

4

Certified True Copy

For Gujarat Sidhee Cement Limited



V. R. Mohnet
CFO & Company Secretary

Disclosures required to be made under Regulation 16 (2) of the Securities and Exchange Board of India (Stock Based Employee Benefits) Regulations, 2014

Part A: Statement of Risks

All investments in shares or options in respect of shares are subject to risk as the value of shares may go down or go up. In addition, employee stock options are subject to the following additional risks:

1. **Concentration:** The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.
2. **Leverage:** Any change in the value of the share can lead to a significantly larger change in the value of the option as an option amounts to a levered position in the share.
3. **Illiquidity:** The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.
4. **Vesting:** The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options shall be forfeited if the employee is terminated for gross misconduct as per terms of the Employee Stock Option Plan.

Part B: Information about the company

1. Business of the company :

Gujarat Sidhee Cement Ltd (GSCL) is a listed company having a 1.2 Million Tons per Annum capacity cement plant in Gir Somnath District in Gujarat state, and is a part of The Mehta Group. The Mehta Group is a multi-national multi-activity enterprise spanning four continents having business interests across a spectrum of activities including, sugar, cement, heavy engineering, cables, packaging, horticulture, floriculture, international trade etc. Saurashtra Cement Ltd. (a Group Company under the same management, is also engaged in the manufacture of cement in Gujarat for the last 50 years)

The key highlights of GSCL are as under:

- State of the art dry process energy efficient plant with centralized computer controls
- Operating at over 100% capacity utilisation consistently for last 5 years



- Over twenty five years presence in the Cement Industry.
- Wide product range including Ordinary Portland Cement (Grades 53 and 43), Pozzolana Portland Cement etc manufactured to Indian as well as International Standards.
- ISO 9001, ISO 14001 and BS OHSAS 18001 certification from TUV NORD CERT GmbH.
- Premium brand image ("Sidhee" brand) and established loyal dealer network.
- Strategically located for competitive access to high growth lucrative markets along west coast and export markets.

2. **Abridged financial information:**

Abridged financial information (Standalone and Consolidated) for the last five years as prescribed under clause (b)(i) of Section 26(1) of the Companies Act, 2013 as amended or re-enacted from time to time are attached herewith and marked as Annexure A collectively.

3. **Risk Factors:**

Management perception of the risk factors of the company (i.e., sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun etc.).

- The Company is largely dependent on road transport where the freight rates are subject to frequent changes in the deregulated diesel prices. Transport via rail / sea routes involves higher cost as currently there is no railway line near the plant and the company does not have any dedicated port facilities near the plant.
- The Ministry of Environment, Forest and Climate Change, Government of India has issued new stringent emission standards for Cement Industry and the company will have to incur capital expenditure for the technical upgradation / modification of the existing pollution control equipment.
- The Indian Cement Industry as well as Gujarat market are becoming intensely competitive, with addition of new entities and capacity addition by existing companies. This could potentially impact the sales volumes, market share and profitability of the company. In the long run, the company may have to depend on external sources for partly meeting the raw material requirements due to limited availability of resources in the existing mines and delays in getting leases for additional mining areas.

4. **Continuing disclosure requirement:**

The option grantee would receive copies of all documents that are sent to the members of the company. This shall include the annual accounts of the company as well as notices of meetings and the accompanying explanatory statements.



Part C: Gujarat Sidhee Employee Stock Option Scheme 2017

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. The Company believes in rewarding its employees including Directors of the Company for their continuous hard work, dedication and support, which has led the Company on the growth path. The Company intends to implement Employee Stock Option scheme with a view to attract and retain key talents working with the Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

With this objective in mind, Company intends to implement Gujarat Sidhee Employee Stock Option Scheme 2017 ("ESOS 2017") for the employees in due compliance of the Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"). The Plan was approved by the Shareholders vide special resolution passed at its Annual General Meeting dated 25th July 2017.

The main features of the Plan are as under:

a. Brief description of the scheme:

The Company proposes to introduce the ESOS 2017 primarily with a view to attract, retain, incentivize and motivate the employees that would lead to higher corporate growth. The ESOS 2017 contemplates grant of options to the employees, as may be determined in due compliance of SEBI SBEB Regulations and provisions of the ESOS 2017. After vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercised period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee ("Committee") of the Company shall administer ESOS 2017. All questions of interpretation of the ESOS 2017 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in ESOS 2017.

b. Total number of Options to be granted:

A total number of 36,47,779 options (Thirty Six Lacs Forty Seven Thousand Seven Hundred Seventy Nine) exercisable into 36,47,779 (Thirty Six Lacs Forty Seven Thousand Seven Hundred Seventy Nine) Equity Shares would be available for being granted to eligible employees of the Company under ESOS 2017. Each option when exercised would be converted into one Equity share of Rs.10/- each fully paid-up.

Options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the employees, would be available for being re-granted at a future date. The Committee is



authorized to re-grant such lapsed / cancelled options as per the ESOS 2017.

Further, the SEBI Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. In this regard, the Committee shall adjust the number and price of the options granted in such a manner that the total value of the options granted under ESOS 2017 remain the same after any such corporate action. Accordingly, if any additional options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 3647779 (Thirty Six Lacs Forty Seven Thousand Seven Hundred Seventy Nine) shall be deemed to be increased to the extent of such additional options issued.

c. Identification of classes of employees entitled to participate in ESOS 2017

Senior management team and potential executives from middle management.

d. Requirements of vesting and period of vesting

All the options granted on any date shall vest not earlier than **1 (one) year** and not later than a maximum of **3 (three) years** from the date of grant of options as may be determined by the Committee.

Options shall vest essentially based on continuation of employment and apart from that the vesting will be subject to Individual performance parameters as the Committee may specify additionally.

e. Maximum period within which the options shall be vested:

All the options granted on any date shall vest not later than a maximum of **3 (three) years** from the date of grant of options as may be determined by the Committee.

f. Exercise price or pricing formula:

The exercise price shall be Rs.10/- as on 8th February 2018.

g. Exercise period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion **5 (five) years** from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time.

The vested Option shall be exercisable by the employees by a written application to the Company expressing their desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.



h. Appraisal process for determining the eligibility of employees under ESOS 2017:

The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, etc.

i. Maximum number of Options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee of the Company under the ESOS 2017, in any financial year and in aggregate under the ESOS 2017 shall not exceed 1% of issued capital.

j. Maximum quantum of benefits to be provided per employee under the ESOS 2017:

The maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of options.

k. Route of ESOS 2017 implementation:

The ESOS 2017 shall be implemented and administered directly by the Company. In case Company wishes otherwise, it may be intimated to the members in due course as per applicable laws.

l. Source of acquisition of shares under the ESOS 2017:

The ESOS 2017 contemplates fresh/new issue of shares by the Company.

m. Lock-in:

The Shares transferred upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such exercise. Provided however that the Shares transferred on such exercise may be subject to restriction for such period as may be decided in terms of Company's Code of Conduct for Prevention of Insider Trading read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

You may refer to the copy of the scheme for detailed provisions.

XXXXXXX



Annexure A

GUJARAT SIDHEE CEMENT LIMITED

Abridged Financial Information (Standalone)

(Rupees in Lakhs)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Net sales / revenue from operations	44,571.12	40,974.92	48,403.40	46,906.58	43,735.65
Other Income	757.23	817.00	775.23	681.57	624.65
Total Income	45,328.35	41,791.92	49,178.63	47,588.15	44,360.30
Cost of materials consumed	5,327.24	5,074.49	6,873.00	9,308.91	9,563.17
Purchase of Stock-in-Trade	-	-	-	-	-
Change in inventories of finished goods, work-in-progress and stock-in-trade	(190.29)	537.78	(421.51)	(727.49)	1.96
Stores & Spares consumed	2,780.38	2,568.14	2,679.02	2,619.69	2,577.87
Employees remuneration and benefits	2,291.99	2,680.73	3,008.77	3,183.65	3,460.12
Other expenses	29,367.18	29,824.22	35,546.78	33,045.11	31,464.51
Total expenses	39,576.50	40,685.36	47,686.06	47,429.87	47,067.63
Profit before interest, depreciation and amortisation	5,751.85	1,106.56	1,492.57	158.28	(2,707.33)
Interest / Finance costs	171.64	299.53	368.88	467.61	321.37
Depreciation and amortisation	652.76	766.29	1,148.21	880.65	875.73
Profit before Tax and Exceptional Item	4,927.45	40.74	(24.52)	(1,189.98)	(3,904.43)
Exceptional Items	857.33	-	(655.67)	-	-
Profit before Tax	5,784.78	40.74	(680.19)	(1,189.98)	(3,904.43)
Tax provisions	1,753.62	313.12	(231.32)	(467.58)	-
Net Profit after Tax	4,031.16	(272.38)	(448.87)	(722.40)	(3,904.43)
Profit / (Loss) for the year	4,031.16	(272.38)	(448.87)	(722.40)	(3,904.43)
Equity share capital	3,620.69	4,120.69	7,120.69	8,620.69	8,620.69
Reserves	10,556.81	10,284.43	9,835.56	9,113.16	5,208.73
Current Liabilities	11,394.98	12,125.91	12,378.72	11,126.68	15,317.90
Total	25,572.48	26,531.03	29,334.97	28,860.53	29,147.32
Deferred Tax (assets) / liability	385.78	698.90	467.58	-	-
Long term loans, liabilities & provision	1,975.34	2,586.96	3,004.53	3,514.12	4,648.57
Net fixed assets including CWIP	8,954.49	12,315.66	10,325.09	10,464.89	11,871.44
Net current assets other than cash and bank	11,334.04	9,363.51	9,094.81	7,776.63	7,461.33
Cash and bank balance	5,876.85	4,094.18	4,866.50	3,351.71	3,705.48
Non Current Investments	0.10	782.88	6,036.67	7,433.18	7,436.59
Other Non-current assets	1,768.12	3,260.66	2,484.01	3,348.24	3,321.05
Total Assets	27,933.60	29,816.89	32,807.08	32,374.65	33,795.89
Capital employed	16,538.62	17,690.98	20,428.36	21,247.97	18,477.99
Net worth	14,177.50	14,405.12	16,956.25	17,733.85	13,829.42
Number of equity shares (In million)	361.54	361.54	861.54	861.54	861.54
Earning per share (Rs.)	11.15	(0.75)	(1.05)	(1.00)	(4.53)

Rate of Dividend
Class of Shares

10%
Equity



GUJARAT SIDHEE CEMENT LIMITED

Abridged Financial Information (Consolidated)

(Rupees in Lakhs)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Net sales / revenue from operations	44,571.12	40,974.92	48,403.40	46,906.58	43,735.65
Other income	757.23	817.00	775.23	684.01	767.22
Total income	45,328.35	41,791.92	49,178.63	47,590.59	44,502.87
Cost of materials consumed	5,327.24	5,074.49	6,873.00	9,308.91	9,563.17
Purchase of Stock-in-Trade	-	-	-	-	-
Change in inventories of finished goods, work-in-progress and stock-in-trade	(190.29)	537.78	(421.51)	(727.49)	1.96
Stores & Spares consumed	2,780.38	2,568.14	2,679.02	2,619.69	2,577.87
Employees remuneration and benefits	2,291.99	2,680.73	3,008.77	3,183.67	3,460.12
Other expenses	29,367.18	29,824.26	35,552.96	33,047.28	31,510.87
Total expenses	39,576.50	40,685.40	47,692.24	47,432.06	47,113.99
Profit before interest, depreciation and amortisation	5,751.85	1,106.52	1,486.39	158.53	(2,611.12)
Interest / Finance costs	171.64	299.53	384.82	569.89	414.10
Depreciation and amortisation	652.76	766.29	1,148.21	880.65	875.73
Profit before Tax and Exceptional Item	4,927.45	40.70	(46.64)	(1,292.01)	(3,900.95)
Exceptional Items	857.33	-	(655.67)	-	-
Profit before Tax	5,784.78	40.70	(702.31)	(1,292.01)	(3,900.95)
Tax provisions	1,753.62	313.12	(231.32)	(467.58)	0.31
Net Profit after Tax	4,031.16	(272.42)	(470.99)	(824.43)	(3,901.26)
Share in Profit of Associate of Subsidiary	-	-	-	898.24	197.23
Profit / (Loss) for the year	4,031.16	(272.42)	(470.99)	73.81	(3,704.03)
Equity share capital	3,620.69	4,120.69	7,120.69	8,620.69	8,620.69
Reserves	10,556.81	10,292.97	9,821.98	10,932.23	7,228.20
Current Liabilities	11,394.98	12,125.98	12,979.11	11,730.54	15,720.11
Total	25,572.48	26,539.64	29,921.78	31,283.46	31,569.00
Deferred Tax (assets) / liability	385.78	698.90	467.58	-	-
Long term loans, liabilities & provision	1,975.34	2,586.96	3,004.53	3,514.12	4,843.57
Net fixed assets including CWIP	8,954.49	12,315.66	10,325.09	10,464.89	11,871.44
Net current assets other than cash and bank	11,334.04	9,363.51	9,098.67	7,778.02	7,461.33
Cash and bank balance	5,876.85	4,445.53	4,960.54	3,367.02	3,719.95
Non Current Investments	0.10	428.63	6,514.08	9,827.91	10,028.55
Other Non-current assets	1,768.12	3,272.17	2,495.51	3,359.74	3,331.30
Total Assets	27,933.60	29,825.50	33,393.89	34,797.58	36,412.57
Capital employed	16,538.62	17,699.52	20,414.78	23,067.04	20,692.46
Net worth	14,177.50	14,413.66	16,942.67	19,552.92	15,848.89
Number of equity shares (in Million)	361.54	361.54	861.54	861.54	861.54
Earning per share (Rs.)	11.15	(0.75)	(1.10)	0.10	(4.30)

Rate of Dividend
Class of Shares

10%
Equity

