statement shall be considered as circulation of Special Notice as received by the Company from a member for appointment of Statutory Auditors of the Company in place of existing Auditors.

Documents relating to this Agenda item are open for inspection at the Registered Office of the Company by members during normal business hours on all working days till the conclusion of Annual General Meeting.

None of the Directors, Managers, Key Managerial Personnel of the Company and their respective relatives is in any way interested in the resolution except to the extent of their shareholding in the Company.

The Board of Directors commends the Ordinary Resolution set out at Item No. 3 of the accompanying Notice for approval of the Members.

Item no.4

The Board of Directors on the recommendation of the Nomination & Remuneration Committee appointed Mr. Jorge Alejandro Wagner as an Additional Director of the Company with effect from 24th January, 2018 in the category of a Non-Executive and Non Independent Director. In accordance with Section 161(1) of the Companies Act, 2013, Mr. Jorge holds office up to the date of the Annual General Meeting and is eligible for appointment as a Director of the Company and is liable to retire by rotation. The Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying its intention to propose the candidature of Mr. Jorge as a Director of the Company. The above Notice is available for inspection by the Members of the Company at the Registered Office during office hours on all working days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting.

Mr. Jorge, currently CEO-Votorantim Cimentos EAA is a Deutsch National and has joined Votorantim Cimentos in 2002 as Director of Excellence Systems in Brazil. In 2005, he took responsibility for the ready-mix business (Engemix). In 2008, Mr. Jorge became president of one of the businesses at VCNA (Prestige) and, in 2012, he took the position of CEO in Spain. Mr. Jorge is a MBA from Purdue University, Indiana (USA) and a Mechanical Engineer from Universidad Nacional de Mar del Plata, Argentina.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Jorge, are in any way concerned or interested financially or otherwise in the Resolution.

The Board of Directors commends the Ordinary Resolution set out at Item No. 4 of the accompanying Notice for approval of the Members.

Item no.5

The Board of Directors of the Company ("the Board") at its meeting held on 19th July, 2018 has, subject to approval of members, re-appointed Mr. KK Rajeev Nambiar (DIN: 07313541) as a Whole-time Director, designated as "CEO & Whole-time Director", for a further period of 3 (three) years effective from 1st August, 2018, on terms and conditions including remuneration (a copy where of, intallated by the Chairman for the purpose of identification was placed before metting) as recommended by the Nomination and Remuneration Committee ("NRC") of the Board and approved by the Board. It is proposed to seek members' approval for the re-appointment and remuneration payable to Mr. KK Rajeev Nambiar as a Whole-time Director, designated as CEO & Whole-time Director of the Company, in terms of the applicable provisions of the Act. It was also deliberated at the Board meeting on recommendation of Chairman of NRC about the possibility of re-designating Mr. Nambiar as "CEO & Managing Director", and authorize the VCEAA CEO to take a decision in this regard, after detailed analysis. If decided, it would be deemed to be considered as recommendation of the Board to seek shareholders' approval for appointment of Mr. Rajeev Nambiar as CEO & Managing Director effective from this Annual General Meeting or any other date as may be decided. Accordingly, it was decided to re-designate Mr. Rajeev Nambiar as "CEO & Managing Director" effective from date of this Annual General Meeting. Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Nambiar are as under:

1. **Period of Appointment:** Three years with effect from 1st August, 2018, which may be extended by mutual agreement.
2. **Nature of Duties:** He will be in charge of the Company's operations and of matters related to India operations with full responsibility and accountability for its management and smooth operations. He shall devote full time and attention to the work of the Company and carry out the instructions of the superiors of the Board and Group and abide by all policies, general rules and regulations of the Company, and shall not undertake any direct/indirect business of work, honorary or remunerative, except with the permission of the Group CEO.
3. **Remuneration:**
 - a) **Emoluments:** ₹ 18,621,900/- (Rupees One Crore Eighty six lacs twenty one thousand nine hundred) per annum, consisting of Annual Base Salary (ABS) of ₹ 13,301,357/- (Rupees One Crore Thirty Three Lacs One Thousand Three Hundred Fifty seven) and variable pay @40% of ABS, with such increase in Annual Base Salary upto ₹17,000,000/- during his tenure as "CEO &

Whole-time/Managing Director", as the Board/Committee of Directors may decide from time to time inter alia covering the following specified payments and statutory allowances and the remaining balance amount to be bifurcated under various heads in mutual consent with the appointee in line with the Company's governing Rules:

- **Basic Salary:** ₹ 6,207,300/- (Rupees Sixty Two Lacs Seven Thousand Three Hundred) per annum, with such increase from time to time as the Board / Committee of Directors may decide.
- **Special Allowance (including HRA, If any):** ₹ 4,810,721/- (Rupees Fourty Eight lacs Ten thousand seven hundred twenty one) per annum, with such increase from time to time as the Board / Committee of Directors may decide.
- **Contribution towards Provident fund:** @ 12% of the basic salary [subject to revision in line with the notification(s) as may be promulgated by the Government during the tenure of appointment].
- **Personal Allowance** – @ 15% of the basic salary.
- **Gratuity** - @ 5% of the basic salary.
- Following Allowances annually with such increase proportionate to Basic Salary, as the Board / Committee of Directors may decide from time to time :
 - Leave Travel Allowance – ₹ 78,000/- annually;
 - Medical expenses reimbursement – Up to ₹15,000/- annually;
 - Conveyance Allowance – ₹ 180,000/- annually;
 - Uniform Allowances – Up to ₹ 21,600/- annually;
 - Education allowances – ₹ 2,400/- annually.
- o **Variable Pay System of the Company:** based on the achievement of pre-established goals, he will be entitled with a compensation of 40% of his Annual Base Salary. Over achievement is allowed up to a 150% of objectives achievement which could represent a maximum of 60% of the Annual Base Salary with consequent increase in gross Emoluments.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

4. Other benefits & Terms:

- o Fully furnished residential accommodation at Company's Colony;
- o One Company car with chauffeur and fuel for official use. He will be reimbursed fuel cost for personal use of Company owned car up to 300 km per month aggregating 3600 km per annum and the same shall be valued as per Income Tax Rules.
- o Executive Education Cost: The Company would bear the cost of the Executive Training, upto the amount equivalent of USD 30,000, subject to certain conditions defined in the employment contract.
- o Eligible to participate in Long Term Investment Plan, payment of one-time compensation equivalent to 1.5 times of the cost to company (CTC), in case of occurrence of certain events as more specifically described in the employment contract. Mr. K.K. Rajeev Nambiar is not entitled to any severance fees or compensation for loss of office as Whole-time / Managing Director.
- o Laptop and Mobile Phone
- o Free medical and hospitalization insurance for self, wife and direct relatives (limited to two children and dependent parents). No limits within the Health Group Insurance Network. Reimbursement out of network upto ₹ 500,000.
- o Accident and Life Insurance: as per Company's policy.
- o Leave and Gratuity: as per Company's policy.
- o Notice period: 3 months
- o Re-imbursement of other cost and expenses as per Company's policy.
- o Other Terms: As per Company's policies.

Mr. KK Rajeev Nambiar is interested in this resolution since it relates to his reappointment as Whole time / Managing Director of the Company.

Except above, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the Resolution except to the extent of their respective shareholding in the Company.

A copy of the draft resolution/other documents setting out the terms and conditions of appointment of Mr. Nambiar will be available for inspection without any fee by the members

at the Registered Office of the Company, at Digvijaygram, Dist. Jamnagar-Gujarat 361 140, India, during office hours on all working days between 10.00 A.M. and 12.00 Noon upto Tuesday, 4th September 2018 (i.e. the date of AGM) excluding Saturdays and shall also be uploaded on the website of the Company at <http://www.votorantimcimentos.co.in/SitePages/Announcement.aspx>.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

Item no.6

Ratification of Remuneration to Cost Auditor

The Board of Directors at their meeting held on 19th April, 2018, on the recommendation of the Audit Committee, has approved the appointment of M/s. Kiran J Mehta & Co, Cost Accountants, Ahmedabad as the Cost Auditors to conduct the audit of Cost records of the Company for the financial year ending on 31st March, 2019 on a remuneration of ₹1,25,000/- plus out of pocket expenses actually incurred for the purpose of such audit.

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

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

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for remuneration to the Cost Auditor for the financial year ending on 31st March, 2019.

None of the directors, managers, key managerial personnel of the Company and their respective relatives are in any way interested in the resolution except to the extent of their shareholding in the Company.

The Board of Directors commends the Ordinary Resolution set out at Item No. 6 of the accompanying Notice for approval of the Members.

By Order of the Board

Suresh Meher
Asst. Vice President (Legal)
& Company Secretary

Place: Mumbai
Date: 3rd August, 2018

INFORMATION/PROFILE ABOUT DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE 73RD ANNUAL GENERAL MEETING:

Name of Directors:	Mr. Persio Morassutti	Mr. Jorge Alejandro Wagner	Mr. KK Rajeev Nambiar
Director Identification Number (DIN)	07105548	07935739	07313541
Date of Birth	23 rd August, 1970	15 th August, 1968	30 th May, 1972
Nationality	Brazilian	Deutsch	Indian
Date of Appointment	25 th February, 2015	24 th January, 2018	28 th October, 2015
Qualification	Master of Business Administration	Master of Business Administration, Mechanical Engineer	B.E. (Mechanical)
Experience in specific functional area	Finance & IT	General Management, Operations, Technical, Planning & Strategy, consulting etc.	Operations, Technical area, Engineering, Commercial, Logistics and General Management
List of outside Company Directorship held	None	None	None
Chairman / Member of the Committee of the Directors of the Company	Audit Committee –Member	None	CSR Committee- Member
Other Directorship/ Chairman/Member of the Committee of the Board of other Companies in which he is a Director	None	None	None
The number of Meetings of the Board attended during the year	Out of 5 Meetings, he attended 4 Meetings during the financial year	Out of 2 Meetings during his tenure, he attended all 2 Meetings	Out of 5 Meetings, he attended all 5 Meetings during the financial year
Relationship between Directors Inter –Se	None	None	None
No. of Shares held in the Company	NIL	NIL	200 Equity Shares
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid	Since he is Non-Independent & Non-Executive Director there is no specific terms and conditions nor remuneration is payable to him, except that if re-appointed he will be liable to retire by rotation.	Since he is Non-Independent & Non-Executive Director there is no specific terms and conditions nor remuneration is payable to him, except that if re-appointed he will be liable to retire by rotation.	As per details described in Notice and Explanatory Statement
The remuneration last drawn by such person, if applicable	NIL	NIL	₹1,73,43,301

SHREE DIGVIJAY CEMENT COMPANY LIMITED

THE INFORMATION REQUIRED UNDER SUB-PARAGRAPH (B) OF PARAGRAPH (1) OF SECTION II OF PART - II OF SCHEDULE V OF THE COMPANIES ACT, 2013 IS GIVEN BELOW:

I. General Information:

1. Nature of Industry: Cement
2. Date or expected date of commencement of commercial production: 1949
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NA
4. Financial performance

(₹ in lakhs)

Particulars*	2017-18	2016-17	2015-16 (15 months)
Total Income	43,055	36,368	48,122
Profit Before Interest, Depreciation & Tax	5,346	4,431	4,431
Profit Before Tax	2,063	(1,384)	525
Profit After Tax	1,337	(905)	525
Dividend percentage	NIL	NIL	NIL

* Figures for FY 2017-18 and 16-17 as per Ind AS and FY 2015-16 as per previous GAAP

5. Foreign investments or collaborations, if any :NA

The holdings of Foreign Institutional Investors (FII) & NRI's as on 31st March, 2018 are 1.15 % of the equity share capital.

II. Information about the appointee:

1. Background details:

Mr. KK Rajeev Nambiar joined the Company on 2nd June, 2015 as Chief Executive Officer (CEO). A mechanical engineer from the National Institute of Technology Suratkal, Karnataka (India), Mr. Nambiar has a rich experience of over 22 years in the cement industry. Prior to joining the Company he was Head of Operations of ACC Limited at its Jamul unit and was associated with ACC for about 20 years. At ACC, He was also responsible for different roles in Operations, Technical area, Engineering, Human Resources, Commercial and Logistics. Some of his outstanding achievements in that organization included the commissioning of largest kiln at ACC Wadi.

Mr. Nambiar's impeccable technical acumen and excellent people management skills are widely recognized and validated by the fact that ACC has consistently shown a marked increase of Production, appreciable Cost reduction and quality improvement.

He is currently working as CEO & Whole-time Director of the Company and responsible for leading Votorantim Cimentos India's operation. Mr. Nambiar has always been the person with strong technical & business acumen and leadership, impeccable industry foresight, and has contributed in implementing several path breaking business processes in his current and past roles.

2. **Past Remuneration:** Mr. K K Rajeev Nambiar was paid remuneration of ₹ 1,73,43,301/- by the Company during the financial year ended 31st March, 2018.

3. **Recognition or award:** During his earlier tenure, he could steer his team in getting National Energy Conservation award and first Green Cement Company award by CII.

4. **Job Profile and his suitability:** Mr. K K Rajeev Nambiar is CEO & Whole-time Director of the Company and is currently responsible for leading Votorantim Cimentos India's operation. He has an extensive knowledge in cement industries and was heading ACC units in manufacturing operations all over India. He is mechanical engineer from the National Institute of Technology, Karnataka (India) and having outstanding professional career. Considering his vast experience and expertise, the Board considers him suitable for the position of Whole-time / Managing Director, subject to shareholders' approval of the Company.

5. **Remuneration Proposed:** As stated in the Explanatory Statement.

6. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** The remuneration offered to Mr. Nambiar is at par with the industry norms considering the nature of industry, profile and position of person.

7. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** Except for the remuneration drawn, Mr. KK Rajeev Nambiar does not have any pecuniary relation directly or indirectly with the Company. Mr. Nambiar is not related to any other Director or key managerial personnel of the Company. He is independent qualified professional.

III. Other Information:

1. **Reasons of loss or inadequate profits:** Inadequacy of profits in previous years is mainly attributable to slowdown of Indian economy, pressure on cement prices, competition, and increased cost of raw materials. Further increased costs of power and fuels have adversely affected the profitability of the Company.
2. **Steps taken or proposed to be taken for improvement:** To mitigate the adverse impact, the Company took various measures such as making alternate arrangements of purchasing raw materials at lower cost, executing contracts for power and fuels at best available lower cost, branding promotions, exploring new markets for sale of cement where better margins are available than in present markets.
3. **Expected increase in productivity and profits in measurable terms:** The Company has made substantial investment in plant for stabilizing the operations & plant capacity and exploring new markets. With the ramp up of operations at increased capacity, substantial contribution in revenue and profitability is expected in the coming years.

As per the growth trend the company projects a growth of 20% YoY.

IV. Disclosures:

1. Details of remuneration being offered are given in the above resolution, which will be

provided at appropriate places in the Corporate Governance Report and will be annexed to the Director's Report of the ensuing Annual General Meeting of the Company, to be held for the financial year 2018-19.

The disclosures in respect of remuneration package and other details of all the Directors for financial year 2017-18 were provided at appropriate places in the Corporate Governance Report annexed to the Directors' Report of financial year 2017-18.

2. The Company has not implemented any Stock Option plan.
3. The ceiling for the overall remuneration (inclusive of performance linked incentives) shall be as specified in the aforesaid resolution and may be altered/ revised from time to time within such overall limits approved by the Shareholders.
4. It is declared that Mr. K K Rajeev Nambiar is not having any interest in the capital of the Company or its holding company, directly or indirectly or through any other structures and does not have any direct or indirect interest or related to the directors or promoters of the Company or its holding company at any time during the last two years before or on the date of appointment and is having required qualification with expert and specialized knowledge in the field of his profession.

This Notice along with explanatory statement should also be considered as an abstract of the terms of the remuneration of Mr. Nambiar as CEO & Whole-time Director till the date of this Annual General Meeting (AGM) and as Managing Director effective from this AGM, subject to approval of shareholders, of the Company and a memorandum as to nature of concern or interest of the Directors in the said remuneration.

Registration / Updating of Email IDs and Bank Details

Members are requested to support the "Green Initiative" by registering their email address with the Company, if not already done. Those members who have changed their Email ID are requested to register their new Email ID with the Company in case the shares are held in physical form and with the Depository Participant where shares are held in Demat mode. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is required to maintain Bank details of its Members for the purpose of payment of Dividend etc. Members are requested to register / update their bank details with the Company in case the shares are held in physical form and with their Depository Participant as well as the Company where shares are held in Dematerialization mode, to enable expeditious credit of the dividend, if any, to their bank accounts electronically through ACH / NECS.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

DIRECTORS' REPORT

Dear Shareholders

Your Board of Directors has immense pleasure in presenting 73rd Annual Report of Shree Digvijay Cement Co. Ltd. along with audited financial statements for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS:

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

(₹ in lakhs)

Particulars	Current Year Ended 31.03.2018	Previous Year Ended 31.03.2017
Revenue from Operations (Gross) including Other Income	43,055	36,368
Operating Expense	37,709	34,386
Operating Profit (EBITDA)	5,346	1,982
Depreciation / Amortisation	2288	2,219
Interest	995	1,147
Profit / (Loss) Before Tax	2,063	(1,384)
Tax Expenses	726	(479)
Profit / (Loss) for the year	1,337	(905)
Other Comprehensive Income (OCI)	90	(21)
Total Comprehensive Income for the year	1,427	(926)
Balance brought forward from previous year	(2,556)	(1,630)
Total Profit / (Loss) Carried Over to Balance Sheet	(1,129)	(2,556)

(Previous year figures have been regrouped / reclassified, where necessary to confirm current year's classification)

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

Company's total income for the year was ₹ 43,055 lakhs, 18% higher over the previous year driven by higher sales volume and improvement in cement prices.

Profit before tax for the year was ₹ 2,063 lakhs as compared to loss of ₹ 1,384 lakhs in previous year.

Profit after tax for the year was ₹ 1,337 lakhs as compared to loss of ₹ 905 lakhs in previous year.

PRODUCTION AND SALES

(In lakhs MT)

	Current Year Ended 31. 03. 2018	Previous Year Ended 31.03.2017
Production:		
• Clinker	8.02	7.26
• Cement	9.62	8.49
Sales:		
• Cement	9.63	8.54
• Clinker	0.59	-

During the year under review, Cement production was 9.62 lakhs MT as against 8.49 lakhs MT in previous year. Clinker production was 8.02 lakhs MT as against 7.26 lakhs MT in previous year. This increased performance is mainly to higher demand and developed new market in Saurashtra region.

Your Company expects to further improve its operational performance during the current financial year.

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

DIVIDEND

In view of the accumulated losses, your Directors do not recommend any dividend on Share Capital.

SCHEME OF CAPITAL RESTRUCTURING

The Board of Directors, at their meeting held on 27th March 2018, approved the "Scheme of Arrangement for Restructuring of Capital & Other Reserve", wherein it was proposed to utilize Capital Redemption Reserve of ₹ 35,00,000/-, Securities Premium account of ₹ 20,43,244/- and Capital Reserve of ₹ 46,24,62,738/- in writing off the accumulated losses of ₹ 46,80,05,982/- as on 31st March, 2017. The remaining amount of capital reserve (arising out of total capital profit recognized in cash amounting to ₹ 87.00 Crores) after utilizing in writing off accumulated losses as above, to the extent of ₹ 40,75,37,262/- is proposed to be transferred to Business Development Reserve to be created under the Scheme and to be utilized, as more particularly specified in the Scheme. This exercise would be subject to the approval of shareholders, Stock Exchange, SEBI, National Company Law Tribunal, and other Authorities.

SHARE CAPITAL

The paid-up Equity Share Capital as on 31st March, 2018 was ₹ 1,41,37,42,780/-. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares to the Employees or Directors of the Company.

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

INDIAN ACCOUNTING STANDARDS (IND AS)

The financial results of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) rules, 2015, Companies (Indian Accounting Standards) amendment rules 2016 and in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)

Regulation, 2015 and SEBI circular dated 05th July, 2016. The Company has for the first time adopted Ind AS for the financial year commencing from 01st April, 2017 with a transition date of 01st April, 2016. Figures for the previous year have also been re-stated in line with the requirements of the above Rules.

DEPOSITS

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

LOANS, GUARANTEES AND INVESTMENTS

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

NUMBER OF MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors.

Board Meeting

During the year, five Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, Secretarial Standards – 1 (SS-1) issued by the Institute of Company Secretaries of India and SEBI LODR.

Audit Committee

The Audit Committee comprises of three members. The Chairman of the Committee is an Independent Director. The Committee met six times during the year. Details of the role and responsibilities of the Audit Committee, the particulars of meetings held and attendance of the Members at such Meetings are given in the Corporate Governance Report.

Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee of Directors, majority of members are Independent Directors. The Committee met three times during the year. Details of the role and responsibilities of the Committee, the particulars of meetings held and attendance of the Members at such Meetings are given in the Corporate Governance Report.

CSR Committee

The CSR Committee comprises of three members, of which two are Independent Directors. The Chairman of the Committee is an Independent Director. The Committee met twice during the reporting period. Details of the role and functioning of the Committee are given in the Corporate Governance Report.

More details about all the Committees of the Board is stated in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in preparation of Annual Accounts for the financial year ended 31st March 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2018 and the profit and loss of the Company for that Year;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts of the Company on a going concern basis;
- (e) the Directors have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for nomination and appointment of Directors, senior Management, Key managerial Personnel and their remuneration. The details of Nomination and Remuneration Policy is stated in the Corporate Governance Report and uploaded on website of the company at <http://www.votorantimcementos.co.in/SitePages/Policies.aspx>. The Policy is followed for nomination and appointment of Directors, Senior Management, Key managerial Personnel and other employees in Senior Management category, who directly reports to CEO of the Company and also process of deciding their remuneration. The Nomination and Remuneration Committee reviews and recommend to the Board the payment of remuneration to said Directors, Key Managerial Personnel and other employees in Senior Management category, who directly reports to CEO of the Company.

The Board of Directors of the Company follows the criteria for determining qualification, positive attributes, Independence of Directors as per Nomination and

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Remuneration Policy and all appointments are in compliance with said policy, the Board Diversity Policy and other applicable policies of Votorantim Group and of the Company.

Directors are appointed /re-appointed with the approval of the Members for a term in accordance with the provisions of the law and the Articles of Association. The initial appointment of CEO and Whole-time Director is generally for a period of three years. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise specifically provided under the Articles of Association or under any statute or terms of appointment. One third of the Directors who are liable to retire by rotation, retire at every annual general Meeting and are eligible for re-appointment.

The details of remuneration paid to the Managerial Personnel forms part of the Corporate Governance Report.

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES

Details of Contracts/arrangement with the Related Parties are appearing under Note no. 37b and form part of this report. All related party transactions that were entered into during the year under report were on arm's length basis and were in the ordinary course of business. The related party transactions made by the Company with Promoter Company have no potential conflict with the interest of the Company at large.

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

MATERIAL CHANGES AND COMMITMENTS

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on 31st March, 2018 and the date of this report i. e. 19th July, 2018.

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

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

PARTICULARS OF EMPLOYEES AND REMUNERATION

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

During the year under review, no employees, other than CEO & Whole-time Director, were in receipt of remuneration of not less than ₹ 75 Lakh or ₹ 6.25 Lakh per month during any part of the year. Though certain details on remuneration in respect of said CEO & Whole-time Directors are provided in Corporate Governance Report and forms part of this Report, in term of Section 136 of the Act, the Report and Account are being sent to the Members and others entitled thereto, excluding the aforesaid annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The internal committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year under review, the Company has not received any complaints of sexual harassment.

RISK MANAGEMENT POLICY

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same. Your Company has institutionalized the process for identifying, minimizing and mitigating risks which is periodically reviewed.

CORPORATE SOCIAL RESPONSIBILITY [CSR]

Your Company aims to remain essential to the society with its social responsibility, strongly connected with the principle of sustainability, an organization based not only on financial factors, but also on social and environmental consequences. It is responsibility of your Company to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interest of Stakeholders.

The Company was the first industrial unit in the region, who started providing free drinking water, free medical amenities with free service of Maternity and Child Health, not only to its employees but to all nearby villagers, whosever residing in the radius of more than 15 KMs.

As required under Section 135 of the Companies Act, 2013 and to demonstrate the responsibilities towards Social upliftment in structured way, the Company has formed a Policy. Details of the policy, CSR Committee, CSR spent during the year forms part of CSR Report and annexed hereto as **Annexure D**.

The CSR Committee is supported by an Executive Committee comprising of senior officers of the Company from different departments.

DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP)

Change in Directorate

During the year Mr. Jorge Alejandro Wagner (DIN: 0007935739), CEO of VCEAA, Spain was appointed as an Additional Director in the category of Non-Executive Non-Independent Director, with effect from 24th January 2018. Pursuant to Section 161 and all other applicable provisions of the Companies Act, 2013 and Article 109(i) of the Articles of Association of the Company, Mr. Jorge shall hold office till the date of the ensuing Annual General Meeting.

The Company has received a notice as per the provisions of Section 160(1) of the Companies Act, 2013 from a Member in writing proposing his candidature for the office of Director along with requisite deposit. Brief resume of Mr. Jorge Alejandro Wagner, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board, Committees and shareholding as stipulated under Regulation 36(3) of SEBI LODR, is attached to the Notice for the ensuing Annual General Meeting.

None of the Directors of the Company are inter-se related to each other. Mr. Jorge is not disqualified from being re-appointed / appointed as Directors by the provisions of Section 164 of the Companies Act, 2013.

Mr. Sven Erik Oppelstrup Madsen ceased to be a Director effective from 24th January 2018 due to retirement from the services as VCEAA CEO. The Board of Directors has placed on record its appreciation for the contribution made by Mr. Erik Madsen during his tenure as Director of the Company.

Director liable to retire by rotation

Mr. Persio Morassutti, Non-Executive and Non-Independent Director of the Company, retires by rotation at the ensuing Annual General Meeting pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and, being eligible, has offered himself for re-appointment as the Director.

A brief resume of Mr. Persio is attached to the Notice for the ensuing Annual General Meeting.

Independent Directors

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149 of the Companies Act, 2013 and provisions of the Listing Regulations stating that they meet the criteria of independence as provided therein.

Key Managerial Personnel (KMP)

The following are the Key Managerial Personnel of the Company as defined under Sections 2(51), 203 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. KK Rajeev Nambiar, Chief Executive Officer & Whole-time Director
- Mr. Suresh Meher, Company Secretary, Compliance Officer & Legal Head
- Mr. Vikas Kumar, Chief Financial Officer (w.e.f. 1st May, 2018)

During the period under report, Mr. Vikas Kumar succeeded Mr. MV Ramaswamy and appointed as Chief Financial Officer (CFO) with effect from 1st May, 2018.

BOARD EVALUATION

In terms of Policy on Evaluation of Performance of Directors and the Board, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees and other committees of Board as mandated under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The criteria and manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

AUDITORS

Statutory Auditors and their Report

M/s. Price Waterhouse (PwC), Chartered Accountants were appointed as the Statutory Auditors of the Company at the 70th Annual General Meeting held on 20th May, 2015 until the conclusion of the 75th Annual General Meeting (AGM) to be held in 2020, subject to the ratification by the shareholders at each AGM till the year 2020. At the Annual General Meeting held on 20th June, 2017, Members of the Company ratified the appointment of PwC as Statutory Auditors of the Company to hold office till the conclusion of this Annual General Meeting.

At the same AGM, Board of Directors of the Company was authorized to fix the remuneration of the Statutory auditors.

The Auditors' Report issued by PwC to the shareholders for the year under review does not contain any qualification.

Board of Directors and Audit Committee of Board have also been deliberating the regulatory issues arising out of Order dated 10th January, 2018 issued by the Securities and Exchange Board of India (SEBI) in the Satyam case. In this regard, Management and Chairman of the Audit Committee were in discussion with PwC to cooperate with the Management to avoid an element of uncertainty in view of the aforesaid order. Details on any development in

SHREE DIGVIJAY CEMENT COMPANY LIMITED

this regard, if approved by the Board of Directors, would form part of Notice of this Annual General Meeting.

Cost Auditors and Cost Audit Report

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors on the recommendation of the Audit Committee appointed M/s. Kiran J. Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2017-18 and has recommended to the Shareholders the ratification of remuneration to Cost Auditors. M/s Kiran J Mehta & Co. have confirmed that their appointment is within the limits of the section 139 of the Companies Act, 2013, and have also certified that they are free from any disqualifications specified under Section 141 of the Companies Act, 2013.

The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. Pursuant to Cost Audit Report for the financial year 2016-17 was filed with the Ministry of Corporate Affairs on 24th July, 2017 vide SRN No.G48981740.

As required under the Companies Act, 2013 the remuneration payable to the Cost Auditor is required to be placed before the Members in the General Meeting for their ratification. Accordingly necessary resolution seeking Member's approval for ratification of remuneration payable to the Cost Auditor for FY 2017-18 is included in the notice convening 73rd Annual General Meeting.

Secretarial Auditor and Secretarial Audit Report

The Board had appointed M/s Manoj Hurkat & Associates, Company Secretaries in Whole-time Practice, 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 E** to this Report. The report does not contain any qualification.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are annexed as **Annexure F** to this Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has adequate internal financial control, which are constantly monitored by Finance Department.

The Finance Department monitors and evaluates operating systems, accounting procedures and policies at all locations of the Company. Based on the report of external Internal Auditors, the Audit Committee/

Board initiate corrective action in respective areas and thereby strengthen the controls. The scope, functioning, periodicity and methodology for conducting internal audit is as per terms agreed by the Audit Committee in consultation with the Internal Auditor and as approved by the Board. During the year under review M/s. Deloitte Haskins & Sells LLP has acted as Internal Auditors of the Company. Significant audit observations and corrective actions thereon are periodically presented to the Audit Committee of the Board.

The financial statements of the Company for the year ended 31st March, 2018, for the purpose of expressing an opinion as to whether the Company had, in all material respects, an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing specified by the Central Government in accordance with Section 143(10) of the 2013 Act and other authoritative pronouncements, to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI.

MANAGING THE RISKS OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICES.

Vigil Mechanism (Whistle Blower Policy) and Code of Conduct

Creating a fraud and corruption free culture has always been the core factor of your Company. In view of the potential risk of fraud, corruption and unethical behavior that could adversely impact the Company's business operations, performance and reputation, Digvijay has emphasised even more on addressing these risks. To meet this objective, a comprehensive vigil mechanism named Whistle Blower Policy, which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, is in place. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

In addition to above policy, Company has in place Code of Conduct, Ethics, Anti-Corruption policy and other critical compliance policies which are laid down based on the Votorantim Group values, beliefs, principles of ethics, integrity, transparency and applicable laws. Digvijay has zero-tolerance to bribery and corruption and is committed to act professionally and fairly in all its business dealings.

To create awareness about the Company's commitment to conduct business professionally, fairly and free from bribery and corruption, regular training and awareness workshops is conducted for all employees across the organization.

More details about the Code are given in the Corporate Governance Report.

Code of Conduct to Regulate, Monitor and report trading by Insiders

In terms of SEBI (Prohibitions of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct (Code) to Regulate, Monitor and Report Trading by Insiders. Any Insiders (as defined in Code) including designated employees and their relatives are, inter-alia, prohibited from trading in the shares and securities of the Company or counsel any person during any period when the “unpublished price sensitive information” are available with them.

The Code also requires pre-clearance for dealing in the Company’s shares and prohibits dealing in Company’s shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report forms an integral part of this Report, as annexed hereto as **Annexure G**, together with the Certificate from the Practicing Company Secretary regarding compliance with the requirements of Corporate Governance as stipulated in Part C of Schedule V to the SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India which have mandatory application during the year under review

AWARDS AND RECOGNITION

‘Excellence, is not an act but a habit’ - Aristotle

At Digvijay, we continuously invest in the development and improvement of our operations to achieve the world best. Your Company received several awards and recognitions during 2017-18.

Key recognitions among them are:

- ❖ Cement Industry with Most Sustainable & Environmental friendly Mining Operations - Awarded by Central Govt. Bureau of Mining Affairs & DGMS in Jan’2018
- ❖ Overall 3rd Best Limestone Mining Cement Industry in Gujarat - Awarded and recognised by Central Govt. Bureau of Mining Affairs & DGMS in Jan’2018
- ❖ Best Safety Management Award in GOLD Category from GREENTECH in Dec’2017
- ❖ Award for Excellence in Quality Product from My FM in Aug’2017
- ❖ Platinum Award for Best Energy Management from Society of Energy Engineers and Managers (SEEM) in June’2017

- ❖ Award for Best Initiatives in Occupational Health And Safety Management from EXCEED in Silver Category in 2017-18

HOLDING COMPANY

As at the beginning of the Financial Year 2017-18, the Promoter and the Holding Company i.e. Votorantim Cimentos EAA Inversiones S.A. was holding 103,709,063 equity shares representing 73.36 percent of the total paid up equity capital of the Company.

The intermediate holding company – Votorantim Cimentos S.A. also holds 2,321,645 equity shares representing 1.64 percent of the total paid-up equity capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, which gives a detailed account of state of affairs of the Company’s operations forms a part of this Annual Report.

HUMAN RESOURCES

Your Company encourages and provides regular training to employees to improve skills. Your Company has performance appraisal system for senior employees and junior management staff. In-house news-letters provide forum for information sharing. Rewarding individuals for their contribution is part of motivation towards Excellence. More details on this section are forming part of Management Discussion and Analysis Report.

HEALTH AND SAFETY/ INDUSTRIAL RELATIONS

The Company continues to accord high priority to health and safety of employees at all locations. During the year under review, the Company conducted safety training programs for increasing disaster preparedness and awareness among all employees at the plant. Training programs and mock drills for safety awareness were also conducted for all employees at the plant. Safety Day was observed with safety competition programs with aim to imbibe safety awareness among the employees at the plant.

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of following items as either there were no transactions on these items or these items are not applicable to the Company during the year under review:

- 1) No material changes and commitments, if any, affecting the financial position of the Company occurred between the end of the financial year of the Company i.e. 31st March 2018 and the date of this report.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

- 2) No Company have become or ceased to be Subsidiary, Associate or joint venture of the Company during the year under review.
- 3) No significant and material orders were passed by the regulators or courts or tribunals which impact the going concern status and Company's operations in future.
- 4) No fraud has been reported during the audit conducted by the Statutory Auditors, Secretarial Auditors and Cost Auditors of the Company.
- 5) During the year under review, no revision was made in the previous financial statement of the Company, except as otherwise required under applicable laws.

ENVIRONMENT SUSTAINABILITY

We believe in sustainable development. We regard social, economic and environmental responsibility as integral element of our business.

Your Company is ISO 14001 Environment Management system Certified and adhere to OHSAS 18001 standards of Safety and Occupational Health. Professional Environment Auditors such as Det Norske Veritas, the State Pollution Board's certified auditors and Environmental System Auditors conduct periodic in-depth

environmental audit on our plant. The Audit Reports validate our commitment to environmental conservation. Large scale plantations in the mines, plant, colonies and surrounding areas provide a lush green cover and are reflection of our respect for the environment.

ACKNOWLEDGEMENT

Your Directors are thankful to the Central and State Government Departments, Organizations and Agencies for their continued guidance and co-operation. The Directors are grateful to all valuable Stakeholders, Dealers, Vendors, Banks and other business associates for their excellent support and help rendered during the year. The Directors also acknowledged the commitment and valued contribution of all employees of the Company.

Your Directors wish to place on record their appreciation for the support and guidance provided by its Parent Company, Votorantim Cimentos.

For and on behalf of the Board

A.K. Chhatwani
Director

K.K. Rajeev Nambiar
CEO & Whole-Time Director

Place: Mumbai
Date: 19th July, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC SCENARIO AND OUTLOOK

GLOBAL ECONOMY

The world economy has strengthened during FY 2017-18, as lingering fragilities in the global financial markets began subsiding. According to IMF – World Economy Report, global growth is projected to rise at 3.9% in 2018. The improvement in global economy provides an opportunity to countries to adopt more sustainable policies that work towards low-carbon economic growth, economic diversification, reducing inequalities and eliminating deep-rooted barriers to the growth and development of an economy.

INDIAN ECONOMY

The International Monetary Fund (IMF) remained optimistic of India's potential and retained GDP growth forecast for the country at 6.7% in 2017 and 7.4% in 2018. In its World Economic Outlook Update, it also estimated that the Indian economy could grow 7.8% in 2019, making it the world's fastest-growing economy in 2018 and 2019, a ranking that it briefly lost to China in 2017. The economy growth track was sustained on the back of series of reforms undertaken over the past year.

In the backdrop above, FY 2017-18 has been an eventful year for Indian Economy. Hurdles faced in implementation of much awaited uniform indirect tax regime in form of Goods and Service Tax (GST) were removed and has

achieved progress towards implementation at a very fast pace. Since independence, this would be considered as largest tax reform in country.

INDUSTRY OUTLOOK

India is witnessing structural shifts at multiple levels and across various sectors. It is not only transitioning from an informal to a formal economy, but also from a cash to a digital economy, a rural to an urban and an offline to an online one. Due to this, the economy may experience short-term pains, but in the long run, it stands to gain.

Over the course of the year, the Government focused on rural development (increased outlay), infrastructure and affordable housing. It did this through its 'Bharatmala Project,' which was undertaken to construct cement concrete roads and highways, as well as to develop the economic corridor, the coastal and port connectivity roads, the international connectivity road, expressways and so on. The overall demand for cement in 2017 grew steadily at 6%, which was predominantly from the Government sponsored affordable housing sector and infrastructure segment.

Real Estate (Regulation and Development) Act, 2016 (RERA), implemented w.e.f. 1st May, 2017 is expected to bring revolutionary changes in the manner real estate sector functions. It has the potential to make the market disciplined and vibrant which is likely to boost customer confidence in Real Estate Sector.

This may have affected the growth of the construction sector in the short term, but in the long run, it is felt that such reforms will surely accrue multiple benefits and growth.

INDIAN CEMENT INDUSTRY

India is the world's second largest cement market, both in terms of production and consumption. During FY 2017-18, the cement sector grew by 6% owing to increased infrastructure spending by the Government of India and re-materialisation of demand from the private sector. India's cement sector growth is projected at around 8% in financial year 2018-19.

India needs an investment of ₹ 50 lakhs crore in the infrastructure sector and the Government of India has undertaken various infrastructure projects to facilitate it including:

- ❖ Selected cities for the Smart City project with a cost of ₹ 2.04 lakhs crore
- ❖ Planned ~35,000 km of road development under the Bharatmala project Phase I with an outlay of ₹ 5.35 lakhs crore
- ❖ Chalked out construction plan of 10 million houses in rural India and 20 million toilets under Pradhan Mantri Awas Yojana and Swachh Bharat Mission, respectively. Additionally, the implementation of GST has eliminated multiple points of taxations and increased access across markets for the organised sector, allowing smoother movement of goods. Also, the introduction of Real Estate Regulatory Act (RERA) ensures accountability for all real estate projects and assures timely completions, which are likely to increase buyer confidence. These factors will impact the cement industry positively by facilitating access to various markets and bolstering the real estate market.

INDUSTRY TRENDS

- ❖ Increasing presence of small and mid-sized cement players diminishing market concentration
- ❖ Growing adoption of cement instead of bitumen in construction of roads
- ❖ Huge investments in infrastructure development by the government

INDUSTRY GROWTH DRIVERS

- ❖ Housing sector accounts for 67% of the total cement demand
- ❖ The Indian real estate market is anticipated to reach US\$180 billion by 2020
- ❖ Property sales are expected to grow at a CAGR of 14% between 2016-18 and 18% between 2020-25
- ❖ Residential real estate demand is driven by rising population and growing urbanization
- ❖ Home loan interest rates have fallen to their lowest levels in the last five years

- ❖ Rising income levels are leading to higher demand for luxury projects
- ❖ Demand for affordable housing is growing in order to meet the demand from lower income groups
- ❖ Commercial real estate demand is being driven by growth in the IT-Sector and organised retail.
- ❖ India's investment in infrastructure is estimated to double to about US\$1 trillion during the 12th Five Year Plan (2012-17) compared to the previous Plan
- ❖ The total FDI in cement and gypsum industry reached US\$3.11 billion, between April 2000 and September 2016

(Source: IBEF, Morgan Stanley)

COMPANY'S PERFORMANCE

During the year under review, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Company has shown very good improvement over the previous year.

The demand for cement may continue to be driven further by the pick-up in the infrastructure projects viz. bridges, roads, ports, metro rails and low budget housing segment, bringing opportunities for growth in this sector. The long term outlook for cement is expected to be positive.

Despite the pressure from increase in input costs, mainly from power and fuel, the division has been able to improve its performance by delivering higher profitability. Concerted efforts throughout the year resulted in reduction in variable cost per bag along with higher realizations from the market. Numerous initiatives on the procurement front enabled the Company to moderate the impact of increasing input costs. The Company continues to focus on optimizing costs, improving operational efficiency and further strengthening the brand.

Operational Performance:

	Current year ended 31.03.2018	Previous Year ended 31.03.2017
Installed Capacity (Lakhs TPA)	10.75	10.75
Production (Lakhs TPA)		
Clinker	8.02	7.26
Cement	9.62	8.49
Effective Capacity utilization@	94.97%	78.96%
Sales Volume (Lakhs Ton)		
Domestic - Cement	9.63	8.54
Domestic - Clinker	0.39	-
Export - Clinker	0.20	-
Net Cement Sales Realization (₹/ MT)	4,155	3687

@ Effective capacity utilization = Cement Production + Clinker sold / Installed capacity.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Financial Performance :

Particulars	(In ₹ Lakhs)	
	Current Year Ended 31.03.2018	Previous Year Ended 31.03.2017
Revenue from Operations (Gross)	42,417	35,154
Add: Other Operating Income	171	308
Less: Total Expenditure	37,709	34,386
Profit before other income, interest, depreciation & tax	4,879	1,076
Add: Other Income	467	906
Profit before Interest Depreciation, & Tax [PBITD]	5,346	1,982
Less: Interest	995	1,147
Less: Depreciation	2,288	2,219
Profit /(Loss) before tax	2,063	(1,384)
Less: Tax Expenses	726	(479)
Profit /(Loss) for the year	1,337	(905)

SEGMENT REVIEW AND ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chief Executive Officer (CEO) and Whole time director (WTD) of the Company has been identified as CODM who assesses the financial performance and position of the company, and makes strategic decisions.

The Company's chief operating decision maker (CODM) has identified one business segment viz. Manufacturing and Sales of Cement and its only production facility is located in India. There are no other reportable segments.

COST AND PROFITABILITY:

On the cost front, the Company witnessed significant pressure over the course of the year due to increase in various input costs. These increases were caused largely due to external factors.

Power and fuel costs increased significantly owing to sharp rise in pet coke and coal prices. Transportation cost has also witnessed a sharp increase. Freight costs went up, owing to higher diesel prices and high demand for transport vehicles on account of stronger movement of agricultural products.

Controlling costs is an ongoing exercise at your Company. The Company continues to focus on cost reduction, procurement, sales, marketing and logistics operations and overheads, including man power, to improve profitability.

OPPORTUNITIES AND OUTLOOK:

The financial year 2018-19 is expected to be a year of growth, which has been rightly endorsed by the World Bank. According to the World Bank, when compared to other emerging economies, India has an "enormous growth potential" with the implementation of comprehensive reforms. Key indicators across the economy have shown positive rebounds and there is hope that the upward trajectory will continue in the new fiscal year to help achieve a GDP of around 8% for the years to come.

The cement prices are expected to improve in the near future, buoyed by a pick-up in construction activity and easings and availability. However, if commodity prices do not ease, realisation gains will be offset by higher expenses, keeping margin growth subdued for the industry. The profitability of the industry might stay under pressure with diesel projected to remain firm.

Budget for the financial year 2018-2019 has provided higher rural credit, increased Minimum Support Price (MSP) and allocation for rural, agricultural and allied sectors and stressed on continued focus on the Pradhan Mantri Awas Yojana (PMAY) and infrastructure investments. The Government has announced setting up of an Affordable Housing Fund of ₹ 25,000 crore under the National Housing Bank (NHB) which will be utilised for easing credit to homebuyers. The move is expected to support the demand of cement from the housing segment.

GOODS AND SERVICES TAX:

Goods and Services Tax (GST) was introduced in the country w.e.f. 1st July, 2017. Barring few hiccups in the initial part, the Company successfully transitioned to the GST regime at all its business locations spread across the state. Though new tax system and huge compliance burden poses a big challenge for the industry to cope with, India's economy is emerging strongly from the transitory effects of GST.

THREATS, RISK & CONCERN

INDUSTRY RISKS

Inflation rate

Inflation plays a pivotal role in Indian economy. In 2017-18, average inflation dipped to a six-year low of 3.3%, however, it is expected to rise 4.50% during FY 2018-19. One of the major causes of rise in inflation is higher fuel prices, which impacted transporting cost heavily and further overall increase in demand for goods and services, which escalate their prices. Besides, in case normal monsoon is affected, inflation may further rise making commodity prices dearer.

Interest rate

Reserve Bank of India has changed repo rate from 6.0% to 6.25%. Consequently cost of funds for banks, the marginal cost of lending rate has started increasing. All banks have started lending on the basis of marginal cost of funds-based lending rate (MCLR), leading to higher cost of borrowing for property buyers, resulting in lower demand in the housing segment.

Raw material risk

The cement industry depends on limestone and other raw materials. However, availability of limestone is limited and thus, it is essential to promote the use of blended cement, which uses alternative raw materials such as fly ash and slag. The increase in the cost of these alternative materials now fly ash is available on auction and slag on the basis of prevailing market prices may further increase production costs.

Competition risk

India's cement sector has become highly competitive with multiple large players operating in the domestic market.

While earlier most companies were catering to specific parts of the country, now most players are expanding their reach pan-India, thus creating greater market competition.

Infrastructure risk

Infrastructure sector drives overall development of the economy and is a major focus of the Government of India. Any pull back by the government on its initiatives will result in de-growth for the cement industry. Moreover, too many regulatory approvals and compliances might be a hindrance to the segment's progress.

Power and fuel risk

Cement industry is highly energy intensive and 29% of its total expenditure consists of power and fuel costs. At Digvijay Cement, ~80% of our requirement for kiln fire is met by pet coke, which is a derivative of crude oil. Thus, any rise in crude oil prices will adversely impact prices of pet coke and operating costs of the Company. In case of increase in pet coke prices or non-availability, we use imported or indigenous coal (through e-auction) as the availability of linkage coal is limited.

Logistics risk

With the rise in diesel prices, cost of road transportation increases. At Digvijay Cement, we currently use railways for only 5% of our logistics needs for cement. This cost increase and huge dependence on road transportation would have an impact on our operational costs.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorized use of disposition. Further, all transactions entered into by the Company are duly authorized and recorded correctly. M/s. Earnst & Young, Chartered Accountants were working as the Internal Auditors of the Company till 2016-17. However, as per Company's policy on rotation, Company has for next financial year appointed M/s. Deloitte Haskins & Sells LLP as the Internal Auditor of the Company to conduct internal audit of its various divisions / operations. The Internal Auditors submit reports to the Company on a Quarterly basis.

INTERNAL FINANCIAL CONTROLS

The financial statements of the Company for the year ended 31st March, 2018, for the purpose of expressing an opinion as to whether the Company had, in all material respects, an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing specified by the Central Government in accordance with Section 143(10) of the 2013 Act and other authoritative pronouncements, to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

The Company continued with efforts to ensure that its pool of human resources is "future ready" through its robust processes of learning & development, capability building and its development programmes. Efforts were taken to develop leadership lines as well as to enhance technical and functional capabilities with special focus on nurturing young talent, in order to face future challenges. Company organized several training, awareness and coaching program to develop the leadership, technical and management skills of employees. Employee engagement program were organized to create openness and sharing ideas by employees. This learning journey includes formal, informal and highly interactive components that would help in honing their leadership, and coaching skills. It will ensure that the development initiatives result not just in better skills but in enhanced performance and higher engagement.

In 2017, many employees were invited to participate in a Global Employee Climate Survey. Participation and feedback from employees of the Company was overwhelming and highly appreciated and so were the end results.

The total number of employees in the rolls of the Company as on 31st March, 2018 was 279 (Previous year as on 31st March, 2017, number was 286)

Industrial relations during the year under report remained cordial.

EDUCATION

The Company has been providing primary/secondary education for the children of the employees and local community staying in nearby areas of Factory / Mines. The Company has provided educational kits to the needy children in the nearby villages.

REFORESTATION

The Company has been continuously contributing towards environment sustainability. The Company is committed to the protection of environment and maintenance of bio diversity. A green belt has been developed in the plant premises and nearby areas. Your Company has planted more than 8500 trees during the year with cumulative plantation of approx. 90,000 trees in the last decade with survival rate of more than 75 percent. The team at the plant has made lot of efforts in conservation and propagation of rare species of trees, increasing forest cover and fruit garden

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations, tax laws, natural calamities, litigation and industrial relations, monsoon, economic developments within the country and other factors.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

ANNEXURE " A"

FORM NO. AOC -2

Particular of contracts / arrangement made with related parties

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

This Form pertains to the 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 arm's length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts or arrangement or transaction entered into during the year ended 31st March 2018, which are not at arm's length basis and not in the ordinary course of business.
- Details of material contracts or arrangements or transactions at arm's length basis:**

The details of material contracts or arrangement or transaction conducted at arm's length and in the ordinary course of business for the year ended 31st March, 2018 are as follows:

Sr. No	Name (s) of the Related Party & Nature of Relationship	Nature of contracts/ arrangements/ transaction	Duration ³	Salient Terms	Amount (₹ in lakhs)
1.	Votorantim Cimentos EAA Inversiones S.L. (VCEAA) (Holding company)	License for providing technological know-how and technical assistance	Ongoing	a) availing of technological know-how services and technical assistance from VCEAA b) Company shall pay VCEAA a sum equal to 2% of the net sales of Company per quarter as royalties.	830.10
		Guarantee commission	Ongoing	a) VCEAA to act as Guarantor for financial assistance taken by Company from third parties. b) Company shall pay VCEAA, an annual remuneration on quarterly basis @ 1.5% over the total amount guaranteed by VCEAA.	148.45
2.	Votorantim Cement Trading S.L. (Fellow subsidiary)	Sale of products (clinker)	Ongoing	c) Sale, purchase of goods including but not limited to coal, gypsum, clinker, and cement	417.50

- Shareholders' approval was taken at 72nd AGM for a period of five financial years from the financial year 2018-19, considering that above contracts / transactions are material in nature as defined under Regulation 23 of SEBI (LODR) Regulation 2015 read with the companies (Meetings of Board and its Powers) Rules, 2014. Prior approval of the Audit Committee was taken for all of these transactions. Specific approval of the Board of Directors under Section 188(1) of the Companies Act, 2013 was not required as the transactions were at arm's length basis and in the ordinal course of business. As regards justification of the related party transactions, it may be noted that all such transactions are at arm's length price, and provide maximum credit period to Company for releasing payments, security and guarantee from Group, which are in the best interest of Company and as per corporate strategy and policy.

For and on behalf of the Board of Directors

A.K. Chhatwani
Chairman

Place: Mumbai

Date : 19th July, 2018

ANNEXURE " B "

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

Information Under Section 134(3)(m) of the Companies Act, 2013 read with Clause 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ending 31st March, 2018.

CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy	• Optimization of green energy generation through Waste Heat Recovery Power Plant (WHR), which resulted into Annual generation 12.28 million kWh. • Modification in clinker cooler inlet carried out for improvement in heat recuperation that resulted into reduction in thermal SEC by around 4 Kcal/Kg clinker. • Increase in manufacturing of Portland Pozzolana cement (PPC) contributed to improving overall Clinker-Cement ratio and thus reduction in power consumption. • Modification made in Raw mill triple gate assemble to reduce false-air ingress. This resulted into saving of around 23 kWh in fan power. • Installation of VFD in Condensate Extraction Pump of WHR gave saving of around 30 kWh. • Installation of LED lights in parts of plant and colony enabled the Company to conserve electricity with saving of approx. 10 kWh in load. • Company also carried out optimization of compressed air by continuous monitoring and survey and arresting of leakages. • Effective implementation of Preventive, Predictive and Condition Based maintenance was carried out to improve plant reliability.
(ii) The steps taken for utilizing alternate sources of energy	• Usage of around 362 MT alternate Fuel to achieve 0.504% Thermal Substitution Rate. • Exploring possibility of purchasing of wind power by 3rd party sale through Open Access. • Exploring of installation of solar power generating plant.
(iii) The capital investment on energy conservation equipment	₹ 20 Lakhs

SHREE DIGVIJAY CEMENT COMPANY LIMITED

TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption.	• Installation of SNCR under progress to reduce emission of NOx in order to protect the environment. • Use of Cost effective Copper sludge in place of costlier Iron Ore. • Trials with different Grinding Aids to optimize cost and improve the quality. • Optimization of Gypsum usage and quality by monitoring of SO3 content. • Optimization of Usage Pond-ash (4%) which is cheaper than Dry fly ash. • Optimization of Raw Mix by installing Online Cross Belt analyzer before stock-pile. • Trials of different Alternative fuels to achieve better Thermal substitution rate.																								
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution.	• Reduction in clinker factor to reduce CO2 emission. • Improvement in MTBF, kiln OEE and Specific Power Consumption. • Increase of C3 S from 53 to 55 % to increase the clinker reactivity																								
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – (a) The details of technology imported; (b) The year of import; (c) Whether the technology been fully absorbed; (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	SNCR project for controlling of NOx emission Pump skid, nozzle & and safety items for injection of Ammonia. 2017 Yes NA																								
(iv) the expenditure incurred on Research and Development	<table><tr><td>1</td><td>Capital Expenditures</td><td colspan="2">NIL</td></tr><tr><td>2</td><td>Recurring Expenses (₹ In Lakhs)</td><td>2017-18</td><td>2016-17</td></tr><tr><td>a</td><td>Technical Royalty</td><td>830.10</td><td>632.12</td></tr><tr><td>b</td><td>R & D Cess</td><td>-</td><td>31.61</td></tr><tr><td>c</td><td>Contribution to Cement Cess</td><td>-</td><td>-</td></tr><tr><td>3</td><td>Total R&D Expenditure as a percentage of total turnover</td><td>2.00%</td><td>2.08%</td></tr></table>	1	Capital Expenditures	NIL		2	Recurring Expenses (₹ In Lakhs)	2017-18	2016-17	a	Technical Royalty	830.10	632.12	b	R & D Cess	-	31.61	c	Contribution to Cement Cess	-	-	3	Total R&D Expenditure as a percentage of total turnover	2.00%	2.08%
1	Capital Expenditures	NIL																							
2	Recurring Expenses (₹ In Lakhs)	2017-18	2016-17																						
a	Technical Royalty	830.10	632.12																						
b	R & D Cess	-	31.61																						
c	Contribution to Cement Cess	-	-																						
3	Total R&D Expenditure as a percentage of total turnover	2.00%	2.08%																						

FOREIGN EXCHANGE EARNINGS & OUTGO

₹ in Lakhs

	2017-18	2016-17
Foreign Exchange earned	512.23	NIL
Foreign Exchange used	1,418.51	866.93

ANNEXURE "C"

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Director / key managerial personnel (KMP) to the median remuneration of all the employees of the Company for the Financial Year is as follows:

Median remuneration of all the employees of the Company for the Financial Year 2017-18 (in ₹)	5,12,348
Percentage increase in the median remuneration of employees in the Financial Year	9.00
Number of permanent employees on the rolls of the Company as on 31 st March 2018	279

Sr.	Name of the Director* /KMP	Designation	Ratio of remuneration to median remuneration of All employees	% Increase in remuneration in the FY 2017-2018
1.	Mr. A.K. Chhatwani	Director(Independent)	NA	NA
2.	Mr. A. Kumaresan	Director(Independent)	NA	NA
3.	Mr. K.K. Rajeev Nambiar	CEO & Whole-time Director	33.04	8.00%
4.	Mr. M.V. Ramaswamy	CFO	8.35	7.00%
5.	Mr. Suresh Meher	Company Secretary	8.82	NA

*Other Directors were not paid any remuneration during the financial year.

Note:

- The ratio of remuneration of each Director and KMP to the median remuneration is based on the remuneration paid during the year 2017-18 in their respective capacity as such Director or KMP.
 - Mr. M.V. Ramaswamy ceased to be CFO effective from 19th April, 2018.
- ii. Average percentile increase made in the salaries of employees other than the Managerial Personnel and its comparison with the percentile increase in the Managerial Remuneration and justification thereof:

On an average an employee receives an annual increase of 9%, which also include wage increments for unionized employees due to wage settlements. The wage revision for staff cadre employees is done annually as per Company's and Group Policy. In order to ensure that remuneration reflects Company performance, the performance pay & annual increment are also linked to organization performance, apart from an individual's performance. The individual increments for staff cadre employees are based on Cost to Company (CTC) consisting of Annual Base Salary and the performance/ variable pay. The percentage increase in remuneration of Mr. Rajeev Nambiar, CEO & Whole-time Director during the year is mentioned in table above.

Average increase in the remuneration of the employees other than the Managerial Personnel and that of the Key Managerial Personnel is in the line with the industry practice and industry trends. Average increase in the remuneration is also guided by factors like economic growth, inflation, mandatory increases, external competitiveness and talent retention. Whilst the Company endeavors on cost effective initiatives including employees cost being one of the key areas of cost monitoring and control, the results of any structural initiatives needs to be measured over a long term horizon and cannot be strictly compared only with annual performance indicators.

iii. Relationship between average increase in Remuneration and Company Performance:

The Remuneration Policy at Company is to provide remuneration that is market competitive and linked to performance of both the Company and the Individual. The average increase in remuneration during Financial Year 2017-18 was 9% as compared with previous financial year. Revenue from Operations of the Company during the financial year was ₹ 43,055 lacs as against ₹ 36,368 lacs in the previous year. Employee costs during the year increased by 2.56% (compared to previous financial year). The total employee cost as a percentage of total expenses in 2017-18 was 6.57%. The performance of the Company was better in comparison to previous year but still under pressure due to market conditions and the challenges it faced during the year. These are explained in detail in the operations and performance section of the Director's Report and the Management Discussion & Analysis Report.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

iv. Comparison of the remuneration of the KMP against the performance of the Company:

The remuneration of the KMP is as per the Remuneration Policy of the Company and Group. The remuneration is benchmarked against market and also based on the performance of the Company and the individual. Given the Company performance and performance ratings of the KMP, appropriate reward by way of merit increase and variable pay has been awarded to the KMP for the year.

v. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company to the rate at which the Company came out with the last public offer:

Variation in the market capitalisation: The market capitalisation remained same at ₹ 32,799 lacs as at 31st March, 2018 and as at 31st March, 2017.

Price earnings ratio: The price earnings ratio for 31st March, 2018 is 24.68 as compared to negative Price Earnings ratio for the previous year.

Percentage increase in the market quotation of shares of the Company as compared to the rate of last public offer: The closing price of Company's equity shares on BSE Limited remained same at ₹ 23.20 as of 31st March, 2018 and 31st March, 2017. The Company has not made any public offer in the recent past and accordingly, comparison of Public Offer Price and the current market price of the Company's shares will not be relevant.

vi. The key parameters for any variable component of remuneration availed by the directors

Performance assessment is based on the Company performance and individual performance. Based on the performance assessment, the variable remuneration is approved by the Nomination & Remuneration Committee and recommended to the Board for their approval within the overall limits as permitted under the law and as approved by the Members. Other than, CEO & Whole-time Director, no other Director is in receipt of any variable components of remuneration.

vii. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable

viii. The remuneration is as per the Remuneration Policy of the Company.

ANNEXURE “ D”

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company’s CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy is stated herein below:

Web Link: <http://www.votorantimcementos.co.in/SitePages/Policies.aspx>

2. The Composition of the CSR committee

Mr. A.K. Chhatwani
Chairman (Independent Director)
Mr. A.Kumaresan
Member (Independent Director)
Mr. KK Rajeev Nambiar
Member (Whole-time Director)

During the year, the Committee met on 21st April, 2017 and on 20th March, 2018, and required quorum was present at the meetings.

3. Average net profit of the company for last three financial years:

(INR In Lakhs)

Particulars	2014	2015-16	2016-17
Net Profit	374.52	539.16	-1366.05
Average net profit of the Company for last three financial years is negative at ₹ 150.79 Lakh			

4. Prescribed CSR Expenditure (2 % of the amount as in item 3 above): ₹ NIL

5. Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year : ₹ NIL
- (b) Amount un-spent, if any : Not Applicable
- (c) Manner in which amount has been spent during the financial year 2017-18 is as follows:

Sr. No.	Title of the Project	CSR Activities and areas where spent	Spent in rupees*
1	Promoting Health Care, Hygiene and Sanitation	Company conducted various immunization programs, blood donation camps, periodical health check-up, medication etc. in and around Digvijaygram, Sikka, and Gop Mines.	53,968
2	Relief and Rehabilitation initiatives	Contribution to Chief Minister Fund for relief and rehabilitation of people affected by flood in Gujarat	3,00,000
3	Promotion of Education	Education and skill development activities, development of infrastructure facilities & renovation of Technical School Building at Digvijaygram and other activities	9,57,708
4	Empowerment of Women and other Social Welfare Activities	Skill Development Activity for women, promoting art & culture, sports and other activities in and around Digvijaygram, Sikka and Gop Mines	2,33,342
		Total	15,45,015

*As against spending obligations of ₹ NIL for 2017-18, the Company has voluntarily spent a sum of ₹15.45 lac towards CSR activities.

6. In case the company has failed to spend the two per cent 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 : Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objective and Policy of the Company.

CSR Committee confirm that the implementation and monitoring of CSR Policy is in Compliance with CSR Objectives and policy of the Company.

Place: Mumbai
Date: 19th July, 2018

A.K. Chhatwani
Chairman- CSR Committee

KK Rajeev Nambiar
CEO & Whole-time Director

SHREE DIGVIJAY CEMENT COMPANY LIMITED

ANNEXURE "E"

SECRETARIAL AUDIT REPORT

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

To,

The Members of

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Digvijaygram - 361140

Via Jamnagar, Gujarat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHREE DIGVIJAY CEMENT COMPANY LIMITED** (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 my opinion thereon.

Based on our verification of the 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 on 31st March, 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 period ended on 31st March, 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. The 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;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the Company:-
 - 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;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- 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;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

- VI. There are no other laws applicable specifically to the Company in respect of the business/activities carried out by the Company which are required to be reported under this clause.

We further report that:

- a) 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.
- b) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda were also sent to all Directors 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.
- c) 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.

We further report that during the audit period, the Board of Directors of the Company at its meeting held on 27th March, 2018, has approved the Scheme of Arrangement ("Scheme") between the Company and its shareholders under Sections 230-232 of the Companies Act, 2013, with appointed date as 1st April, 2017. Further, the Company has already made an application for in principle approval of the BSE Limited under Regulation 37 of the SEBI-LODR Regulations and SEBI circular. The Scheme shall be subject to approval of the National Company Law Tribunal having jurisdiction over the Company and other procedures and formalities undertaken/to be undertaken by the Company. Barring this, during the audit period, no other events/actions has taken place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For MANOJ HURKAT AND ASSOCIATES
Practicing Company Secretaries

MANOJ R HURKAT
Partner

Place: Ahmedabad
Date: 19th July, 2018

FCS No. 4287
C P No.: 2574

Note: This Report is to be read with our letter of even date which is annexed as **Annexure A** and form an integral part of this Report.

ANNEXURE- A

To
The Members,
Shree Digvijay Cement Company Limited
Digvijaygram - 361140
Via Jamnagar, Gujarat

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts and cost records of the Company.

4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of the same on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

or MANOJ HURKAT AND ASSOCIATES
Practicing Company Secretaries

MANOJ R HURKAT
Partner

Place: Ahmedabad
Date: 19th July, 2018

FCS No. 4287
C P No.: 2574

SHREE DIGVIJAY CEMENT COMPANY LIMITED

ANNEXURE "F"

FORM NO. MGT 9

Extract of Annual Return as on financial year ended 31st March, 2018.

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L26940GJ1944PLC000749
ii	Registration Date	6th November, 1944
iii	Name of the Company	Shree Digvijay Cement Company Limited
iv	Category/Sub-category of the Company	Company Limited by shares /Indian Non-Government Company
v	Address of the Registered office & contact details	Digvijaygram, Dist: Jamnagar, Gujarat -361140 Tel. No. 0288-2344272 -75 Fax No. 0288-2344092 email: investors.sdcl@vcimentos.com Website: www.digvijaycement.com www.votorantimcimentos.co.in
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-101, 247 Park Lal Bahadur Shastri Marg, Vikhroli (W), Mumbai-400 083 Tel. No. 022-4918 6000 Fax No. 022-4918 6060

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Cement	3242	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Votorantim Cimentos EAA Inversiones S.L. Calle Brasil 56, 36204 Vigo Spain	N.A.	Holding Company	73.36	2(46) of the Companies Act, 2013
2	Votorantim Cimentos S.A. Rua Gomes de Carvalho 1.996 12, Pavimento - cj 122 0457-006, Sao-paulo-SP	N.A.	Intermediate Holding Company	1.64	2(46) of the Companies Act, 2013

IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Categorywise Shareholding

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	0	0	0	0	0	0	0	0	0
(b)	Central Government / State Government(s)	0	0	0	0	0	0	0	0	0
(c)	Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
(d)	Any Other (Specify)									
	Sub Total (A)(1)	0	0	0	0	0	0	0	0	0
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0	0	0	0	0	0
(b)	Government	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0
(e)	Any Other (Specify)									
	Bodies Corporate	10,60,30,708	0	10,60,30,708	75	10,60,30,708	0	10,60,30,708	75	0
	Sub Total (A)(2)	10,60,30,708	0	10,60,30,708	75	10,60,30,708	0	10,60,30,708	75	0
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	10,60,30,708	0	10,60,30,708	75	10,60,30,708	0	10,60,30,708	75	0
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	0	0	0	0	0	0	0	0	0
(b)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(c)	Alternate Investment Funds	0	0	0	0	0	0	0	0	0
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(e)	Foreign Portfolio Investor	0	0	0	0	2,74,313	0	2,74,313	0.194	0.194
(f)	Financial Institutions / Banks	2,410	3,347	5,757	0.004	36,910	3,347	40,257	0.029	0.024
(g)	Insurance Companies	0	450	450	0	0	450	450	0	0
(h)	Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0
(i)	Any Other (Specify)									
	Sub Total (B)(1)	2,410	3,797	6,207	0.004	3,11,223	3,797	3,15,020	0.2225	0.218
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0	0	0	0	0	0
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	1,55,36,124	6,55,695	1,61,91,819	11.453	1,49,77,894	6,29,089	1,56,06,983	11.040	0.414
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,33,31,685	48,858	1,33,80,543	9.465	1,36,99,562	48,858	1,37,48,420	9.725	0.260
(b)	NBFCs registered with RBI	0	0	0	0	0	0	0	0	0

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Employee Trusts	0	0	0	0	0	0	0	0	0
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0
(e)	Any Other (Specify)									
	Trusts	56,290	0	56,290	0.040	37,290	0	37,290	0.026	-0.013
	Foreign Nationals	100	1,000	1,100	0.001	100	1,500	1,600	0.001	0.001
	Hindu Undivided Family	18,29,143	0	18,29,143	1.294	17,82,944	0	17,82,944	1.261	-0.033
	Non Resident Indians (Non Repat)	1,12,668	2,730	1,15,398	0.082	1,57,180	2,730	1,59,910	0.113	0.032
	Non Resident Indians (Repat)	10,51,677	0	10,51,677	0.744	11,91,515	0	11,91,515	0.843	0.099
	Clearing Member	3,12,007	0	3,12,007	0.221	2,40,117	0	2,40,117	0.170	-0.051
	Enemy Property	0	1,250	1,250	0.001	0	1,250	1,250	0.001	0.001
	Foreign Director	0	500	500	0.000	0	0	0	0.000	0.000
	Indian Director	200	0	200	0.000	200	0	200	0.000	0.000
	Bodies Corporate	22,59,816	1,37,620	23,97,436	1.696	21,20,201	1,37,620	22,57,821	1.597	-0.099
	Sub Total (B)(3)	3,44,89,710	8,47,653	3,53,37,363	24.996	3,42,07,003	8,21,547	3,50,28,550	24.777	-0.218
	Total Public Share holding (B)=(B)(1)+(B)(2)+(B)(3)	3,44,92,120	8,51,450	3,53,43,570	25	3,45,18,226	8,25,344	3,53,43,570	25	0
	Total (A)+(B)	14,05,22,828	8,51,450	14,13,74,278	100	14,05,48,934	8,25,344	14,13,74,278	100	0
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0	0	0	0	0	0
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0	0	0	0	0	0
	Total (A)+(B)+(C)	14,05,22,828	8,51,450	14,13,74,278	100	14,05,48,934	8,25,344	14,13,74,278	100	

ii) Shareholding of Promoters(Including Promoter Group)

Sr No	Shareholder's Name	Shareholding at the beginning of the year - 2017			Shareholding at the end of the year - 2018			% change in share holding during the year
		NO.OF SHARES HELD	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	NO.OF SHARES HELD	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	VOTORANTIM CIMENTOS EAA INVERSIONES S.L.	10,37,09,063	73.358	0	10,37,09,063	73.358	0	0
2	VOTORANTIM CIMENTOS S.A.	23,21,645	1.642	0	23,21,645	1.642	0	0
	Total	10,60,30,708	75	0	10,60,30,708	75	0	0

iii) Change in Promoters Shareholding

Sr No.	Name & Type of Transaction	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		NO. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	VOTORANTIM CIMENTOS EAA INVERSIONES S.L.	103709063	73.3578			10,37,09,063	73.3578
	AT THE END OF THE YEAR					10,37,09,063	73.3578
2	VOTORANTIM CIMENTOS S.A.	2321645	1.6422			23,21,645	1.6422
	AT THE END OF THE YEAR					23,21,645	1.6422

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 14,13,74,278 Shares.

2. The details of holding has been clubbed based on PAN.

3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

Sr NO	SHAREHOLDER NAME	DPID/Folio	PAN	SHARES	BENPOS DATE
1	VOTORANTIM CIMENTOS S.A.	IN30317320006525	AAECV1498E	23,21,645	31/03/2017
2	VOTORANTIM CIMENTOS S.A.	IN30317320006525	AAECV1498E	23,21,645	31/03/2018
3	VOTORANTIM CIMENTOS EAA INVERSIONES S.L.	IN30317320006103	AAFCC0352H	10,37,09,063	31/03/2017
4	VOTORANTIM CIMENTOS EAA INVERSIONES S.L.	IN30317320006103	AAFCC0352H	10,37,09,063	31/03/2018

iv) Shareholding of Top Ten shareholders(other than Directors, Promoters)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	HITESH RAMJI JAVERI	1266476	0.8958			12,66,476	0.8958
	Transfer			07 Apr 2017	90,074	13,56,550	0.9595
	Transfer			21 Apr 2017	1,74,826	15,31,376	1.0832
	Transfer			28 Apr 2017	1,38,596	16,69,972	1.1812
	Transfer			05 May 2017	1,39,477	18,09,449	1.2799
	Transfer			12 May 2017	1,13,628	19,23,077	1.3603
	Transfer			19 May 2017	76,923	20,00,000	1.4147
	Transfer			26 May 2017	73,560	20,73,560	1.4667
	Transfer			22 Sep 2017	69,340	21,42,900	1.5158
	Transfer			01 Dec 2017	7,100	21,50,000	1.5208
	Transfer			15 Dec 2017	29,000	21,79,000	1.5413
	AT THE END OF THE YEAR					21,79,000	1.5413
2	LAL TOLANI	779861	0.5516			7,79,861	0.5516
	AT THE END OF THE YEAR					7,79,861	0.5516
3	HARSHA HITESH JAVERI	690889	0.4887			6,90,889	0.4887
	Transfer			21 Apr 2017	9,111	7,00,000	0.4951
	AT THE END OF THE YEAR					7,00,000	0.4951
4	SHAKUNTLA GUPTA	559723	0.3959			5,59,723	0.3959
	Transfer			05 May 2017	10,000	5,69,723	0.4030
	AT THE END OF THE YEAR					5,69,723	0.4030
5	KALI RAM GUPTA	444839	0.3147			4,44,839	0.3147
	AT THE END OF THE YEAR					4,44,839	0.3147
6	KEWAL KUMAR VOHRA	158454	0.1121			1,58,454	0.1121
	Transfer			19 May 2017	16,764	1,75,218	0.1239
	Transfer			26 May 2017	45,416	2,20,634	0.1561
	Transfer			02 Jun 2017	34,986	2,55,620	0.1808
	Transfer			09 Jun 2017	48,029	3,03,649	0.2148
	Transfer			16 Jun 2017	2,100	3,05,749	0.2163
	Transfer			23 Mar 2018	7,719	3,13,468	0.2217
	Transfer			31 Mar 2018	9,979	3,23,447	0.2288
	AT THE END OF THE YEAR					3,23,447	0.2288
7	KUBER INDIA FUND	0	0.0000			0	0.0000
	Transfer			31 Mar 2018	2,74,313	2,74,313	0.1940
	AT THE END OF THE YEAR					2,74,313	0.1940
8	VIRAF F CHINYOY	0	0.0000			0	0.0000
	Transfer			03 Nov 2017	10,000	10,000	0.0071
	Transfer			01 Dec 2017	1,06,393	1,16,393	0.0823
	Transfer			22 Dec 2017	84,101	2,00,494	0.1418
	AT THE END OF THE YEAR					2,00,494	0.1418

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
9	DEVYANI GULABSI KHIMJI	0	0.0000			0	0.0000
	Transfer			10 Nov 2017	1,35,000	1,35,000	0.0955
	Transfer			17 Nov 2017	45,887	1,80,887	0.1279
	AT THE END OF THE YEAR					1,80,887	0.1279
10	RAKESH KHANNA	78501	0.0555			78,501	0.0555
	Transfer			07 Apr 2017	(6,500)	72,001	0.0509
	Transfer			14 Apr 2017	(7,200)	64,801	0.0458
	Transfer			21 Apr 2017	(1,500)	63,301	0.0448
	Transfer			28 Apr 2017	(500)	62,801	0.0444
	Transfer			12 May 2017	(900)	61,901	0.0438
	Transfer			19 May 2017	3,000	64,901	0.0459
	Transfer			26 May 2017	12,700	77,601	0.0549
	Transfer			02 Jun 2017	4,900	82,501	0.0584
	Transfer			09 Jun 2017	2,707	85,208	0.0603
	Transfer			16 Jun 2017	7,100	92,308	0.0653
	Transfer			23 Jun 2017	9,500	1,01,808	0.0720
	Transfer			30 Jun 2017	8,524	1,10,332	0.0780
	Transfer			07 Jul 2017	270	1,10,602	0.0782
	Transfer			14 Jul 2017	(2,999)	1,07,603	0.0761
	Transfer			21 Jul 2017	15,418	1,23,021	0.0870
	Transfer			11 Aug 2017	11,000	1,34,021	0.0948
	Transfer			01 Sep 2017	(3,256)	1,30,765	0.0925
	Transfer			08 Sep 2017	(4,000)	1,26,765	0.0897
	Transfer			15 Sep 2017	(7,103)	1,19,662	0.0846
	Transfer			22 Sep 2017	(11,046)	1,08,616	0.0768
	Transfer			06 Oct 2017	(24,582)	84,034	0.0594
	Transfer			13 Oct 2017	400	84,434	0.0597
	Transfer			20 Oct 2017	11,400	95,834	0.0678
	Transfer			27 Oct 2017	5,660	1,01,494	0.0718
	Transfer			03 Nov 2017	22,257	1,23,751	0.0875
	Transfer			10 Nov 2017	4,000	1,27,751	0.0904
	Transfer			17 Nov 2017	13,200	1,40,951	0.0997
	Transfer			01 Dec 2017	9,406	1,50,357	0.1064
	Transfer			08 Dec 2017	4,000	1,54,357	0.1092
	Transfer			15 Dec 2017	(540)	1,53,817	0.1088
	Transfer			12 Jan 2018	(3,330)	1,50,487	0.1064
	Transfer			02 Feb 2018	1,014	1,51,501	0.1072
	Transfer			09 Feb 2018	8,245	159,746	0.1130
	Transfer			16 Feb 2018	(2,900)	1,56,846	0.1109
	Transfer			23 Feb 2018	13,630	1,70,476	0.1206
	Transfer			02 Mar 2018	(1,166)	1,69,310	0.1198
	Transfer			09 Mar 2018	(1,468)	1,67,842	0.1187
	Transfer			16 Mar 2018	1,000	1,68,842	0.1194
	Transfer			23 Mar 2018	(300)	1,68,542	0.1192
	Transfer			31 Mar 2018	1,967	1,70,509	0.1206
	AT THE END OF THE YEAR					1,70,509	0.1206

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
11	ILA KIRAN GADHIA	1,67,595	0.1185			1,67,595	0.1185
	AT THE END OF THE YEAR					1,67,595	0.1185
12	POONAM SOMANI	2,19,358	0.1552			2,19,358	0.1552
	Transfer			14 Apr 2017	(49,358)	1,70,000	0.1202
	Transfer			21 Apr 2017	(27,148)	1,42,852	0.1010
	Transfer			28 Apr 2017	(22,852)	1,20,000	0.0849
	Transfer			29 Dec 2017	(13,463)	1,06,537	0.0754
	AT THE END OF THE YEAR					1,06,537	0.0754
13	VINITA JAGDISH SHAHANI	1,40,000	0.0990			1,40,000	0.0990
	Transfer			07 Apr 2017	(80,000)	60,000	0.0424
	Transfer			14 Apr 2017	(30,000)	30,000	0.0212
	Transfer			21 Apr 2017	(10,000)	20,000	0.0141
	Transfer			28 Apr 2017	(10,000)	10,000	0.0071
	Transfer			28 Jul 2017	5,000	15,000	0.0106
	Transfer			04 Aug 2017	7,000	22,000	0.0156
	Transfer			11 Aug 2017	2,000	24,000	0.0170
	Transfer			25 Aug 2017	8,000	32,000	0.0226
	Transfer			01 Sep 2017	3,000	35,000	0.0248
	Transfer			22 Sep 2017	(8,000)	27,000	0.0191
	Transfer			13 Oct 2017	(18,000)	9,000	0.0064
	Transfer			20 Oct 2017	(4,000)	5,000	0.0035
	Transfer			27 Oct 2017	(4,000)	1,000	0.0007
	Transfer			08 Dec 2017	2,000	3,000	0.0021
	Transfer			15 Dec 2017	4,000	7,000	0.0050
	Transfer			22 Dec 2017	3,000	10,000	0.0071
	Transfer			26 Jan 2018	(2,000)	8,000	0.0057
	Transfer			02 Feb 2018	(3,000)	5,000	0.0035
	Transfer			09 Feb 2018	2,000	7,000	0.0050
	Transfer			16 Feb 2018	(2,000)	5,000	0.0035
	Transfer			23 Mar 2018	4,000	9,000	0.0064
	AT THE END OF THE YEAR					9,000	0.0064
14	GINNI FINANCE PVT LTD	1,48,000	0.1047			1,48,000	0.1047
	Transfer			12 May 2017	(40,598)	1,07,402	0.0760
	Transfer			26 May 2017	(95,858)	11,544	0.0082
	Transfer			02 Jun 2017	(11,544)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 14,13,74,278 Shares.

2. Reason for decrease / increase in shareholding - "Transfers"

3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

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V) Shareholding of Directors and Key Managerial Personnel

Sl. No	Name of the Director	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding during the year (1 st April, 2017 to 31 st March, 2018)	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Mr. A.K.Chhatwani				
	At the beginning of the year	0	0	0	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	0	0
2	Mr. Kumaresan Arcot				
	At the beginning of the year	0	0	0	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	0	0
3	Mr. Sven Erik Oppelstrup Madsen - Till 24th January 2018				
	At the beginning of the year	500	0	500	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	500	0	500	0
4	Mr. Jorge Alejandro Wagner - From 24th January 2018				
	At the beginning of the year	0	0	0	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	0	0
5	Mr. Persio Morassutti				
	At the beginning of the year	0	0	0	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	0	0
6	Ms. Meike Albrecht				
	At the beginning of the year	0	0	0	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	0	0
7	Mr. KK Rajeev Nambiar				
	At the beginning of the year	200	0	200	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	200	0

Sl. No	Name of the Key Managerial Personnel	Shareholding at the beginning of the year (1 st April, 2017)		Cumulative Shareholding during the year (1 st April, 2017 to 31 st March, 2018)	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Mr. M. V. Ramaswamy				
	At the beginning of the year	0	0	0	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	0	0
2	Mr. Suresh Meher				
	At the beginning of the year	10	0	10	0
	Datewise Increase /Decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus etc.)	0	0	0	0
	At the end of the year	0	0	10	0

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-	96,00,00,000	-	96,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2,43,288	-	2,43,288
Total (i+ii+iii)		96,02,43,288		96,02,43,288
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	-	71,00,00,000	-	71,00,00,000
Net Change	-	71,00,00,000	-	71,00,00,000
Indebtedness at the end of the financial year				
i) Principal Amount	-	25,00,00,000	-	25,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	63,356	-	63,356
Total (i+ii+iii)	-	25,00,63,356	-	25,00,63,356

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VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Director and/or Manager:

In Rupees

Sl. No	Particulars of Remuneration	Name of the Whole-time Director	Total Amount
1	Gross Salary	Mr. KK Rajeev Nambiar	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961 (other than PF but including Superannuation)	1,60,89,879	1,60,89,879
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	12,53,422	12,53,422
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax, 1961.	-	
2	Stock Option	-	
3	Sweat Equity	-	
4	Commission	-	
	as % of Profit	-	
	Others specify	-	
5	Others please specify	-	
	Total (A)	1,73,43,301	1,73,43,301
	Ceiling as per the Act	N.A.	N.A.

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	Mr. AK Chhatwani	Mr. Kumaresan A	
	(a) Fee for attending board committee meetings	17,00,000	17,00,000	34,00,000
	(b) Commission	0	0	0
	(c) Others, please specify			
	Director Remuneration	0	0	0
	Director Remuneration	0	0	0
	Total (1)	17,00,000	17,00,000	34,00,000
2	Other Non Executive Directors			
	(a) Fee for attending board committee meetings	0	0	0
	(b) Commission	0	0	0
	(c) Others, please specify.	0	0	0
	Total (2)	0	0	0
	Total (B)=(1+2)	17,00,000	17,00,000	34,00,000
	Total Managerial Remuneration			2,07,43,301
	Overall Ceiling as per the Act.*			1%

*Ceiling as per the Companies Act, 2013 is 5% of net profit for one Managerial Personnel in the category of Executive Director, and 1% of net profit for non-Executive Director. Commission within the overall ceiling of 1% of net Profit was paid to Non-Executive Independent Director in the financial year 2018-19, which pertains to financial year 2017-18. Accordingly details of such commission will be disclosed during financial year 2018-19. In case of CEO and Whole-time Director, even though Company has inadequate profits, payment of remuneration is in accordance with the MCA Circular dated 12th September, 2016 and within the limits approved by the Shareholders.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

In Rupees

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. M. V. Ramaswamy (CFO) *	Mr. Suresh Meher (Company Secretary)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	37,73,439	42,55,033	80,28,472
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2,70,806	-	2,70,806
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	as % of profit			
	others, specify			
5	Others, please specify			
	Total	40,44,245	42,55,033	8299,278

* Mr. M.V. Ramswamy ceased to be CFO & KMP effective from 19th April, 2018.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

SHREE DIGVIJAY CEMENT COMPANY LIMITED

ANNEXURE "G"

CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, , 2018.

A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

At Digvijay Cement and Votorantim Group, Corporate Governance has been an integral part of the way we are doing our business. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding to our plant, transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders.

It is governed by a set of principles, initiatives and management structures that confer an integrated vision and a great deal of agility in decision-making. It also employs the best practices and it prioritizes a long-term strategic vision of its businesses and the collective interest, focusing on results and a

meritocracy. The way the Votorantim Group operates is expressed in its Vision and its Values, in its Code of Conduct, and in its Sustainability Principles. Such elements are the organization's guidelines for its businesses, objectives and challenges.

The Company's corporate governance philosophy has been further strengthened through Votorantim Group and Digvijay Cement Business practices and also the Disclosure Practices.

A Report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

B) BOARD OF DIRECTORS:

• Composition of the Board

The Board comprises six (6) Directors consisting of two (2) Non-Executive Independent Directors, three (3) Non-Executive Non-Independent Directors including a Woman Director and one (1) Executive Director. The Chairman is an Independent Director. The details of the Directors with regard to outside directorships, committee positions as well as attendance at Board/General Meetings are as follows:

Director	Executive/ Non-Executive/ Independent	No. of Outside Directorship(s) Held		No. of Outside Committee Positions Held		No. of Board Meetings (During tenure of respective Directors)*		Attended Last AGM \$
		Public	Private	Member	Chairman	held	Attended	
Mr. A.K. Chhatwani	Independent	-	-	-	-	5	5	Yes
Mr. Kumaresan Arcot	Independent	-	2	-	-	5	5	Yes
Mr. Sven Erik Oppelstrup Madsen #	Non-Executive	-	-	-	-	4	3	No
Mr. Jorge Alejandro Wagner #	Non-Executive	-	-	-	-	2	2	NA
Mr. Persio Morassutti	Non-Executive	-	-	-	-	5	4	Yes
Ms. Meike Albrecht	Non-Executive	-	-	-	-	5	3	Yes
Mr. KK Rajeev Nambiar	Executive	-	-	-	-	5	5	Yes

\$ Last AGM was held on 20th June, 2017

* Includes meeting(s) attended through Video Conference.

Mr. Jorge Alejandro Wagner was appointed as a Director effective from 24th January 2018 in place of Mr. Sven Erik Oppelstrup Madsen, who ceased to be a Director of the Company effective from 24th January 2018, due to his retirement as VCEAA-CEO.

NOTES:

1. No Director is related to any other Director on the Board in terms of the provisions of the Companies Act, 2013
2. Mr. Sven Erik Oppelstrup Madsen holds 500 (five hundred) equity shares and Mr. KK Rajeev Nambiar holds 200 (two hundred) equity shares of the Company

- **Board Meetings and Attendance of Directors**

Regular meetings of Board of Directors are convened and held to review the performance and to deliberate and decide on various business matters. Calendar of Board / Committee meetings for the year are agreed with the Directors well in advance to enable them to plan their schedule for effective participation in the meetings. The members of the Board are provided with the requisite information mentioned in the Listing Agreement / SEBI Regulations well before the Board Meetings. During the financial year ended on 31st March 2018, five meetings of the Board of Directors were held.

The details of Board Meetings held during the financial year ended on 31st March, 2018 are as follows:

Date of Board Meeting	Place	No. of Directors attended (including Participation through Video Conference)
21 st April 2017	Mumbai	5
17 th July 2017	Mumbai	4
17 th October 2017	Mumbai	6
24 th January 2018	Mumbai	7*
27 th March 2018	Mumbai	5

*Including Mr. Jorge Alejandro Wagner who was appointed as a Director effective from 24th January 2018 in place of Mr. Sven Erik Oppelstrup Madsen.

The intervening gap between two consecutive meetings was not more than one hundred and twenty days.

- **Independent Directors:**

Meeting of Independent Directors: As required under the Companies Act, 2013, one meeting of the Independent Directors of the Company was held on 27th February 2018.

Familiarization Programme of Independent Directors: The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter alongwith necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company has, through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and the Cement Industry as a whole. Regular visits to Company's plant and other business locations are organized for the Directors to enable

them to understand the operations of the Company. They were regularly updated with the changes in the regulatory environment having significant impact on the operations of the Company.

During the financial year 2017-18 the Company has conducted various programmes, organized visits to plants and made presentations for familiarizing the Directors for a total duration of 75 hours and 30 minutes. The terms and conditions of appointment of Independent Directors and details of familiarisation programmes imparted to Independent Directors have been placed on the website of the Company <http://www.votorantimcementos.co.in/SitePages/Policies.aspx>.

Performance Evaluation for Board, Committees, Individual Directors (Independent and Non Independent Directors): The Evaluation of Board, its Committees, Individual Directors (Independent and Non Independent Directors) was carried out as per the process and criteria laid down by the Board of Directors based on the Policy on Performance Evaluation for Board, Committees, Individual Directors and Nomination & Remuneration Policy. The Independent Directors (IDs) met on 11th July, 2018 to discuss the performance of the Board and its Directors (other than IDs). The IDs submitted their assessment of the performance of the Board and its Directors (other than IDs) to the Chairman. Evaluation of Committees of Board and Independent Directors were also submitted to Board through Chairman. Chairman discussed the outcome of performance appraisal and the actions points arising from the evaluations in the Board Meeting held on 19th July, 2018.

C) COMMITTEE OF DIRECTORS

1) AUDIT COMMITTEE:

- The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Regulations read with Section 177 of the Companies Act, 2013.
- Apart from all the matters provided in Regulation 18 of SEBI Regulations and Section 177 of the Companies Act 2013, the Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also re-views major accounting policies followed by the Company.
- The Audit Committee comprising three Directors, of these two (2) are Independent Directors and one (1) is Non-Executive Director. Presently the following are the members of the Audit Committee :

SHREE DIGVIJAY CEMENT COMPANY LIMITED

1. Mr. A.K. Chhatwani
2. Mr. A Kumaresan
3. Mr. Persio Morassutti

Mr. A. K. Chhatwani is the Chairman of the Committee.

- Mr. A.K. Chhatwani, Chairman of the Audit Committee, attended the previous Annual General Meeting of the Company held on 20th June, 2017.
- During the financial year ended on 31st March, 2018, six Meetings of the Audit Committee were held i.e. on 21st April, 2017; 26th June 2017; 17th July, 2017; 17th October, 2017; 24th January, 2018 and 27th March, 2018 .
- The attendance of each member of the Audit Committee are given below:

Name	Designation	Category	Meetings Attended
Mr. A.K. Chhatwani	Chairman	Independent Director	6
Mr. A. Kumaresan	Member	Independent Director	6
Mr. Persio Morassutti	Member	Non-Executive Director	5

The CEO & Whole Time Director and Chief Financial Officer are permanent invitees to the Audit Committee. The Statutory, Internal as well as the Cost Auditors of the Company are also invited to the Audit Committee Meetings.

Mr. Suresh Meher, AVP (Legal) & Company Secretary, acts as the Secretary to the Committee.

The necessary quorum was present at all the meetings.

The principal terms of reference of the Audit Committee, as approved by the Board and as updated from time to time by the Board are as under:

- I. (1) oversight of 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) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, 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;
 - (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) reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
 - (6) reviewing, 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) reviewing and monitoring the auditor's independence and performance ,and effectiveness of audit process;
 - (8) approval or any subsequent modification of transactions of the listed entity with related parties;
 - (9) scrutiny of inter-corporate loans and investments;
 - (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
 - (11) evaluation of internal financial controls and risk management systems;
 - (12) reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;

- (13) reviewing 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) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing 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) discussion with statutory auditors before the audit commences, about the nature and scope of as well as post-audit discussion to ascertain any area of concern;
- (17) to 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) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

II. The Audit Committee mandatorily reviews the following information:

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- (4) Internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if

applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

III. In addition to the above, the Audit Committee shall have such functions / role / powers, if any, as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable law.

IV. The Audit Committee may make recommendations to the Board on any matter within its purview, by passing appropriate resolutions in its meetings.

2) NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee recommends the appointment of Directors and remuneration of such Directors. The level and structure of appointment and remuneration of all Key Managerial personnel and Senior Management Personnel (being the direct reportees to the CEO i.e. the persons holding the positions namely, CFO, Legal Head & CS, HR-Head, Technical Head, Marketing Head and SCM-Head) of the Company, as per the Remuneration Policy, is also overseen by this Committee.

During the financial year three Meetings of the Nomination & Remuneration Committee were held on 21st April, 2017; 17th October, 2017 and 19th February, 2018.

The details of composition of the Committee & attendance record of the members at the meeting were as follows:

- The Nomination and Remuneration Committee comprising three Directors of these two (2) are Independent Directors and one (1) is Non-Executive Director. Presently the following are the members of Nomination and Remuneration Committee :

1. Mr. A Kumaresan
2. Mr. A.K. Chhatwani
3. Ms. Meike Albrecht

Mr. A. Kumaresan is the Chairman of the Committee.

- Mr. A. Kumaresan - Chairman of the Nomination and remuneration Committee, attended previous Annual General Meeting of the Company held on 20th June, 2017.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

- The details of attendance are as under:

Name	Designation	Category	Meetings Attended
Mr. A. Kumaresan	Chairman	Independent Director	3
Mr. A.K. Chhatwani	Member	Independent Director	3
Ms. Meike Albrecht	Member	Non- Executive Director	3

Mr. Suresh Meher, AVP (Legal) & Company Secretary, provided secretarial support to the Committee.

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, Nomination and Remuneration Committee has the following principal terms of reference:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and senior employees as per Remuneration Policy;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors 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.
- (6) In addition to the above, the Committee shall have such functions / role / powers, if any, as may be specified in the Companies Act, 2013, SEBI (LODR) / Listing Agreement with stock exchanges or any other applicable law / regulations from time to time or as may be assigned by the Board of Directors.

Remuneration of Directors:

The details of remuneration paid to the Directors for the financial year 2017-18 are given below:

(In Rupees)

Name of Director	Designation	Salary	Comm ission*	Perqui- sites	Retirement Benefits	Sitting Fee ^	Total
Mr. A.K. Chhatwani	Independent Director	-	-	-	-	17,00,000	17,00,000
Mr. Kumaresan Arcot	Independent Director	-	-	-	-	17,00,000	17,00,000
Mr. Sven Erik Oppelstrup Madsen	Non-executive Director	-	-	-	-	-	-
Mr. Jorge Alejandro Wagner	Non-executive Director	-	-	-	-	-	-
Mr. Persio Morassutti	Non-executive Director	-	-	-	-	-	-
Ms. Meike Albrecht	Non-executive Director	-	-	-	-	-	-
Mr. KK Rajeev Nambiar	CEO & Whole-time Director	1,60,89,879	-	12,53,422	-	-	1,73,43,301
Total		1,60,89,879	-	12,53,422	-	34,00,000	2,07,43,301

^ Excluding sitting fee ₹2,00,000 towards meeting Audit Committee meeting attended on 27th March, 2018

*Commission paid for financial year 2017-18, based on net profits of said financial year, was paid in the financial year 2018-19 and detailed will be disclosed during said financial year.

Apart from sitting fees for attending Board/Committee Meetings, no other fees/compensation has been paid to the Independent Directors nor have any significant material transactions been made with the Non-Executive Directors vis-a-vis the Company. Your Company does not have any stock option scheme for its Directors and employees.

The Non-Executive Directors, other than Independent Directors are not accepting any sitting fee for attending Board/Committee meetings.

Remuneration for the Senior Management Employees

In determining the remuneration of the Senior Management Employees and Key Managerial Personnel the criteria and guidelines mentioned in Remuneration Policy is followed. The Nomination and Remuneration Policy is uploaded on website of the company at <http://www.votorantimcimentos.co.in/SitePages/Policies.aspx>

3) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee considers and oversees resolution of grievances of security holders and investors of the Company.

During the year, the Committee met once on 21st April, 2017.

Stakeholder Relationship Committee comprising of three Directors, of these two (2) are Independent Directors and one (1) is Non-Executive Director.

- Presently the following are the members of Stakeholder Relationship Committee :

- Mr. A Kumaresan (Chairman) 2. Mr. A.K. Chhatwani 3. Ms. Meike Albrecht

Mr. Kumaresan Arcot , Independent Director is the Chairman of the Committee

Mr. Suresh Meher - AVP (Legal) & Company Secretary is the Compliance Officer

- The Details of attendance of the members at the meeting held on 21st April 2017 are given below:

Name	Designation	Category	Meetings Attended
Mr. A. Kumaresan	Chairman	Independent Director	1
Mr. A.K. Chhatwani	Member	Independent Director	1
Ms. Meike Albrecht	Member	Non-Executive Director	1

- Complaints received and redressed by the Company during the financial year:

Sr.	Particulars	Remarks
1	At the beginning of the year	NIL
2	Received during the year	NIL
3	Resolved during the year	NIL
4	At the end of the year	NIL

The Company has designated an exclusive e-mail ID investors.sdcl@vcimentos.com for redressal of shareholders' complaints/grievances.

4) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

Pursuant to Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee, *inter-alia*, to formulate Corporate Social Responsibility (CSR) Policy, to recommend the amount of expenditure to be incurred on social activities and to monitor the CSR Policy. Implementations of decisions of Committee and CSR activities are undertaken by the Executive Committee consisting of officials from various departments of the Company.

Corporate Social Responsibility Committee comprises of three Directors, of these two (2) are Independent Directors and one (1) is Executive Director.

- Presently the following are the members of Corporate Social Responsibility Committee :

- Mr. A K. Chhatwani (Chairman) 2. Mr. Arcot Kumaresan 3. Mr. KK Rajeev Nambiar

- Mr. A.K. Chhatwani , Independent Director is the Chairman of the Committee

- The Details of attendance of the members at the meeting held on 21st April, 2017 and on 20th March 2018 are given below:

Name	Designation	Category	Meetings Attended
Mr. A.K. Chhatwani	Chairman	Independent Director	2
Mr. A. Kumaresan	Member	Independent Director	2
Mr. KK Rajeev Nambiar	Member	Whole-time Director	2

The Annual Report on CSR activities carried out during the year 2017-18 is annexed to Directors' Report.

D) DISCLOSURES

Legal Compliances:

The Company follows a formal system of legal compliance & reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any. There were no instances of material non-compliance and no penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

Code of Conduct:

Code of Conduct adopted by the Company has been posted on the website of the Company. The

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Members of the Board and Senior Management of the Company have submitted their affirmation on compliance with the Code of Conduct for the effective period. The declaration by the CEO & Whole-time Director to that effect forms part of this report as **Annexure**.

Related Party Transaction:

Pursuant to Regulation 23 of the Listing Regulations and applicable provisions of the Companies Act, 2013, the Company has formulated Related Party Transactions Policy for dealing with Related Party transactions. Transactions with every Related Party are as per the provisions of the law and the Related Party Transactions Policy. All Transaction with related parties was in the ordinary course of business and on arm's length pricing basis. The policy on related party transaction has been placed on the company's website and can be accessed through <http://www.votorantimcementos.co.in/SitePages/Policies.aspx>

CEO / CFO Certification:

The CEO & Whole-time Director and Chief Financial Officer (CFO) of the Company gives an annual certificate on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The CEO & Whole-time Director and CFO also give quarterly certificate on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

Vigil Mechanism / Whistle Blower Policy:

The Company believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behaviour. The Company has adopted a Whistle Blower Policy as per the applicable laws and as per the standards, policies and procedures as laid down in Votorantim Group Code of Conduct ("Group Code") and Company's Code of Conduct ("Code") through which the Company has institutionalized a mechanism for the Stakeholders to disclose their concerns and grievances on unethical behaviour and improper / illegal practices and wrongful conduct taking place in the Company for appropriate action.

All Protected Disclosures concerning any alleged wrongful conduct or act should be addressed/ reported to the Local Conduct Committee through the Ethics Line as defined in the Group Code or as may be applicable for Company, for investigation. Where a Protected Disclosure relates to any wrongful conduct or act which involve its management, or any issue which surpasses Company's responsibility or has some impact on the other areas of the Group, such Protected Disclosure may be made by any Stakeholder directly to the Corporate Conduct Committee, also via the Ethics Line.

Through this Policy, the Company provides adequate safeguards to all Whistle Blowers for making Protected Disclosures in Good Faith and any Stakeholder assisting the investigation and also provides for direct access to the Chairman of the Audit Committee.

Commodity price risk and hedging activities:

Most of raw materials that are used in the manufacturing operations of cement product of the Company are sourced from the domestic market and therefore do not have significant foreign exchange fluctuation risks. The Company has Risk Management framework to pro-actively mitigate any risk.

Other Policies and Disclosures:

During the year, the Company has also adopted other policies as required under SEBI Regulations and other applicable laws, circular and notifications.

The discretionary requirements as specified in Part E of Schedule II of SEBI Regulations, wherever applicable to the Company, have been adopted. Further the Company has complied with disclosure requirements, wherever applicable, as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Regulations.

Mandatory & Non-Mandatory Clauses:

The Company has complied with all mandatory requirements laid down by SEBI Regulations. The non-mandatory requirements complied with has been disclosed at the relevant places.

E) GENERAL BODY MEETINGS

- Details of Annual General Meeting (AGM) held during last three years are as under:

AGM	Financial Year	Location of the Meeting	Date & Time	No. of special resolutions passed
70 th	2014	Registered Office, Digvijaygram	20 th May, 2015 09:00 A. M.	One
71 st	2015-16 (January 2015 to March 2016)	Registered Office, Digvijaygram	4 th August, 2016 09.30 A.M	One
72 nd	2016-17	Registered Office, Digvijaygram	20 th June, 2017 09.30 A.M.	One

F) MEANS OF COMMUNICATION

During the year, un-audited quarterly and audited annual financial results of the Company were submitted to the stock exchanges soon after the approval at Board meeting and were published in leading newspapers viz The Financial Express in all edition of English language and The Financial Express in Gujarati language. These were also promptly put on the Company's website <http://www.votorantimcimentos.co.in/SitePages/Investors-Centre.aspx>. All other relevant news are also displayed on Company's website. The Company plans to send soft copies of Annual Report 2017-18 to those shareholders whose email IDs are registered with the Depository Participants and / or with the Company's Registrars and Transfer Agents, unless opted by them to get the physical copy, to support the "Green Initiative in Corporate Governance", an initiative taken by the Ministry of Corporate Affairs.

G) GENERAL INFORMATION TO SHAREHOLDER

- Financial Year : 1st April 2017 to 31st March 2018
- Dates of Book Closures : 31st August 2018 to 7th September 2018 (both days inclusive)
- Annual General Meeting : 7th September, 2018, at 09.30 am at Digvijaygram, Gujarat, India

Tentative Financial Calendar for the year 2018-19:

Financial Year	1 st April to 31 st March
Quarterly results and Limited Review for the quarter ending 30 th June 2018	By 14 th August 2018
Quarterly/ Half-yearly results and Limited Review for the quarter ending 30 th September 2018	By 14 th November 2018
Quarterly/ Nine-months results and Limited Review for the quarter ending 31 st December 2018	By 14 th February 2018
Results for the Year ending 31 st March 2019	By end of May 2019
Annual General Meeting for the year ending 31 st March 2019	By end of September 2019

- Company's share are listed with BSE Limited, P.J. Towers, Dalal Street, Mumbai- 400 001
Stock Code is 502180 and International Securities Identification Number (ISIN) is INE232A01011
The Company has paid the annual listing fees for the year 2018-19 to BSE.
- Stock Price Data on BSE Limited :
The closing market price of equity share on 31st March, 2018 (last trading day of the year) was ₹23.20

The monthly movement of equity share prices during the year at BSE is summarized below:

Month	High Price (₹)	Low Price (₹)	Volume
April-2017	28.25	23.45	41,47,325
May-2017	27.55	22.70	17,79,183
June-2017	25.10	22.25	8,16,230
July-2017	26.25	22.00	14,73,544
August-2017	22.95	19.55	6,36,987
September-2017	27.50	21.00	28,79,148

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Month	High Price (₹)	Low Price (₹)	Volume
October-2017	30.25	22.80	47,00,327
November-2017	29.00	25.30	27,86,062
December-2017	28.10	24.85	16,33,576
January-2018	33.35	26.40	49,19,173
February-2018	27.50	23.30	12,35,519
March-2018	26.95	22.25	13,15,052

The performance of the equity share price of the Company vis-à-vis the S&P BSE Sensex is as under:

Month	Company's Share Price at BSE (₹)	S & P BSE Sensex	Relative Index for comparison purpose	
			Company Share price index	BSE Sensex
March-2017	23.20	29,620.50	100.00	100.00
April-2017	27.50	29,918.40	100.19	100.01
May-2017	24.00	31,145.80	100.03	100.05
June-2017	22.90	30,921.61	99.99	100.04
July-2017	22.65	32,514.94	99.98	100.10
August-2017	21.05	31,730.49	99.91	100.07
September-2017	24.20	31,283.72	100.04	100.06
October-2017	27.50	33,213.13	100.19	100.12
November-2017	27.05	33,149.35	100.17	100.12
December-2017	27.75	34,056.83	100.20	100.15
January-2018	26.75	35,965.02	100.15	100.21
February-2018	26.05	34,184.04	100.12	100.15
March-2018	23.20	32,968.68	100.00	100.11

Registrar and Share Transfer Agents:

M/s Link In-time India Pvt. Ltd.
C-101, 247 Park, LBS Marg, Vikhroli (W)
Mumbai – 400 083,
Telephone No.022-4918 6000,
Fax No.022-4918 6060
e-mail: rnt.helpdesk@linkintime.co.in

Investors Correspondence:

The Company Secretary
Shree Digvijay Cement Company Limited
CIN: L26940GJ1944PLC000749
Digvijaygram – 361 140
Dist. Jamnagar (Gujarat)
Telephone : (0288) 2344 272 -2344 275
Fax No. : (0288) 2344 092 & 2344 214
Website : www.digvijaycement.com
www.votorantimcimentos.co.in
e-mail : investors.sdcl@vcimentos.com

Share Transfer System:

a) The Share Transfers

Share transfers in physical form are processed and the share certificates are generally returned within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company / Registrar are complete in all respects.

b) Nomination facility for shareholding

As per the provision of the Act, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form, may write to the Company Secretary of the Company or download from the Company's website. Members holding shares in dematerialized form should contact their Depository Participant (DP) in this regard.

c) Permanent Account Number (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 transferor(s), transferee(s), members, surviving joint holders /legal heirs be furnished to the Company, while obtaining the service of transfer, transposition, transmission and issue of duplicate certificates.

d) Subdivision of shares

The Company had subdivided the face value of its Equity shares from ₹100 to ₹10 in 1995. The old shares having face value of ₹100 are no longer tradable on the stock exchange. Members holding share certificates of the face value of ₹100 are requested to send the certificates to the Company Secretary of the Company for exchange with shares of the face value of ₹10 each.

e) Pending Investors' Grievances

Any Member / Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary at the Registered Office with a copy of the earlier correspondence.

f) Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by an independent external Auditors (Practicing Company Secretary) with a view to reconcile the total share capital admitted with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and held in physical form, with the issued and listed capital. The Auditors Certificate in regard to the same is submitted to BSE Limited and also placed before the Stakeholders Relationship committee and the Board of Directors.

Distribution of shareholding as on 31st March 2018:

Holdings	No. of Shareholders	% age	No. of shares	% of shareholdings
1-500	15,685	67.75	31,66,774	2.24
501-1000	3,311	14.30	29,23,232	2.07
1001-2000	1,759	7.60	27,94,832	1.98
2001-3000	732	3.16	18,76,509	1.33
3001-4000	315	1.36	11,44,,541	0.81
4001-5000	385	1.66	18,37,101	1.30
5001-10000	515	2.22	38,60,350	2.73
10001 & above	451	1.95	12,37,70,939	87.54
Total		100.00	14,13,74,278	100.00

Dematerialization of shares and liquidity

As on 31st March 2018, 14,05,48,934 Equity shares of the Company representing 99.42% are in dematerialized form and the handling of physical transfer of shares are minimal. 100% of Promoters' Shareholding is in dematerialized form. No transfer of equity shares are pending as on 31st March, 2018.

Categories of Shareholding as on 31st March, 2018

Category	No. of shares held	% of Shareholdings
Promoters	10,60,30,708	75.00
NR & NRI's	16,27,588	1.15
Financial Ins./ Banks etc.	40,707	0.03
Corporate	22,57,821	1.60
Public	3,14,17,454	22.22
Total	14,13,74,278	100

Registered Office & Works

Shree Digvijay Cement Company Limited

CIN: L26940GJ1944PLC000749

Digvijaygram – 361 140

Dist. Jamnagar (Gujarat)

Telephone : (0288) 2344 272 -2344 275

Fax No. : (0288) 2344 092 & 2344 214

Website : www.digvijaycement.com
www.votorantimcimentos.co.in

e-mail : investors.sdcl@vcimentos.com

SHREE DIGVIJAY CEMENT COMPANY LIMITED

ANNEXURE TO CORPORATE GOVERNANCE REPORT

To
The Shareholders,
Affirmation of Compliance with Code of Conduct

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. I hereby declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Conduct from all the Directors and the Senior Management Personnel of the Company, as applicable to them, for the financial year ended 31st March, 2018.

Place : Mumbai
Date : 19th July, 2018

For Shree Digvijay Cement Co. Ltd.
KK Rajeev Nambiar
CEO & Whole-time Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of
Shree Digvijay Cement Company Limited

We have examined the compliance of conditions of corporate governance by **Shree Digvijay Cement Company Limited ("the Company")**, for the year ended 31st March, 2018, as specified Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Regulations**").

Management's Responsibility:

The Company's management also takes full responsibility of the Compliance of the conditions of Corporate Governance stipulated in the Regulations.

Auditors' Responsibility:

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our engagement in accordance with the "Guidance Note on Corporate Governance Certificate" issued by the Institute of Company Secretaries of India. Our responsibility is to certify based on the work done.

Conclusion:

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on use:

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

FOR DM & ASSOCIATES COMPANY SECRETARIES LLP
COMPANY SECRETARIES
UNIQUE CODE: L2017MH003500

Place: Mumbai
Date: 19th July, 2018

DINESH KUMAR DEORA
PARTNER
Membership No.: FCS 5683 COP No 4119

INDEPENDENT AUDITORS' REPORT

To the members of Shree Digvijay Cement Co Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying Ind AS financial statements of Shree Digvijay Cement Co Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. 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 of these Ind AS financial statements to 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 specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2018, and its total comprehensive income (comprising of profit for the year and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31,

SHREE DIGVIJAY CEMENT COMPANY LIMITED

2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 21, 2017 and May 24, 2016, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 (including other comprehensive income), 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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

- (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at 31st March, 2018 on its financial position in its Ind AS financial statements – Refer Note 24 and 27;
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2018;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2018;
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March, 2018.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Mumbai
April 19, 2018

Sachin Parekh
Partner
Membership Number: 107038

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Shree Digvijay Cement Co Limited on the Ind AS financial statements for the year ended 31st March, 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Shree Digvijay Cement Co Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Act.

Auditors' Responsibility

3. 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 specified 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 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.

4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Company has, 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 31st March, 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 Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Mumbai
April 19, 2018

Sachin Parekh
Partner
Membership Number: 107038

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Shree Digvijay Cement Co Limited on the Ind AS financial statements for the year ended 31st March, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period 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 programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on Property, Plant and Equipment to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore,

the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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 the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of customs, duty of excise, value added tax as at 31st March, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In lakhs)*	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty	2,866.75	Financial Years 2002-03, 2007-08 to 2010-11, 2013-14	The Customs, Excise and Service Tax Appellate Tribunal
		1,397.41	Financial Years 2006-07 to 2016-17	Commissioner (Appeals)
The Finance Act, 1994	Service Tax	942.53	Financial Years 2004-05, 2009-10 to 2014-15	The Customs, Excise and Service Tax Appellate Tribunal
		550.24	Financial Years 2005-06, 2011-12 to 2016-17	Commissioner (Appeals)
The Customs Act, 1962	Customs duty	100.00	Financial Year 2010-11	Commissioner (Appeals)
The Gujarat Value Added Tax, 2003	Value added Tax	50.83	Financial Year 2009-10 to 2010-11	Deputy Commissioner
Sales Tax Act of respective states	Sales Tax	2.41	Financial Year 1992-93 to 1994-95	Deputy Commissioner
		5.75	Financial Year 1995-96 and 1997-98	Commissioner of Sales Tax

* Net of amounts paid under protest.

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. Further, the Company has not issued any debentures as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him within the meaning of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sachin Parekh
Partner
Membership Number: 107038

Mumbai
April 19, 2018

SHREE DIGVIJAY CEMENT COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

(₹ in lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	19,917.40	21,246.83	21,608.00
Capital work-in-progress		3.75	10.09	33.68
Intangible assets	4	902.91	456.16	98.02
Financial assets				
i. Loans	5	892.87	892.31	881.96
ii. Other financial assets	6	1,022.37	1,029.84	237.81
Deferred tax assets (net)	8	1,642.95	2,123.90	1,633.27
Income tax assets (net)	7	53.24	163.84	258.52
Other non-current assets	9	830.27	926.99	789.22
Total Non-Current Assets		25,265.76	26,849.96	25,540.48
Current assets				
Inventories	10	4,401.94	6,970.48	9,664.72
Financial assets				
i. Trade receivables	11	1,207.88	557.96	1,594.97
ii. Cash and cash equivalents	12	2,999.27	2,222.43	5,260.97
iii. Bank balances other than (ii) above	13	199.53	183.76	15.29
iv. Loans	14	12.23	28.44	17.72
v. Other financial assets	15	75.83	65.67	165.03
Other current assets	16	811.33	921.88	835.85
Total Current Assets		9,708.01	10,950.62	17,554.55
Total Assets		34,973.77	37,800.58	43,095.03
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	14,137.50	14,137.50	14,137.50
Other equity	18	7,713.23	6,286.07	7,212.41
Total Equity		21,850.73	20,423.57	21,349.91
Liabilities				
Non-current liabilities				
Financial liabilities				
i. Trade payables		-	-	25.20
Provisions	19	321.72	300.26	252.98
Employee benefit obligations	20	434.57	576.07	478.11
Total Non-Current Liabilities		756.29	876.33	756.29
Current liabilities				
Financial liabilities				
i. Borrowings	21	2,500.63	9,602.43	11,670.15
ii. Trade payables	22	6,048.67	3,403.26	5,725.84
iii. Other financial liabilities	23	1,940.80	1,932.06	1,838.31
Provisions	24	249.86	249.86	446.41
Employee benefit obligations	25	103.53	90.29	82.80
Other current liabilities	26	1,523.26	1,222.78	1,225.32
Total Current Liabilities		12,366.75	16,500.68	20,988.83
Total Equity & Liabilities		34,973.77	37,800.58	43,095.03
The notes are an integral part of these financial statements				

In terms of our report of even date

For Price Waterhouse

Firm Registration No. : 301112E
Chartered Accountants

Sachin Parekh
Partner
Membership No.: 107038

Place: Mumbai
Date: April 19th, 2018

For and on behalf of the Board of Directors

Arcot Kumaresan
Independent Director
DIN: 00149567

Jorge Alejandro Wagner
Director
DIN: 07935739

Suresh Kumar Meher
AVP (Legal) & Company Secretary

Place: Madrid
Date: April 19th, 2018

A. K. Chhatwani
Independent Director
DIN: 00016735

K. K. Rajeev Nambiar
CEO & Whole Time Director
DIN: 07313541

Vikas Kumar
Interim Chief Financial Officer
Place: Sikka, Jamnagar

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

(₹ in lakhs)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	28	42,417.25	35,153.94
Other income	29	637.71	1,214.53
Total Income		43,054.96	36,368.47
Expenses			
Cost of materials consumed	30	9,002.43	7,309.63
Changes in inventories of finished goods and work-in-progress	31	1,265.19	(386.18)
Excise duty		1,082.52	3,664.15
Employees benefit expenses	32	2,693.92	2,626.72
Finance costs	34	995.17	1,146.91
Depreciation and amortisation expenses	33	2,287.91	2,218.56
Power and fuel		11,972.97	10,179.63
Freight and handling		6,297.27	5,100.92
Other expenses	35	5,394.15	5,891.87
Total Expenses		40,991.53	37,752.21
Profit/(Loss) before tax		2,063.43	(1,383.74)
Income tax expense			
Current tax	7A	293.77	-
Deferred tax	7A	432.57	(479.13)
Total tax expense/(credit)		726.34	(479.13)
Profit/(Loss) for the year		1,337.09	(904.61)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations, gain/(loss)		138.45	(33.23)
Income tax relating to above	8B	(48.38)	11.50
Other comprehensive Income for the year, net of tax		90.07	(21.73)
Total comprehensive income for the year		1,427.16	(926.34)
Earnings per equity share (in ₹)	41		
(Nominal value per share ₹10)			
Basic earning per share (In ₹)		0.95	(0.64)
Diluted earning per share (In ₹)		0.95	(0.64)
The notes are an integral part of these financial statements			

In terms of our report of even date

For Price Waterhouse

Firm Registration No. : 301112E
Chartered Accountants

Sachin Parekh

Partner
Membership No.: 107038

Place: Mumbai
Date: April 19th, 2018

For and on behalf of the Board of Directors

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DIN: 07313541

Vikas Kumar
Interim Chief Financial Officer
Place: Sikka, Jamnagar

SHREE DIGVIJAY CEMENT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	2,063.43	(1,383.74)
Adjustments for:		
Depreciation and amortisation expenses	2,287.91	2,218.56
Provision for slow / non-moving stores & spares	34.42	51.42
(Profit)/Loss on sale / write-off of property, plant and equipments (net)	(3.29)	62.59
Provision/(write back) for doubtful debts and advances (net)	14.06	(31.33)
Interest income	(285.45)	(334.53)
Unwinding of discount on security deposit	(0.57)	(12.97)
Liability/provision written back to the extent no longer required	(96.26)	(307.63)
Unrealized foreign exchange (gain) / loss on operating activities	68.11	(23.71)
Finance costs	995.17	1,146.91
Operating profit before working capital changes	5,077.53	1,385.57
Adjustments for:		
Increase / (Decrease) in trade payables	2,577.30	(2,324.07)
Increase / (Decrease) in other financial liabilities	310.87	21.90
Increase / (Decrease) in current provision	-	1.20
Increase / (Decrease) in employee benefit obligation	13.24	7.49
Increase / (Decrease) in other current liabilities	396.74	107.34
Increase / (Decrease) in non-current employee benefit obligation	(3.05)	64.73
(Increase) / Decrease in trade receivables	(657.74)	1,075.73
(Increase) / Decrease in inventories	2,534.12	2,642.82
(Increase) / Decrease in loans	16.21	(10.72)
(Increase) / Decrease in other financial assets	(16.55)	87.98
(Increase) / Decrease in other current assets	110.55	(81.16)
(Increase) / Decrease in non current loans	(0.01)	(2.62)
(Increase) / Decrease in other non-current assets	(47.21)	(8.78)
Cash generated from operations	10,312.00	2,967.41
Taxes paid (net of refunds)	(183.17)	94.68
Net cash inflow from operating activities	10,128.83	3,062.09

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible/intangible assets	(1,580.11)	(2,295.87)
Sale of tangible assets	26.33	11.56
Interest received	254.72	312.33
Movement in term deposit with bank (net)	22.58	(934.31)
Net cash used in investing activities	(1,276.48)	(2,906.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(9,600.00)	(11,600.00)
Proceeds from borrowings	2,500.00	9,600.00
Interest paid	(975.51)	(1,194.34)
Net cash used in financing activities	(8,075.51)	(3,194.34)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	776.84	(3,038.54)
Cash and cash equivalents at the beginning of the year	2,222.43	5,260.97
Cash and cash equivalents at the end of the year	2,999.27	2,222.43
Reconciliation of cash & cash equivalents as per cash flow statement :		
Cash and cash equivalents comprise:		
Cash on hand	0.59	2.54
Balances with banks - in current accounts	992.68	716.57
Demand deposits (less than 3 months maturity)	2,006.00	1,503.32
Total	2,999.27	2,222.43

Note: The cash flow statement has been prepared under "Indirect Method" specified in Ind AS 7 on "Statement of Cash Flows".

In terms of our report of even date

For Price Waterhouse

Firm Registration No. : 301112E
Chartered Accountants

Sachin Parekh

Partner
Membership No.: 107038

Place: Mumbai
Date: April 19th, 2018

For and on behalf of the Board of Directors

Arcot Kumaresan
Independent Director
DIN: 00149567

Jorge Alejandro Wagner
Director
DIN: 07935739

Suresh Kumar Meher
AVP (Legal) & Company Secretary

Place: Madrid
Date: April 19th, 2018

A. K. Chhatwani
Independent Director
DIN: 00016735

K. K. Rajeev Nambiar
CEO & Whole Time Director
DIN: 07313541

Vikas Kumar
Interim Chief Financial Officer
Place: Sikka, Jamnagar

SHREE DIGVIJAY CEMENT COMPANY LIMITED

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

A Equity Share Capital

Particulars	Note	₹ in lakhs
As at April 01, 2016	17	14,137.50
Changes in equity share capital		-
As at March 31, 2017		14,137.50
Changes in equity share capital		-
As at March 31, 2018		14,137.50

B Other Equity

(₹ in lakhs)

Particulars	Note	Reserves and Surplus				Total Other Equity
		Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Retained Earnings	
As at April 01, 2016	18	8,786.87	35.00	20.43	(1,629.89)	7,212.41
(Loss) for the year		-	-	-	(904.61)	(904.61)
Other comprehensive income		-	-	-	(21.73)	(21.73)
Total comprehensive income for the year		-	-	-	(926.34)	(926.34)
As at March 31, 2017		8,786.87	35.00	20.43	(2,556.23)	6,286.07
Profit for the year		-	-	-	1,337.09	1,337.09
Other comprehensive income		-	-	-	90.07	90.07
Total comprehensive income for the year		-	-	-	1,427.16	1,427.16
As at March 31, 2018		8,786.87	35.00	20.43	(1,129.07)	7,713.23

In terms of our report of even date

For Price Waterhouse

Firm Registration No. : 301112E
Chartered Accountants

Sachin Parekh

Partner
Membership No.: 107038

Place: Mumbai
Date: April 19th, 2018

For and on behalf of the Board of Directors

Arcot Kumaresan
Independent Director
DIN: 00149567

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DIN: 00016735

K. K. Rajeev Nambiar
CEO & Whole Time Director
DIN: 07313541

Vikas Kumar
Interim Chief Financial Officer
Place: Sikka, Jamnagar

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

1 Company Overview

Shree Digvijay Cement Co Limited (the 'Company') is a public limited Company domiciled in India with its registered office address being Digvijaygram, Dist: Jamnagar, Gujarat - 361140. The company is listed on the Bombay Stock Exchange (BSE). The company's principal business is manufacturing and selling of cement. The Company has one manufacturing facility at Sikka (via Jamnagar) with installed capacity of 10.75 lacs MT per annum. The Company caters mainly to the domestic market.

2(A) Summary of significant accounting policies

2.1 Basis of preparation

a) Compliance with Indian Accounting Standards (Ind AS)

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP).

These financial statements are the first financial statements of the Company under Ind AS. Refer note 48 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations

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. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

c) Current versus non-current classification

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the products and 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 12 months for the purpose of current and non-current classification of assets and liabilities.

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chief executive officer (CEO) and Whole time director (WTD) of the Company has been identified as CODM who assesses the financial performance and position of the company, and makes strategic decisions.

2.3 Foreign Currency Transactions

a) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

2.4 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue is inclusive of excise duty and net of discounts, volume rebates, value added taxes, goods & services tax and amounts collected on behalf of third parties.

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income :

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

2.5 Borrowing costs

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use or sale and borrowing costs are being incurred. Qualifying assets are assets that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.6 Leasing - As a lessee

Leases of property, plant and equipment where the company as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

2.7 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Other long-term employee benefit obligations

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the period are treated as other long term employee benefits for measurement purpose. The Company's liability is actuarially determined by an independent actuary using the Projected Unit Credit method at the end of each period. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

c) Post employee obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident fund and superannuation fund

i) Gratuity obligations

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is determined at the year end by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation denominated in Indian Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity. Remeasurements are not reclassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

ii) Defined contribution plans

Provident fund

The Company pays contributions toward provident fund to the regulatory authorities as per local regulations where the Company has no further payment obligations. The contributions are recognised as employee benefit expense when they are due.

Superannuation Fund

Contribution towards superannuation fund for qualifying employees as per the company's policy is made to Life Insurance Corporation of India where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from contribution made on monthly basis.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

d) Bonus plans

The Company recognise a liability and an expense for bonuses. The Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

e) Termination Benefits:

A liability for a termination benefit is recognised at the earlier of

- when the entity can no longer withdraw the offer of the termination benefit and
- when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits.

2.8 Current and deferred tax

Income tax expense or credit represents the sum of the current tax and deferred tax.

Current and deferred tax is recognised in the Statement of Profit and Loss except to the extent it relates to items recognised in 'Other comprehensive income' or directly in equity, in which case it is recognised in 'Other comprehensive income' or directly in equity, respectively.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of profit and loss because some items of income or expense are taxable or deductible in different years or may never be 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.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset shall be recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when the Deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Minimum Alternate Tax ('MAT') credit entitlement is generally recognised as an asset if it is probable (more likely than not) that MAT credit can be used in future years to reduce the regular tax liability.

The carrying amount of deferred tax assets and MAT credit is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

2.9 Property, plant and equipment

All items of property, plant and equipment ("PPE") are stated at historical cost less accumulated depreciation less accumulated impairment losses. The cost of property, plant and equipment includes purchase price including import duties, non-refundable taxes and expenditure that is directly attributable to acquisition and installation, cost of dismantling and removing the item and restoring the site on which it is located.

Capital work in progress is carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are substantially ready for their intended use. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as per technical evaluation. Estimated useful lives of the assets thereof are as under:

Assets class	Life of Assets in Years
Buildings	30 - 60
Railway Sidings	21
Plant and Equipment	5 - 21
Electric Installations	10
Rolling Stocks and Locomotives	19
Furniture and Fixtures	5 - 10
Office Equipments & Computers	3 - 6
Vehicles	8 - 10
Jetty and Wharf	21

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

2.10 Intangible Assets and Amortisation

Intangible assets with finite useful life are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Amortisation methods and periods

The Company amortises intangible assets with finite useful life using straight line method over the following periods:

Asset class	Life of Assets in Years
Computer Software and Licenses	3 to 6
Mining rights (Land)	Lease term

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Mine Reclamation provision and related asset

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. The Company recognizes unavoidable obligations, legal or assumed, to restore the mines upon exhaustion of reserves/end of lease period whichever is earlier. These obligations represent the net present value of cash flows expected to be incurred for the restoration process and initially recognized as assets under mining rights (land) which are amortised over its remaining useful life. The obligation is estimated on the basis of cash flows expected to be incurred as per applicable mining regulations, which mainly includes cost of plantation, fencing, biodiversity management, sustainable development, rainwater harvesting etc. The increase in liability due to unwinding of discount is recognised in the Statement of Profit and Loss under finance cost. Subsequent adjustments to the obligation for changes in the estimated cash flows/disbursement period/discount rate are made against fixed assets and depreciation/amortisation is modified prospectively.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets after making necessary adjustment for mine reclamation provision.

2.11 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, packing materials and fuels comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour, other direct costs and related production overheads. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.14 Financial Instruments

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.

Financial Assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss),
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of profit or loss are expensed in statement of profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through statement of profit and loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through statement of profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through statement of profit or loss is recognised in statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

iii) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through statement of profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as an impairment gain or loss in statement of profit and loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

iv) De-recognition of financial assets

A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Trade Receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Financial Liabilities

i) Classification

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ii) Measurement

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through statement of profit and loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

iii) **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 de-recognition 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.

iv) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss.

v) **Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.15 Provisions and contingent liabilities

Provision

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the Balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Contingent liabilities

Contingent liabilities are 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 or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

2.16 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

2.17 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share, adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.18 New standards/ amendments to existing standards issued but not yet adopted

Ind AS 115 Revenue from Contracts with Customers

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 28, 2018 notifying Ind AS 115 Revenue from Contracts with Customers.

These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB).

Ind AS 115 replaces Ind AS 18 which covers contracts for goods and services and Ind AS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

It establishes a five-step model to account for revenue arising from contracts with customer. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company is in the process of analysing the impact of the new standard. This standard will come into force from accounting period commencing on or after April 01, 2018.

There are no other standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in its financial statements.

2.19 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2(B) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. The areas involving critical estimates or judgements are:

a.) Mines Reclamation Provisions and related asset

In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs. (Refer note 2.10 and 19).

b.) Provisions & Contingent Liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. If a loss arising from these litigations and/or claims is probable and can be reasonably estimated, the management record the amount of the estimated loss. If a loss is reasonably possible, but not probable, the management discloses the nature of the significant contingency and, if quantifiable, the possible loss that could result from the resolution of the

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

matter. As additional information becomes available, the management reassess any potential liability related to these litigations and claims and may need to revise the estimates. Such revisions or ultimate resolution of these matters could materially impact the results of operations, cash flows or financial statements of the company. (Refer Note 24 and 27)

c.) **Current tax expense and deferred tax**

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material adjustment to taxable profits/losses (Refer note 7).

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences will be offset. To determine the future taxable profits, the management considers the nature of the deferred tax assets, recent operating results, future market growth, forecasted earnings and future taxable income in the jurisdictions in which the company operate. (Refer Note 8).

d.) **Expected credit loss for trade receivables**

The company uses a provision matrix to compute the expected credit loss allowance for trade receivable. Changes in the financial condition of customers or other unanticipated events, which may affect their ability to make payments, could result in charges for additional allowances exceeding Management's expectations. Management estimates are influenced by the following considerations: a continuing credit evaluation of customers' financial condition; ageing of trade accounts receivable, individually and in the aggregate; the value and adequacy of collateral received from customers in certain circumstances; historical loss experience; changes in credit risk, capital availability of customers resulting from economic conditions, current market conditions as well as forward looking estimates. (Refer note 11).

e.) **Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period or even earlier in case, circumstances change such that the recorded value of an asset may not be recoverable. The estimate of useful life requires significant management judgment and requires assumptions that can include: planned use of equipments, future volume trends, revenue and expense growth rates and annual operating plans, and in addition, external factors such as changes in macroeconomic trends which are considered in connection with the Company's long-term strategic planning. (Refer note 2.09 and 2.10).

f.) **Employee benefit plans**

The Company's obligation on account of gratuity and compensated absences is determined based on 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, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 32A.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

3 PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Sr. No.	Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount
		Opening as at April 01, 2017	Additions	Disposals	Closing as at March 31, 2018	Opening as at April 01, 2017	For the Year	Closing as at March 31, 2018
	Own Assets							
1	Land Freehold (Refer note 1 below)	842.56	5.80	-	848.36	-	-	848.36
2	Building	513.08	34.35	-	547.43	32.19	32.45	482.79
3	Railway Sidings	8.06	-	-	8.06	0.27	0.15	7.64
4	Plant and Equipment	20,762.33	856.50	172.70	21,446.13	1,573.76	2,066.10	17,957.54
5	Electric Installations	344.36	-	-	344.36	61.11	56.60	226.65
6	Rolling Stocks and Locomotives	1.69	-	-	1.69	-	-	1.69
7	Furniture, Fixtures and Office Equipments	285.56	18.56	11.38	292.74	34.15	51.20	217.43
8	Vehicles	94.48	23.17	5.17	112.48	4.10	14.73	98.55
9	Jetty and Wharf (Refer note 3 below)	129.08	-	-	129.08	28.79	23.54	76.75
	TOTAL	22,981.20	938.38	189.25	23,730.33	1,734.37	2,244.77	19,917.40

(₹ in lakhs)

Sr. No.	Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount
		Deemed Cost as at April 1, 2016	Additions	Disposals	Closing as at March 31, 2017	Opening as at April 1, 2016	For the Year	Closing as at March 31, 2017
	Own Assets							
1	Land Freehold (Refer note 1 below)	833.97	8.59	-	842.56	-	-	842.56
2	Building	499.83	13.25	-	513.08	-	32.30	480.89
3	Railway Sidings	8.06	-	-	8.06	-	0.27	7.79
4	Plant and Equipment	19,463.99	1,790.46	492.12	20,762.33	-	2,003.73	19,188.57
5	Electric Installations	344.36	-	-	344.36	-	61.11	283.25
6	Rolling Stocks and Locomotives	1.69	-	-	1.69	-	-	1.69
7	Furniture, Fixtures and Office Equipments	243.36	65.26	23.06	285.56	-	56.35	251.41
8	Vehicles	83.66	29.81	18.99	94.48	-	11.84	90.38
9	Jetty and Wharf (Refer note 3 below)	129.08	-	-	129.08	-	28.79	100.29
	TOTAL	21,608.00	1,907.37	534.17	22,981.20	-	2,194.39	21,246.83

- The Company is yet to obtain mining rights for Land taken on lease.
- The carrying amount of Leasehold Land (in respect of which the Company pays nominal ground rent) at Sikka, Gujarat is Nil. The lease period expires on November 20, 2044 and the Company has an option to renew the same for further period of 99 years.
- The Gujarat Maritime Board holds the titles to the jetty / wharf in respect of which capital cost was paid by the Company, exclusively for use of company.
- There are no qualifying assets and accordingly no borrowing cost is capitalised during the year.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

4 INTANGIBLE ASSETS

(₹ in lakhs)

Sr. No.	Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
		Opening as at April 01, 2017	Additions	Disposals	Closing as at March 31, 2018	Opening as at April 01, 2017	For the Year	Disposals	Closing as at March 31, 2018	
	Own Assets (Acquired)									
1	Computer Software and Licenses	17.30	78.32	-	95.62	17.30	18.77	-	36.07	59.55
2	Mining rights (Land) (Refer note 1 & 2 below)	463.03	411.57	-	874.60	6.87	24.37	-	31.24	843.36
	TOTAL	480.33	489.89	-	970.22	24.17	43.14	-	67.31	902.91

(₹ in lakhs)

Sr. No.	Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
		Deemed Cost as at April 1, 2016	Additions	Disposals	Closing as at March 31, 2017	Opening as at April 1, 2016	For the Year	Disposals	Closing as at March 31, 2017	
	Own Assets (Acquired)									
1	Computer Software and Licenses	17.30	-	-	17.30	-	17.30	-	17.30	-
2	Mining rights (Land) (Refer note 1 & 2 below)	80.72	382.31	-	463.03	-	6.87	-	6.87	456.16
	TOTAL	98.02	382.31	-	480.33	-	24.17	-	24.17	456.16

Notes:

1 The Company is yet to obtain mining rights for Land taken on lease.

2 Mining right (land) includes assets in respect of mines reclamation.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

5	LOANS (NON-CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	(Unsecured, considered good)			
	Security deposits	892.87	892.31	881.96
	TOTAL	892.87	892.31	881.96

(₹ in lakhs)

6	OTHER FINANCIAL ASSETS (NON-CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Deposits with bank with maturity period of more than 12 months (Refer note below)	1,022.37	1,029.84	237.81
	TOTAL	1,022.37	1,029.84	237.81

Note: Deposit amounting to ₹ 1,022.37 lakhs (March 31, 2017 : ₹ 1,029.84 lakhs and April 01, 2016: ₹ 237.81 lakhs) are lien marked against Bank Guarantees.

(₹ in lakhs)

7	INCOME TAX ASSETS (NON-CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Advance Income Tax (Net of provision of ₹ 293.77 lakhs, March 31, 2017: ₹ Nil, April 01, 2016: ₹ 1,049.97 lakhs)	53.24	163.84	258.52
	TOTAL	53.24	163.84	258.52
	Movement in Advance Income Tax			
	Opening balance	163.84	258.52	
	Less: Current tax payable for the year	(293.77)	-	
	Add: Taxes Paid/(Refunded)	183.17	(94.68)	
	Closing balance	53.24	163.84	

(₹ in lakhs)

7A	TAX EXPENSE	Year ended March 31, 2018	Year ended March 31, 2017
	Current Tax :		
	Current Tax on Profits for the Year	293.77	-
	Total Current Tax Expense	293.77	-
	Deferred Tax :		
	Decrease/(Increase) in Deferred Tax Assets	510.27	(873.13)
	(Decrease)/increase in Deferred Tax Liabilities	(77.70)	394.00
	Total Deferred Tax Charge/(Credit)	432.57	(479.13)
	Total Tax Expense/(Credit)	726.34	(479.13)
	Reconciliation of tax expense and accounting profit multiplied by statutory tax rate		
	Profit/(Loss) before tax	2,063.43	(1,383.74)
	Rate of tax	34.608%	34.608%
	Tax Expense/(Credit) at Applicable Tax Rate	714.11	(479.13)
	Effect of expenses not deductible in determining taxable profit	14.14	-
	Tax Rate Difference	(1.91)	-
	Total Tax Expense/(Credit)	726.34	(479.13)

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

8	DEFERRED TAX ASSETS (NET)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Deferred tax assets (Net)	1,642.95	2,123.90	1,633.27
	TOTAL	1,642.95	2,123.90	1,633.27
	The balance comprises temporary differences attributable to:			
	Deferred Tax Liabilities			
	Depreciation/ Amortisation on PPE and Intangible Assets	3,473.46	3,551.16	3,157.16
	Less : Deferred Tax Assets			
	Allowance for doubtful debts	56.63	51.22	62.06
	Unabsorbed depreciation and C/F business losses	3,236.43	3,879.82	2,934.23
	Provision for slow moving/obsolete inventory	59.61	47.13	29.34
	Items allowed on payment/utilisation basis	224.68	365.05	344.81
	Disallowances for items to be allowed in subsequent years	-	96.94	193.88
	Provision for mines reclamation assets	59.71	49.32	40.53
	Unused tax credits (MAT credit entitlement)	1,479.35	1,185.58	1,185.58
	Net Deferred Tax Asset (Refer note below)	1,642.95	2,123.90	1,633.27

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to same governing taxation laws.

(₹ in lakhs)

8A	MOVEMENT IN DEFERRED TAX ASSETS/ LIABILITIES	As at April 01, 2016	(Charged)/ Credited to Profit and Loss	(Charged)/ Credited to OCI	(Charged)/ Credited to Equity	As at March 31, 2017
	Deferred Tax Liabilities					
	Depreciation/ Amortisation on PPE and Intangible Assets	(3,157.16)	(394.00)	-	-	(3,551.16)
	Total Deferred Tax (Liabilities)	(3,157.16)	(394.00)	-	-	(3,551.16)
	Less : Deferred Tax Assets					
	Allowance for Doubtful Debts	62.06	(10.84)	-	-	51.22
	Unabsorbed depreciation and C/F business losses	2,934.23	945.59	-	-	3,879.82
	Provision for slow moving/obsolete inventory	29.34	17.79	-	-	47.13
	Items allowed on payment/utilisation basis	344.81	8.74	11.50	-	365.05
	Disallowances for items to be allowed in subsequent years	193.88	(96.94)	-	-	96.94
	Provision for mines reclamation assets	40.53	8.79	-	-	49.32
	Unused tax credits (MAT credit entitlement)	1,185.58	-	-	-	1,185.58
	Total Deferred Tax Assets	4,790.43	873.13	11.50	-	5,675.06
	Net Deferred Tax Assets	1,633.27	479.13	11.50	-	2,123.90

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NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

8B	MOVEMENT IN DEFERRED TAX ASSETS/ LIABILITIES	As at April 01, 2017	(Charged)/ Credited to Profit and Loss	(Charged)/ Credited to OCI	(Charged)/ Credited to Equity	As at March 31, 2018
	Deferred Tax Liabilities					
	Depreciation/ Amortisation on PPE and Intangible Assets	(3,551.16)	77.70			(3,473.46)
	Total Deferred Tax (Liabilities)	(3,551.16)	77.70	-	-	(3,473.46)
	Less : Deferred Tax Assets					
	Allowance for Doubtful Debts	51.22	5.41	-	-	56.63
	Unabsorbed depreciation and C/F business losses	3,879.82	(643.39)	-	-	3,236.43
	Provision for slow moving/obsolete inventory	47.13	12.48	-	-	59.61
	Items allowed on payment/utilisation basis	365.05	(91.99)	(48.38)	-	224.68
	Disallowances for items to be allowed in subsequent years	96.94	(96.94)	-	-	-
	Provision for mines reclamation assets	49.32	10.39	-	-	59.71
	Unused tax credits (MAT credit entitlement)	1,185.58	293.77	-	-	1,479.35
	Total Deferred Tax Assets	5,675.06	(510.27)	(48.38)	-	5,116.41
	Net Deferred Tax Assets	2,123.90	(432.57)	(48.38)	-	1,642.95

The management is of view that realisation of deferred tax assets is probable considering the future financial projections of the company. Accordingly, the Company has recognized deferred tax asset.

The Company has calculated its tax liability for current taxes after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions. The Company was required to pay MAT during the current and previous years and accordingly, a deferred tax asset is recognised which can be carried forward for a period of 15 years from the year of recognition.

(₹ in lakhs)

8C	Income assessment year to which MAT credit entitlement relates	Expiry year of credit	As at March 31, 2018
	Financial year 2009-10 (AY 2010-11)	Financial year 2024-25 (AY 2025-26)	135.61
	Financial year 2011-12 (AY 2012-13)	Financial year 2026-27 (AY 2027-28)	257.51
	Financial year 2012-13 (AY 2013-14)	Financial year 2027-28 (AY 2028-29)	792.46
	Financial year 2017-18 (AY 2018-19)	Financial year 2032-33 (AY 2033-34)	293.77
		Total	1,479.35

(₹ in lakhs)

9	OTHER NON-CURRENT ASSETS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Capital Advances	28.42	172.35	43.36
	Deposits with government authorities towards matters in litigation	778.11	724.90	722.93
	Pre-paid expenses	23.74	29.74	22.93
	TOTAL	830.27	926.99	789.22

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

10	INVENTORIES	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Raw materials	352.52	600.00	1,066.46
	Work in progress (Refer note below)	1,498.97	2,711.55	2,220.60
	Finished Goods (Refer note below)	357.07	409.68	514.45
	Stores and spare parts	1,270.34	1,385.16	1,658.99
	Packing materials	170.48	97.35	89.18
	Fuels	752.56	1,766.74	4,115.04
	TOTAL	4,401.94	6,970.48	9,664.72

Note : Opening and closing inventory of work-in-progress and finished goods comprises of cement and clinker.

(₹ in lakhs)

11	TRADE RECEIVABLES	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Secured - considered good	203.45	165.59	104.52
	Unsecured - considered good	1,004.43	392.37	1,490.45
	Unsecured - considered doubtful	8.23	0.41	39.13
	SUB- TOTAL	1,216.11	558.37	1,634.10
	Less: Allowance for doubtful debts	(8.23)	(0.41)	(39.13)
	TOTAL	1,207.88	557.96	1,594.97

(₹ in lakhs)

12	CASH AND CASH EQUIVALENTS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Cash and Cash equivalents:			
	Cash on hand	0.59	2.54	0.49
	Bank Balances :			
	In Current accounts	992.68	716.57	946.79
	Demand deposits (less than 3 months of original maturity)	2,006.00	1,503.32	4,313.69
	TOTAL	2,999.27	2,222.43	5,260.97

(₹ in lakhs)

13	OTHER BANK BALANCES	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Balances with Banks			
	Demand deposits (less than 12 months but more than 3 months maturity - refer note below)	199.53	183.76	15.29
	TOTAL	199.53	183.76	15.29

Note: Term deposit amounting to ₹ 198.17 lakhs (March 31, 2017 : ₹ 182.48 Lakhs and April 01, 2016: ₹ 13.93 lakhs) are lien marked against Bank Guarantees.

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NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

14	LOANS (CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	(Unsecured, considered good)			
	Loan to employees	12.23	28.44	17.72
	TOTAL	12.23	28.44	17.72

(₹ in lakhs)

15	OTHER FINANCIAL ASSETS (CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	(Unsecured, considered good)			
	Interest accrued on security deposits	61.73	61.88	65.87
	Others	14.10	3.79	99.16
	TOTAL	75.83	65.67	165.03

(₹ in lakhs)

16	OTHER CURRENT ASSETS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	(Unsecured, considered good unless otherwise stated)			
	Balances with statutory authorities	311.28	339.06	170.19
	Advance royalty	89.89	105.02	68.88
	Pre-paid expense	63.46	69.47	75.39
	Advances to suppliers			
	Considered good	346.70	408.33	521.39
	Considered doubtful	18.14	18.14	18.14
	Less: Provision for doubtful advances	(18.14)	(18.14)	(18.14)
	TOTAL	811.33	921.88	835.85

(₹ in lakhs)

17	SHARE CAPITAL	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Authorised			
	150,000,000 (March 31, 2017: 150,000,000 and April 01, 2016: 150,000,000) equity shares of ₹ 10/- each	15,000.00	15,000.00	15,000.00
	10,000,000 (March 31, 2017: 10,000,000 and April 01, 2016: 10,000,000) preference shares of ₹ 100/- each	10,000.00	10,000.00	10,000.00
		25,000.00	25,000.00	25,000.00
	Issued			
	141,643,645 (March 31, 2017: 141,643,645 and April 01, 2016: 141,643,645) equity shares of ₹ 10/- each	14,164.36	14,164.36	14,164.36

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

17	SHARE CAPITAL	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Subscribed and paid-up			
	141,375,398 (March 31, 2017: 141,375,398 and April 01, 2016: 141,375,398) equity shares of ₹ 10/- each fully paid	14,137.54	14,137.54	14,137.54
	Less: 1,120 Equity Shares of ₹ 10/- each forfeited	(0.11)	(0.11)	(0.11)
	Add: Forfeited Shares (amount originally paid-up on Equity Shares)	0.07	0.07	0.07
	TOTAL	14,137.50	14,137.50	14,137.50

a) Reconciliation of the number of shares : Equity Shares

(₹ in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	141,374,278	14,137.50	141,374,278	14,137.50	141,374,278	14,137.50
Balance at the end of the year	141,374,278	14,137.50	141,374,278	14,137.50	141,374,278	14,137.50

b) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

c) 265,212 equity shares (March 31, 2017: 265,212 and April 01, 2016: 265,212) are kept in abeyance out of the Rights Issue entitlement pending settlement of disputes.

d) Shares held by holding company and intermediate holding company

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity Shares:			
103,709,063 Shares (March 31, 2017 103,709,063 and April 01, 2016: 103,709,063) held by Votorantim Cimentos EAA Inversiones S.L., the holding company	10,370.91	10,370.91	10,370.91
2,321,645 Shares (March 31, 2017 2,321,645 and April 01, 2016: 2,321,645) held by Votorantim Cimentos S. A., the intermediate holding Company	232.16	232.16	232.16

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

e) Details of shareholder holding more than of 5% of the aggregate shares in the company

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Votorantim Cementos EAA Inversiones S.L., the holding company	103,709,063	73.36%	103,709,063	73.36%	103,709,063	73.36%
TOTAL	103,709,063	73.36%	103,709,063	73.36%	103,709,063	73.36%

f) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding 31st March, 2018.

(₹ in lakhs)

18	OTHER EQUITY	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Capital Reserve	8,786.87	8,786.87	8,786.87
	Capital Redemption Reserve	35.00	35.00	35.00
	Securities Premium Account	20.43	20.43	20.43
	Deficit in Statement of Profit and Loss			
	Balance as at the beginning of the year	(2,556.23)	(1,629.89)	-
	Add: Profit/(Loss) for the year	1,337.09	(904.61)	-
	Add: Other Comprehensive Income/(loss)	90.07	(21.73)	-
	Balance as at the end of the year	(1,129.07)	(2,556.23)	(1,629.89)
	TOTAL	7,713.23	6,286.07	7,212.41

Notes :

- 1) **Capital Reserve** : The company had issued 6% non-cumulative compulsorily convertible preference shares to its then parent company. Subsequently, the preference shareholders relinquished their right and resultant gain was recorded in the capital reserve. It also include subsidies received from State Government in the year 2002-03.
- 2) **Capital Redemption Reserve** : This was created on redemption of 14% redeemable cumulative preference shares in year 1996-97.
- 3) **Securities Premium Account** : Securities premium account is used to record the excess of the amount received over the face value of the shares. This can be utilised in accordance with the provision of the Companies Act, 2013.
- 4) The Board of Directors of the Company at its meeting held on March 27, 2018, has approved the scheme of arrangement for capital restructuring/reduction, the appointed date being April 1, 2017. The scheme will be given effect to on receipt of requisite approvals/ consent.

(₹ in lakhs)

19	PROVISIONS NON-CURRENT	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Provision for Mines Reclamation	321.72	300.26	252.98
	TOTAL	321.72	300.26	252.98

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Movement in Provision for Mines Reclamation	₹ In Lakhs
Opening Balance as at April 01, 2016	252.98
Add: Unwinding of interest on provision	20.29
Add: Effect of changes in estimates as on March 31, 2017	26.99
Balance as on March 31, 2017	300.26
Add: Unwinding of interest on provision	21.46
Balance as on March 31, 2018	321.72

(₹ in lakhs)

20 EMPLOYEE BENEFIT OBLIGATIONS (NON-CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for employee benefits (Refer note no. 32A):			
Provision for gratuity	107.24	167.52	80.32
Provision for compensated absences	327.33	408.55	397.79
TOTAL	434.57	576.07	478.11

(₹ in lakhs)

21 BORROWINGS (CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured:			
From banks			
Working Capital loan from Bank	2,500.63	9,602.43	11,670.15
TOTAL	2,500.63	9,602.43	11,670.15

Note : The above unsecured loan facilities are guaranteed by Votorantim Cimentos EAA Inversiones S.L., the holding company. These are repayable on demand and carry fixed interest rate of 9.25%.

(₹ in lakhs)

22 TRADE PAYABLES	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) total outstanding dues of micro enterprises and small enterprises (Refer note no. 46);	34.02	8.56	32.40
b) total outstanding dues of creditors other than micro enterprises and small enterprises and dues to related parties	4,892.08	2,914.05	2,532.04
c) total outstanding dues to related parties	1,122.57	480.65	3,161.40
TOTAL	6,048.67	3,403.26	5,725.84

(₹ in lakhs)

23 OTHER FINANCIAL LIABILITIES (CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security deposits from customers	1,025.46	737.82	749.70
Payable to creditors related to fixed assets	20.94	323.07	251.22
Rebate and discount to customers	672.99	476.83	404.38
Employee benefits payable	171.99	187.81	224.00
Others	49.42	206.53	209.01
TOTAL	1,940.80	1,932.06	1,838.31

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NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

24	PROVISIONS (CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Provision for litigations and disputes (Refer note below)	249.86	249.86	446.41
	TOTAL	249.86	249.86	446.41
Movement in Provision for litigations and disputes				
	Opening Balance as at April 01, 2016			446.41
	Addition during the year			1.20
	Unused amounts reversed			(197.75)
	Balance as on March 31, 2017			249.86
	Addition during the year			-
	Balance as on March 31, 2018			249.86

Note : Provision for arrears of rent claimed by Mumbai Port Trust with respect to plot of land C-2 and C3 at Sewri Estate Mumbai towards the proceeding filed by Mumbai Port Trust (MPT) against the Company. The Company is contesting the said order before the High Court.

(₹ in lakhs)

25	EMPLOYEE BENEFIT OBLIGATIONS (CURRENT)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Provision for employee benefits (Refer note no. 32A)			
	Provision for compensated absences	103.53	90.29	82.80
	TOTAL	103.53	90.29	82.80

(₹ in lakhs)

26	OTHER CURRENT LIABILITIES	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Advances from customers	317.69	439.71	354.11
	Statutory dues (including provident fund and tax deducted at source)	1,205.19	739.04	806.40
	Others	0.38	44.03	64.81
	TOTAL	1,523.26	1,222.78	1,225.32

(₹ in lakhs)

27	CONTINGENT LIABILITIES	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	a) Claim against the Company not acknowledged as debts			
	Demand contested by the Company			
	- Sales tax	138.75	209.49	163.36
	- Excise duty	4,322.19	4,110.98	3,934.62
	- Service tax	1,591.19	1,416.66	869.76
	- Custom duty	451.55	451.55	451.55
	- Labour cases	101.90	107.40	147.60
	- Other cases	427.40	217.23	202.70

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

- b) A sum of ₹ 309.84 lakhs (March 31, 2017: ₹ 309.84 lakhs and April 01, 2016: ₹ 309.84 lakhs) on account of arrears, rent, service charges, way leave fees of certain leasehold property, consequent to the Order of the Estate Officer of Mumbai Port Trust (MPT) dated February 28, 2007, has not been provided for as the said property was assigned in an earlier year to M/s Dinbandhu Estate Pvt. Ltd. (the Assignee). The assignment was subject to the approval of MPT which was to be arranged by the Assignee. The Company is contesting the said Order before the High Court.

It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities.

(₹ in lakhs)

28	REVENUE FROM OPERATIONS	Year ended March 31, 2018	Year ended March 31, 2017
	Sale of Product (Including excise duty)	42,417.25	35,153.94
	TOTAL	42,417.25	35,153.94

(₹ in lakhs)

29	OTHER INCOME	Year ended March 31, 2018	Year ended March 31, 2017
	Interest Income	285.45	334.53
	Unwinding of discount on security deposit	0.57	12.97
	Profit on sale of property, plant and equipments (net)	3.29	-
	Liability written back to the extent no longer required	96.26	109.88
	Provision written back to the extent no longer required	-	197.75
	Provision for Doubtful Debt written back (net)	-	31.33
	Scrap Sales	170.78	308.14
	Miscellaneous Income (Refer note no. 42)	81.36	219.93
	TOTAL	637.71	1,214.53

(₹ in lakhs)

30	COST OF MATERIAL CONSUMED	Year ended March 31, 2018	Year ended March 31, 2017
	Raw material consumed		
	Opening inventory	600.00	1,066.46
	Add: Purchases and incidental expenses (including cost of raising and transporting lime stone ₹ 2,617.23 lakhs, Previous year ₹2,286.02 lakhs)	7,374.37	5,742.85
	Less: Closing inventory	352.52	600.00
	Cost of raw material consumed during the year	7,621.85	6,209.31
	Packing material consumed		
	Opening inventory	97.35	89.18
	Add: Purchases and incidental expenses	1,453.71	1,108.49
	Less: Closing inventory	170.48	97.35
	Cost of packing material consumed during the year	1,380.58	1,100.32
	TOTAL	9,002.43	7,309.63

(₹ in lakhs)

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

31	CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS	Year ended March 31,2018	Year ended March 31,2017
	(Increase) / Decrease in stocks		
	Stock at the end of the year		
	Work in progress	1,498.97	2,711.55
	Finished goods	357.07	409.68
	TOTAL A	1,856.04	3,121.23
	Less: Stock at the beginning of the year		
	Work in progress	2,711.55	2,220.60
	Finished goods	409.68	514.45
	TOTAL B	3,121.23	2,735.05
	(Increase) / Decrease in stocks (B-A)	1,265.19	(386.18)

(₹ in lakhs)

32	EMPLOYEE BENEFITS EXPENSES	Year ended March 31,2018	Year ended March 31,2017
	Salaries, wages and bonus	2,343.88	2,287.90
	Contribution to provident and other funds:		
	Provident fund [Refer note no. 32A(i)]	132.19	130.33
	Superannuation fund [Refer note no. 32A(ii)]	28.39	29.03
	Gratuity [Refer note no. 32A(ii)]	78.17	68.96
	Staff welfare expenses	111.29	110.50
	TOTAL	2,693.92	2,626.72

32A EMPLOYEE BENEFIT OBLIGATIONS:

i) Defined-contribution plans

The Company makes contribution to provident fund under the provision of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and to superannuation fund for the qualifying employees as per the Company's policy.

(₹ in lakhs)

Amount recognised in Statement of Profit and Loss	Year ended March 31,2018	Year ended March 31,2017
Provident fund	132.19	130.33
Superannuation fund	28.39	29.03

ii) Defined-Benefits Plans

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, as per the company's policy. Vesting occurs on completion of 5 continuous years of service as per Indian law. However, no vesting condition applies in case of death. The gratuity payable to employees is based on the employee's tenure of service and last drawn salary at the time of leaving the services of the Company. The gratuity plan is a funded plan and is administrated through a trust namely Shree Digvijay Cement Co. Ltd. Employee Gratuity Fund.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Profit & Loss account expenses:

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Service Cost	68.25	65.64
Past service Cost	0.04	-
Interest on defined benefit obligation/(asset) (net)	9.88	3.32
Total expenses charged	78.17	68.96

Amount recorded in other comprehensive income:

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(Gain)/loss from change in financial assumptions	(21.36)	8.66
(Gain)/loss from change in demographic assumptions	(57.00)	-
Experience (gains)/losses	(27.19)	(1.78)
Actuarial (gains)/losses on plan assets	(32.90)	26.35
Total amount recognised in Other Comprehensive Income	(138.45)	33.23

Present value of defined benefit obligation:

(₹ in lakhs)

Particulars	Gratuity (Funded Plan)	
	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	926.85	868.10
Current service cost	68.25	65.64
Past service cost	0.04	-
Interest on defined benefit obligation	63.93	61.71
Remeasurement due to:		
(Gain)/loss from change in financial assumptions	(21.36)	8.66
(Gain)/loss from change in demographic assumptions	(57.00)	-
Experience (gains)/losses	(27.19)	(1.78)
Benefit paid	(65.72)	(75.48)
Balance at the close of the year	887.80	926.85

Fair value of plan assets:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	759.33	787.78
Contributions by employer	-	15.00
Interest income	54.04	58.38
Benefits paid	(65.71)	(75.48)
Actuarial (gains)/losses on plan assets	(32.90)	26.35
Balance at the close of the year	780.56	759.33

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Assets and Liabilities recognised in the Balance Sheet:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Present value of funded obligations	887.80	926.85	868.10
Fair value of plan assets	(780.56)	(759.33)	(787.78)
Deficit of funded plan	107.24	167.52	80.32
Non-current (Note 20)	107.24	167.52	80.32
Current	-	-	-

Major Category of Plan Assets as a % of total Plan Assets:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Government of India securities	26%	28%	31%
Corporate bonds	17%	30%	54%
Insurance managed fund	49%	34%	4%
Others	8%	7%	11%
	100%	100%	100%

Actuarial Assumptions:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Discount rate	8.10%	7.60%	7.75%
Salary Growth rate	8.00%	8.00%	8.00%

The discount rates reflects the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions by 50 basis Point is:

Particulars	Impact on defined benefit obligation			
	Increase in assumptions		Decrease in assumptions	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	-2.30%	-3.05%	2.41%	3.23%
Salary growth rate	2.40%	3.21%	-2.31%	-3.05%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which has been used for calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Expected Contribution to the Fund in the next year:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Gratuity	75.00	75.00	75.00

iii) Liability for Compensated Absences (non funded) recognised as under:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current (Note 20)	327.33	408.55	397.79
Current (Note 25)	103.53	90.29	82.80
Total	430.86	498.84	480.59

Note: The above classification is based on actuary's report.

iv) Risk Exposure

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The risks commonly affecting the defined benefit plan are expected to be:

Demographic Risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Salary Inflation Risk : Higher than expected increases in salary will increase the defined benefit obligation

Interest-Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

v) Defined Benefit Liability and Employer Contributions

The company considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 4.71 years (2017 - 6.28 years). The expected maturity analysis of undiscounted gratuity is as follows:

Maturity Analysis of the Projected Benefit Obligations - Gratuity (Undiscounted)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
1st Following Year	224.95	171.35
2nd Following Year	94.27	88.22
3rd Following Year	85.59	70.49
4th Following Year	132.73	72.43
5th following year	156.05	129.56
Sum of 6th to 10th Following Year	725.93	1,153.24

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

33	DEPRECIATION AND AMORTISATION EXPENSES	Year ended March 31,2018	Year ended March 31,2017
	Depreciation on property, plant and equipment (Refer note no.3)	2,244.77	2,194.39
	Amortisation on intangible assets (Refer note no.4)	43.14	24.17
	TOTAL	2,287.91	2,218.56

(₹ in lakhs)

34	FINANCE COSTS	Year ended March 31,2018	Year ended March 31,2017
	Interest on short term borrowings	824.85	957.32
	Unwinding of discount on provision	21.46	20.29
	Other finance cost	148.86	169.30
	TOTAL	995.17	1,146.91

(₹ in lakhs)

35	OTHER EXPENSES	Year ended March 31,2018	Year ended March 31,2017
	Consumption of stores and spare parts	897.29	1,295.67
	Repairs to building	151.43	133.45
	Repairs to machinery	837.14	1,000.19
	Repairs others	-	83.14
	Sales commission	642.60	672.30
	Advertisement and publicity expenses	164.57	175.02
	Insurance	114.96	121.50
	Rent (including lease rent)	124.82	79.91
	Rates and taxes	10.13	50.49
	Printing, stationery and communications expenses	88.87	105.85
	Travelling expenses	312.59	302.36
	Legal and professional fees	496.67	503.79
	Technical Royalty fees	830.10	632.12
	Equipment hire charges	171.41	190.20
	Provision for doubtful debts and advances (net)	14.06	-
	Loss on sale / write-off of property, plant and equipments (net)	-	62.59
	Bad debts	-	38.50
	Provision for slow / non-moving stores & spares	34.42	51.42
	Directors fees	34.12	30.34
	Directors Commission	-	6.25
	Donation	4.22	0.21
	Net loss on foreign currency transactions and translations	110.42	32.65
	Payment to auditors		

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

35	OTHER EXPENSES	Year ended March 31, 2018	Year ended March 31, 2017
	As auditor:		
	Audit fees (Including limited review)	42.00	49.00
	Tax audit fees	2.00	3.50
	Certification	0.51	0.40
	Reimbursement of expenses	1.33	1.52
	Expenditure towards corporate social responsibility (CSR) activities (Refer Note 44)	15.45	10.31
	Miscellaneous expenses	293.04	259.19
	TOTAL	5,394.15	5,891.87

36 SEGMENT INFORMATION

The Company's chief operating decision maker (CODM) has identified one business segment viz. Manufacturing and Sales of Cement and its only production facility is located in India. There are no other reportable segment.

GEOGRAPHIC SEGMENT

(₹ in lakhs)

PARTICULARS	Year ended March 31, 2018		Year ended March 31, 2017	
	Country of domicile (India)	Foreign countries	Country of domicile (India)	Foreign countries
Revenue from External Customers	41,903.59	513.66	35,153.94	-

The Company does not hold any non-current assets in foreign countries.

There are no individual customers or a particular group contributing to more than 10% of revenue.

37 RELATED PARTY DISCLOSURES:

37a Names of the related parties and nature of relationship:

- i) Where control exists
 - Holding Company -
Votorantim Cimentos EAA Inversiones S.L.
 - Intermediate Holding Company -
Votorantim Cimentos S.A.
 - Ultimate Holding Company -
Hejoassu S.A.
- ii) Other Related Parties with whom transactions have taken place
 - Fellow Subsidiaries :
Cemento Cosmos S.A.
Votorantim Cement Trading S.L.
- iii) Key Management Personnel
 - Mr. A. K. Chhatwani (Independent Director & Chairman)
 - Mr. A. Kumaresan (Independent Director)
 - Mr. Sven Erik Oppelstrup Madsen (Director) (up to January 24, 2018)
 - Mr. Jorge Alejandro Wagner (Director) (with effect from January 24, 2018)
 - Mr. Persio Morassutti (Director)
 - Ms. Meike Albrecht (Director)
 - Mr. Rajeev Nambiar (CEO and Whole Time Director)
- iv) Trust
 - Shree Digvijay Cement Co. Ltd. Employees' Gratuity Fund

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

37b Details of Transactions with related Parties:

(₹ in lakhs)

Nature of Transactions	Holding Company	Other Related Parties	Total
Sale of products	- (-)	417.50 (-)	417.50 (-)
Technical and other managerial services	830.10 (632.12)	- (2.50)	830.10 (634.62)
Guarantee commission paid	148.45 (167.63)	- -	148.45 (167.63)
Contribution made to Trust	- -	- (15.00)	- (15.00)

Figures in bracket are relates to the previous year.

37c Compensation of key managerial personnel

(₹ in lakhs)

Related Parties	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits to CEO and Whole Time Director	173.43	147.36
Commission to independent directors	-	6.25
Directors' sitting fees to independent directors	34.12	30.34
Total	207.55	183.95

Key Management Personnel Compensation

Gratuity and compensated absences are computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.

37d Details of outstanding balances with related Parties:

(₹ in lakhs)

Related Parties	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Payables -			
Holding Company	1,122.57	478.19	169.59
Other related party	-	2.46	2,991.81
Key Management Personnel	-	0.15	5.50
Total	1,122.57	480.80	3,166.90

Note: The holding Company has provided guarantee on behalf of the Company to the bankers in respect of borrowings facilities (fund based / Non fund based). The details of borrowings are given in note 39C.

38 FAIR VALUE MEASUREMENTS

(i) Financial instruments by category

There are no financial assets/liabilities that are measured at fair value through statement of profit and loss account or other comprehensive income. The following financial assets/liabilities are measured at amortised cost:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial Assets			
Security deposits (Level 3)	892.87	892.31	881.96
Deposit with bank	1,022.37	1,029.84	237.81
Trade receivables	1,207.88	557.96	1,594.97
Cash and cash equivalents	2,999.27	2,222.43	5,260.97

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Term deposit	199.53	183.76	15.29
Loans to employees	12.23	28.44	17.72
Interest accrued on security deposit	61.73	61.88	65.87
Other current financial assets	14.10	3.79	99.16
Total Financial Assets	6,409.98	4,980.41	8,173.75
Financial Liabilities			
Borrowings - current	2,500.63	9,602.43	11,670.15
Trade payables	6,048.67	3,403.26	5,751.04
Other current financial liabilities	1,940.80	1,932.06	1,838.31
Total Financial Liabilities	10,490.10	14,937.75	19,259.50

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is as follows:-

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-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.

iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of term deposits and interest there on, trade receivables, cash and cash equivalents, other financial assets, borrowings, trade payables and other current financial liabilities are considered to be the same as their fair values due to their short-term nature.

The fair values of security deposits are based on discounted cash flows using a risk free rate of interest. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. Fair value of the security deposit is ₹894.42 lakhs.

39 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The market risk to the Company is foreign exchange risk and interest rate. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

39A CREDIT RISK

Credit risk comprises of direct risk of default, the risk of deterioration of creditworthiness as well as concentration risks. It mainly arises from trade receivables, cash and cash equivalents (excluding cash on hand) and bank deposits.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

(i) Credit risk management

a) Trade receivables

The carrying amount of trade receivables represent the maximum credit exposure net of provision for impairment. The maximum exposure to credit risk was ₹ 1,207.88 lakhs as of 31st March, 2018 (March 31, 2017 - ₹ 557.96 lakhs and April 01, 2016 - ₹1,594.97 lakhs).

Trade receivables are derived from revenue earned from customers. Credit risk for trade receivable is managed by the company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the company grants credit terms in the normal course of business. Further, majority of the customers are covered either by security deposits or bank guarantee. The Company's credit period generally ranges from 0-30 days.

The company does not have a high concentration of credit risk to a single customer. Single largest customer have the total exposure in receivables ₹ 103.93 lakhs as of 31st March, 2018 (31st March, 2017 - ₹ 55.17 lakhs and April 01, 2016 - ₹ 300.06 lakhs).

As per simplified approach, the company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of company's customers' financial condition; aging of trade accounts receivable, the extent of credit insurance coverage; the value and adequacy of collateral received from the customers in certain circumstances; the company's historical loss experience; and changes in credit risk and capital availability of the company's customers resulting from economic conditions. The company defines default as an event when there is no reasonable expectation of recovery.

Expected credit loss for trade receivables

(₹ in lakhs)

Ageing	0-120 days	More than 120 days	Total
Gross carrying amount	1,200.41	15.70	1,216.11
Expected loss rate	0.25%	33.31%	0.68%
Expected credit losses (Loss allowance provision)	3.00	5.23	8.23
Carrying amount of trade receivables (net of impairment)	1,197.41	10.47	1,207.88

Reconciliation of Loss Allowance Provision – Trade Receivables	Amount in lakhs
Loss Allowance on April 01, 2016	39.13
Add: Additional provision/(Reversal)	(0.22)
Less: Provision utilized	(38.50)
Loss Allowance on March 31, 2017	0.41
Add: Additional provision/(Reversal)	7.82
Less: Provision utilized	-
Loss Allowance on March 31, 2018	8.23

b) Cash & cash equivalent and bank deposits

Credit risk on cash and cash equivalents and bank deposits is generally low as the said deposits have been made with banks having good reputation, good past track record and high quality credit rating and company also reviews their credit-worthiness on an on-going basis.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

39B MARKET RISK

(i) Foreign currency risk

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity and that are monetary in nature. The Company is exposed to foreign exchange risk mainly arising from Trade Payables denominated in United States Dollar ('USD'), European Union Currency ('EURO') and Japanese Yen ('JPY') and Trade receivables in United States Dollar ('USD').

(a) Foreign currency risk exposure:

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on 31st March, 2018

The Company's exposure to foreign currency risk at the end of the reporting period are as follows

(In lakhs)

PARTICULARS	As at March 31, 2018			As at March 31, 2017			As at April 01, 2016		
	Amount ₹	Foreign currency	Foreign Currency Amount	Amount ₹	Foreign currency	Foreign Currency Amount	Amount ₹	Foreign currency	Foreign Currency Amount
(i) Financial assets									
Trade receivables	49.17	USD	0.76	-	USD	-	-	USD	-
(ii) Financial liabilities									
Trade payables	1,137.75	EURO	14.11	480.66	EURO	6.93	188.37	EURO	2.50
	-	USD	-	6.82	USD	0.11	3,001.35	USD	45.30
	-	JPY	-	-	JPY	-	1.84	JPY	3.12

(b) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments is as follows:

(₹ in lakhs)

PARTICULARS	Impact on Profit after Tax positive/(negative)	
	Year ended March 31, 2018	Year ended March 31, 2017
EURO - Sensitivity		
₹/EURO -Increase by 16.43% (March 31, 2017: 7.79%)	(186.93)	(37.44)
₹/EURO -Decrease by 16.43% (March 31, 2017: 7.79%)	186.93	37.44
USD - Sensitivity		
₹/USD -Increase by 0.32% (March 31, 2017: 2.25%)	0.16	(0.15)
₹/USD -Decrease by 0.32% (March 31, 2017: 2.25%)	(0.16)	0.15

#Holding all other variables constant

(ii) Interest rate exposure

The Company borrowings at reporting date are at fixed rate of interest and Company is not exposed to interest rate changes in respect of such borrowings. However Company will have exposure to interest rate changes at the time of rollover of borrowing facilities.

39C LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities (comprising the undrawn borrowing facilities below), by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

SHREE DIGVIJAY CEMENT COMPANY LIMITED

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The liquidity risk is managed by means of the ultimate parent company's Liquidity and Financial Indebtedness Management Policy, which aims to ensure the availability of sufficient net funds to meet the Company's financial commitments with minimal additional cost. One of the main liquidity monitoring measurement instruments is the cash flow projection, using a minimum projection period of 12 months from the benchmark date.

(i) Financing arrangements

The Company has undrawn borrowing facilities of ₹ 11,161.42 lakhs as at 31st March, 2018 (₹ 3,600.71 lakhs as at 31st March, 2017 and ₹ 1,847.17 lakhs as at April 01, 2016) which is renewable on yearly basis by mutual consent. Undrawn credit facilities comprises of fund based and non-fund based.

(ii) Maturities of financial liabilities

The following table shows the maturity analysis of the companies financial liabilities based on the contractually agreed undiscounted cash flows as at the Balance Sheet date.

(₹ in lakhs)

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	Less than 3 months	3 to 6 months	6 months to 1 year	Above 1 Year	Total
March 31, 2018					
Borrowings	57.81	57.81	2,558.46	-	2,674.08
Trade payables	4,926.10	-	1,122.57	-	6,048.67
Other financial liabilities	1,783.55	-	157.25	-	1,940.80
Total Liabilities	6,767.46	57.81	3,838.28	-	10,663.55

(₹ in lakhs)

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	Less than 3 months	3 to 6 months	6 months to 1 year	Above 1 Year	Total
March 31, 2017					
Borrowings	222.00	222.00	9,824.49	-	10,268.49
Trade payables	2,922.61	-	480.65	-	3,403.26
Other financial liabilities	1,769.23	-	162.83	-	1,932.06
Total Liabilities	4,913.84	222.00	10,467.97	-	15,603.81

(₹ in lakhs)

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	Less than 3 months	3 to 6 months	6 months to 1 year	Above 1 Year	Total
April 01, 2016					
Borrowings	268.25	268.25	11,940.02	-	12,476.52
Trade payables	2,564.44	-	3,161.40	25.20	5,751.04
Other financial liabilities	1,653.57	-	184.74	-	1,838.31
Total Liabilities	4,486.26	268.25	15,286.16	25.20	20,065.87

40 CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure of the Company, management can make, or may propose to the stockholders when their approval is required, adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company considers total equity reported in the financial statements to be managed as part of capital.

The Company does not have any borrowing which is subject to the capital requirements.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Capital commitments

Estimated amount of contracts remaining to be executed on capital account is ₹ 28.42 lakhs (31st March, 2017: ₹ 176.69 lakhs and April 01, 2016: ₹ 330.66 lakhs), against which advances paid aggregate ₹ 28.42 lakhs (31st March, 2017: ₹ 172.35 lakhs and April 01, 2016: ₹ 43.36 lakhs).

41 EARNINGS PER SHARE (EPS)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit/(loss) after tax (₹ in lakhs)	1,337.09	(904.61)
Weighted average number of shares outstanding for basic / diluted EPS (In lakhs)	1,413.75	1,413.75
Nominal value per share (In ₹)	10.00	10.00
Basic / diluted earning per Share (In ₹)	0.95	(0.64)

- 42** During previous year, on the basis of advise of an independent tax consultant and certain judicial pronouncements, the Company has recognised input tax credit (VAT) receivables on petcoke and coal consumed in earlier years aggregating ₹163 lakhs. These were shown as balances with statutory authorities under other current assets by corresponding credit to miscellaneous income – other income.

43 LEASES

As a lessee: Operating lease

The Company has operating leases for premises. These lease arrangements range for a period between 11 months and 20 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

(₹ in lakhs)		
With respect to all operating leases:	Year ended March 31, 2018	Year ended March 31, 2017
Lease payments recognised in the Statement of Profit and Loss during the year	119.28	77.20

With respect to non cancellable operating leases, the future minimum lease payments are as follows:

(₹ in lakhs)			
PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Not later than one year	94.78	63.41	37.49
Later than one year and not later than five years	244.84	191.45	172.44
Later than 5 years	233.65	287.36	356.27

44 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY

(₹ in lakhs)		
PARTICULARS	Year Ended March 31, 2018	Year Ended March 31, 2017
Gross amount required to be spent by the Company during the year	-	-
Amount spent during the year on:		
i) Construction / acquisition of asset	2.71	-
ii) On purposes other than (i) above	12.74	10.31
Total	15.45	10.31

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

45 Details of Specified Bank Notes (SBN) as defined in the MCA notification GSR 308 (E) dated March 30, 2017

- (a) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March, 2018.
- (b) Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 :

(₹ in lakhs)

Particulars	SBNs	Other Notes	Total
Closing cash in hand as on November 08, 2016	1.70	0.06	1.75
(+) Permitted receipts	-	6.64	6.64
(-) Permitted payments	-	2.26	2.26
(-) Amount deposited in Banks	1.70	3.63	5.32
Closing cash in hand as on December 30, 2016	-	0.81	0.81

46 DUES TO MICRO AND SMALL ENTERPRISES

There were no delays in payment to micro and small enterprises registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and accordingly no interest payable to them. The outstanding balance payable to micro and small enterprise is disclosed in note no. 22. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

- 47 In view of Hon'ble Supreme Court ruling, the Company has reversed the provision of ₹ 201.78 Lakhs during the year which was towards additional royalty on lime stone payable to District Mineral Foundation (DMF) under the Mines and Mineral (Development & Regulation) Amendment Act, 2015 for the period from January 12, 2015 to September 16, 2015.

48 FIRST TIME ADOPTION OF IND AS:

These are the Company's first financial statements prepared in accordance with Ind AS. The Company's opening Ind AS Balance Sheet was prepared as at April 1, 2016 i.e. the Company's date of transition to Ind AS. In preparing the Opening Balance Sheet, the Company has applied the mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS in accordance with the guidance in Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements to Ind AS, in the opening Balance Sheet as at April 1, 2016 and in the financial statements for the year ended 31st March, 2017.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

Deemed cost:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38, Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

Estimates

On an assessment of the estimates made under previous GAAP the Company has concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by previous GAAP or the basis of measurement were different.

The remaining mandatory exceptions either do not apply or are not relevant to the Company.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

Reconciliation Between Previous GAAP and Ind AS

Reconciliation of total equity as at April 01, 2016 and 31st March, 2017, as reported in accordance with Previous GAAP to total equity in accordance with Ind AS is given below :

(₹ in lakhs)	
Particulars	Total Equity
Balance as at April 01, 2016 as per Previous GAAP	19,833.76
Add/(Less) : Adjustment for Ind AS	
- Recognition of deferred tax assets (including MAT credit entitlement) (Note 3)	1,633.27
- Provision for mines reclamation (net of tax) (Note 4)	(117.12)
Balance as at April 01, 2016 as per Ind AS	21,349.91
Balance as at March 31, 2017 as per Previous GAAP	18,299.73
Add/(Less) : Adjustment for Ind AS	
- Recognition of deferred tax assets (including MAT credit entitlement) (Note 3)	2,123.90
- Impact of security deposits recognised at amortised cost (Note 2)	(0.06)
Balance as at March 31, 2017 as per Ind AS	20,423.57

The reconciliation of net loss for the year ended 31st March, 2017 reported in accordance with Indian GAAP to total comprehensive Income in accordance with Ind AS is given below:

(₹ in lakhs)	
Particulars	Year ended March 31, 2017
Net Loss for the year as per Previous GAAP	(1,416.91)
Add/(Less) : Adjustment for Ind AS	
a) on account of remeasurements of post employment benefit obligation (Note 1)	33.23
b) Impact of security deposits recognised at amortised cost (Note 2)	(0.06)
c) on account of recognition of deferred tax asset (Note 3)	479.13
Total	512.30
Net Loss for the year as per Ind AS	(904.61)
Other Comprehensive Income/(Expenses) :	
Items that will not be reclassified to profit or loss (Net of tax)	
- on account of remeasurements of post employment benefit obligation (Note 1)	(21.73)
Total comprehensive Income for the year	(926.34)

Impact of Ind AS adoption on the cash flow statement for the year ended March 31, 2017

There are no material adjustments to the cash flow statement as reported under previous GAAP.

RECONCILIATION NOTES:

1. Re-measurement of post employment defined benefit obligations:

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income (net of tax) instead of statement of profit and loss. Under the previous GAAP, these re-measurements were forming part of the statement of profit and loss for the year. As a result of this change, the loss for the year ended 31st March, 2017 decreased by ₹ 21.73 lakhs (net of tax of 11.50 lakhs). There is no impact on the total equity as at 31st March, 2017.

2. Security deposits:

Under the previous GAAP, interest free security deposits (that are refundable in cash on completion of the contract term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as pre-paid expense. Consequent to

SHREE DIGVIJAY CEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

this change, the amount of security deposits decreased by ₹ 1.51 lakhs as at 31st March, 2017 (April 01, 2016 – ₹ 12.45 lakhs). The pre-paid expense increased by ₹ 1.51 lakhs as at 31st March, 2017 (April 01, 2016 – ₹ 12.45 lakhs). The loss for the year increased and total equity as at 31st March, 2017 decreased by ₹ 0.06 lakhs due to amortisation of the prepaid expense of ₹ 13.03 lakhs which is partially off-set by the interest income of ₹ 12.97 lakhs recognised on security deposits.

3. Deferred tax:

In accordance with previous GAAP "Deferred Tax Assets" as of March 31, 2016 were not recognised, as they were not considered to be virtually certain of realisation as of that date. Ind AS 12, requires the recognition of "Deferred Tax Assets" based on the reasonable certainty resulting in transitional adjustment to the opening balance sheet as at April 01, 2016. Consequently "Deferred Tax Assets" so recognised in the opening balance sheet has been adjusted for FY 2016-17 and reconciliation of Net profit reported in accordance with previous GAAP to the total comprehensive income in accordance with Ind AS is given above. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

As per Ind AS 12, the Company has considered MAT credit entitlement as deferred tax asset being unused tax credit entitlement and recognised the same in its Ind AS financial statements.

4. Property, Plant and Equipments

Under Ind AS, the cost of an item of property, plant and equipment includes the initial estimate of the costs of restoring the site. Accordingly, the cost has been estimated and liability is set up for restoring the mining land. The cost is depreciated over the period of usage of the land. This has resulted in decrease in total equity by ₹117.12 lakhs and increase of property plant and equipment by ₹80.72 lakhs and Provision by ₹ 197.84 lakhs as at April 1, 2016. Further, Leasehold mining land where the Company has control towards mining reserve, are reclassified as intangible asset from Property, plant and equipment.

5. Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March, 2017 by ₹ 3,664.15 lakhs. There is no impact on the total equity and profit.

6. Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

7. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in statement of profit and loss for the year, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in statement of profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

The notes are an integral part of these financial statements.

For Price Waterhouse

Firm Registration No. : 301112E
Chartered Accountants

Sachin Parekh

Partner
Membership No.: 107038

Place: Mumbai
Date: April 19th, 2018

For and on behalf of the Board of Directors

Arcot Kumaresan
Independent Director
DIN: 00149567

Jorge Alejandro Wagner
Director
DIN: 07935739

Suresh Kumar Meher
AVP (Legal) & Company Secretary

Place: Madrid
Date: April 19th, 2018

A. K. Chhatwani
Independent Director
DIN: 00016735

K. K. Rajeev Nambiar
CEO & Whole Time Director
DIN: 07313541

Vikas Kumar
Interim Chief Financial Officer
Place: Sikka, Jamnagar

SERVING THE SOCIETY FOR A BETTER FUTURE

CORPORATE SOCIAL RESPONSIBILITIES



Child well being health camp



Medical camp for ladies



Empowering the girl child
through education



Rural well-being medical camp



Rural well-being medical camp



Rural well-being medical camp



Children education initiatives



Women empowerment initiatives

AWARD

AN ACCOLADE FOR EXCELLENCE



PLATINUM
CEMENT INDUSTRY AWARD 2017

GOLD
ENVIRONMENT AWARD 2017



GOLD
CENTURY INTERNATIONAL QUALITY ERA AWARD



Awards are the token of appreciation for all the hard work and persistence. Team Kamal Cement with its constant efforts has always tried to achieve excellence. With our International quality cement, we are now one of the top brands in India producing superior quality products.

We get motivated by the appreciation that comes our way and are determined to build India of our dreams.

SILVER

EXCEED AWARD 2017



CERTIFICATE OF EXCELLENCE

SEEM NATIONAL ENERGY MANAGEMENT AWARD 2016

WORLD-CLASS CEMENT

AT PAR WITH INTERNATIONAL STANDARDS

Kamal Cement with its State-of-art UST technology, tamper-proof packaging, and laboratory quality checks produces superior quality cement that is at par with International standards.

The list of our products is as follows: **Kamal PPC Cement**
Kamal OPC Cement Kamal SRPC Kamal Oil-Well Cement



PPC

OPC

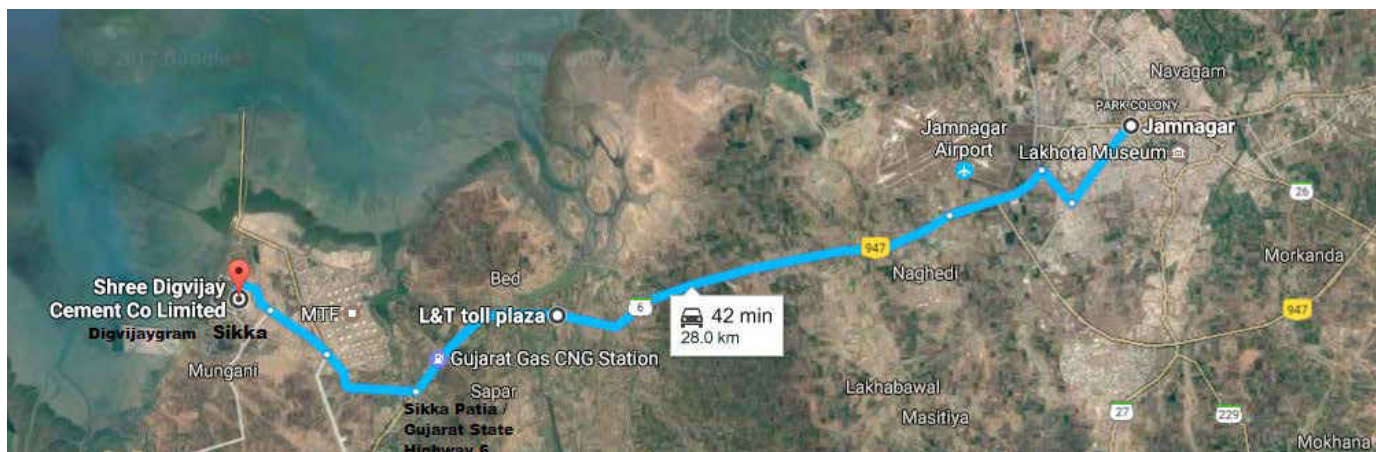
SRPC

OWC

MAP SHOWING LOCATION OF THE VENUE OF 73RD ANNUAL GENERAL MEETING OF THE COMPANY

Venue:

Shree Digvijay Cement Co. Ltd.
Digvijaygram – 361 140
Jamnagar, Gujarat



Landmark:

MTF / Sikka Village

Distance / Direction:

- 28 km from Jamnagar City
- 22.9 km from Jamnagar Airport
- 10.7 km from L&T Toll Plaza, Bed
- 6.2 km from Sikka Patia / Gujarat SH 6 crossing
(left right at this point if coming from Jamnagar).



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