

34th ANNUAL REPORT 2006 - 2007



Sidhee
CEMENT

GUJARAT SIDHEE CEMENT LIMITED



**Gujarat Sidhee
Cement Limited**

Board of Directors

As on 31.7.2007

Mr. M.N. Mehta	<i>Chairman</i>
Mr. Jay Mehta	<i>Executive Vice-Chairman</i>
Mr. Sanat Mehta	<i>Nominee of The Mehta International Limited</i>
Mr. G. C. Murmu	<i>Nominee of GILC Limited</i>
Mr. P. K. Behl	<i>Nominee of LIC</i>
Mr. M.S. Gilotra	<i>Managing Director</i>
Mr. R. K. Poddar	<i>Deputy Managing Director</i>
Mr. M. L. Tandon	<i>Director</i>
Mr. S.V.S. Raghavan	<i>Director</i>

**PRESIDENT (FINANCE) &
COMPANY SECRETARY**
Mr. V. R. Mohnot

BANKERS
State Bank of India
Dena Bank
State Bank of Travancore
State Bank of Bikaner & Jaipur
State Bank of Patiala
State Bank of Saurashtra
Union Bank of India
HDFC Bank Ltd

AUDITORS
Messrs. Manubhai & Co.
Chartered Accountants
Ahmedabad

REGISTERED OFFICE & WORKS
"Sidheegram"
Off. Veraval - Kodinar Highway
Pin Code 362 276
District Junagadh
GUJARAT.

CORPORATE OFFICE
N K Mehta International House, 2nd Floor,
178, Backbay Reclamation
Mumbai - 400 020.

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GUJARAT SIDHEE CEMENT LIMITED

Regd. Office : "Sidheegram", Off Veraval-Kodinar Highway

Pin 362 276, Dist. Junagadh, Gujarat.

NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 14th September, 2007 at 10.00 A.M. at the Registered Office of the Company at "Sidheegram", Off Veraval-Kodinar Highway - Pin 362 276, Dist. Junagadh, Gujarat, to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 2007 and Balance Sheet as at that date and Auditors Report thereon.
2. To appoint a Director in place of Mr. M.N. Mehta, who retires by rotation, but being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S.V.S. Raghavan, who retires by rotation, but being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. M.L. Tandon, who retires by rotation, but being eligible, offers himself for reappointment.
5. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Manubhai & Co., Chartered Accountants, the retiring auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company for audit of accounts for the financial year 2007-2008 and they shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.3,25,000/- (Rupees Three Lakhs Twenty Five Thousand Only) per annum, plus Service Tax and reimbursement of traveling and out of pocket expenses actually incurred."

By Order of the Board of Directors

V. R. Mohnot

President (Fin) & Co. Secretary

MUMBAI, dated : 31st July, 2007.

Registered Office :

"Sidheegram"

Off Veraval-Kodinar Highway

Pin 362 276.

Dist. Junagadh (Gujarat).

NOTES :

1. **A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself on a poll and that a proxy need not be a member. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the Annual General meeting.**
2. Re-appointment of Directors :

At the ensuing Annual General Meeting Mr. M.N. Mehta, Mr. S.V.S. Raghavan and Mr. M.L. Tandon, shall retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement relating to code of Corporate Governance, the profile of the above directors are given under para (iv) (Re-appointment of Directors) of Corporate Governance Report annexed to Directors Report.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from Thursday, the 6th September 2007 to Friday, the 14th September, 2007 (both days inclusive) in connection with AGM.
4. Members who have multiple accounts in identical names or joint accounts in same order are requested to send all the share certificates to the Registrar and Transfer Agents for consolidation of all such shareholdings into one account to facilitate better service.
5. (a) Members are requested to notify immediately any change of address :
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) to the Registrar and Transfer Agents at : M/s. Intime Spectrum Registry Ltd., C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai 400 078, in respect of their physical share folios, if any.(b) In case the mailing address mentioned on this Annual Report is without the Pin Code, Members are requested to kindly inform the Registrar their PINCODE immediately.
6. Non-resident Indian Shareholders are requested to inform us immediately the change in the residential status, if any.
7. Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
8. Shares of the company are traded in demat form and if you have therefore, not demated your shares, you are requested to please do the same at the earliest.

By Order of the Board of Directors

V. R. Mohnot
President (Fin) & Co. Secretary

MUMBAI, dated : 31st July, 2007.

Registered Office :

“Sidheegram”

Off Veraval-Kodinar Highway

Pin 362 276.

Dist. Junagadh (Gujarat).

DIRECTORS' REPORT

Dear Members,

The Directors present the 34th Annual Report along with the Audited Accounts and Auditors Report for the year ended 31st March 2007.

FINANCIAL RESULTS

The highlights of the financial results for the year ended 31st March 2007 are given below:

(Rupees in Million)

	Current Year (2006 -2007)	Previous Year (2005-2006)
Sales & Other Receipts (Net of Excise)	4028.69	2903.22
Profit before Interest and Depreciation	803.84	426.89
Interest	117.27	90.81
Profit before Depreciation	686.57	336.08
Depreciation	94.77	88.86
Profit before Taxation and Deferred Tax Liabilities / (Assets)	591.80	247.22
Income Tax / Fringe Benefit Tax / Wealth tax	3.26	3.38
Deferred Tax Adjustment	(64.92)	(117.17)
Profit after tax	523.62	126.67
Carried forward Loss of earlier years	2001.69	2128.37
Balance of Loss carried to Balance Sheet	1478.07	2001.70

THE YEAR UNDER REVIEW

During the year under review, cement consumption on an All India basis increased by about 10 percent from 135 million tonnes to 149 million tonnes and installed capacity increased from 160 million tonnes in the year ended March, 2006 to 166 million tonnes in March, 2007.

Cement consumption in Gujarat increased to 10.1 million tonnes for the year ended March, 2007 as against 9.12 million tonnes in the previous year. Exports of cement increased to 5.12 million tonnes during the year under review as against 4.7 million tonnes in the previous year.

PERFORMANCE REVIEW

Production and Sales

Production of cement by the Company during the year under review was 1.28 million tonnes as against 0.93 million tonnes in the previous year, an increase of nearly 38 percent as compared to last year. The production of clinker during the year under review was 1.34 million tonnes as against 1.21 million tonnes in the previous year, a growth of about 10 percent.

The sale of cement by the Company during the year in domestic market was 0.99 million tonnes as against 0.71 million tonnes in the previous year. The Company exported 0.34 million tonnes of cement during the year as against 0.39 million tonnes in the previous year. The total despatch of Cement and Clinker during the year were at an all time high. Due to improved market conditions within the country, exports of Clinker were reduced and replaced by the additional production of cement which was sold in the domestic market.

Rehabilitation Scheme

Members are aware that the Company's net worth was fully eroded and it was referred to the Board of Industrial and Financial Reconstruction (BIFR). A Revival Scheme was sanctioned by the Hon'ble Appellate Authority of Industrial

and Financial Reconstruction (AAIFR) in November 2002 envisaging setting up of a Captive Power Plant and construction of a Captive Jetty with mechanised loading and unloading facilities near the factory, granting necessary relief and concessions from the Banks / Financial Institutions & Government of Gujarat and approving arrangement of equity infusion by the promoter group.

Further, the sanctioned rehabilitation scheme inter-alia also provided for restructuring and repayment of debt and grant of fresh loans for financing the cost of the scheme.

As per the Order of Hon'ble AAIFR, the payment of interest and repayment of principal amount to Banks & Financial Institutions was to commence w.e.f. 1.4.2004. The Company had requested for extending the period of moratorium which was agreed in principle by the banks and financial institutions, subject to the approval of the modification by Hon'ble BIFR.

The Government of Gujarat had filed a Latters Patent Appeal before the Hon'ble High Court of Gujarat at Ahmedabad against the dismissal of the Writ Petition. The same is still pending for admission. However, the Company has made regular payments of the dues to Government of Gujarat in accordance with the sanctioned scheme under implementation. The Company has paid an amount of Rs.753.30 Million uptil the end of the financial year 2006-07.

The Company has installed and commissioned a Captive Power Plant by setting up of six Nos. of DG sets of 5 MW each at the plant site. The State Government has approved the allotment of land for the Jetty site and the Company is in the process of installing storage and handling facilities. Further progress on the Jetty project has been delayed due to the withholdment of disbursements of fresh loans by the Financial Institutions and Banks, pending a final outcome of the petition of the Government of Gujarat.

The Company has offered a One Time Settlement proposal to all its lenders. Some of the lenders have accepted the proposal and the Company has made down payments to these lenders in the current financial year.

Increase in Authorised Share Capital

In keeping with future requirement of funds, the authorised share capital of the Company was increased from Rs.170 Crores consisting of 17,00,00,000 equity shares of Rs.10 each to Rs.500 Crores consisting of 50,00,00,000 equity shares of Rs.10 each.

Paid-up Share Capital

During the year, the Company allotted 22,26,600 Equity Shares of Rs.10 each to the promoter group company in terms of the AAIFR order. The Company further made a call of Rs.2 per share on 1,50,00,000 partly paid-up shares and has received Rs.300 lacs as call money. All the partly paid shares are fully paid up. The total additional capital brought in by the Promoters till 31st March, 2007 is Rs.19.72 Crores.

Future Outlook

During the year 2006-2007, the Indian economy achieved an impressive GDP growth of around 9 percent. Industrial Production grew by around 9.8 percent. With the growth in the economy as well as the emphasis of the country on building, housing, improved infrastructure such as Roads, SEZs, Ports etc., the growth in demand of cement is expected to remain high in the domestic market.

The present capacity of cement has been almost fully utilized and new cement production capacity is expected to be installed over the next 2 years and which may result in a demand / supply imbalance for a short period in the future.

Public Deposits

The company has not invited and / or accepted any deposits, during the year.

Cash Flow Statement

Cash flow statement pursuant to Clause 32 of the listing agreement is attached and forms part of the report.

Directors

The Board of Directors at its Meeting held on 30th November, 2006 approved reappointment of Mr. Jay M Mehta, Executive Vice-Chairman w.e.f. 28th May 2007, Mr. M.S. Gilotra, Managing Director w.e.f. 11th December, 2006 and Mr. R.K. Poddar, Deputy Managing Director w.e.f. 3rd December, 2006, till 31st December, 2007. The Central Government has approved re-appointment and remuneration of Mr. R.K. Poddar and the same is awaited for other managerial personnel.

Mr. M.N. Mehta, Mr. S.V.S Raghavan and Mr. M.L. Tandon shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

During the year, the IDBI had withdrawn the nomination of Mr. P.T. Thomas w.e.f. 7th March, 2007 & Mr. T.M.N. Singh, SBI Nominee Director has resigned from the Board of Directors with effect from 27.7.2006.

The Board places their sincere appreciation to the advise, co-operation and guidance rendered by them during their tenure as directors on the Board of Directors of the Company.

Listing of Equity Shares

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) which offers on line trading facilities.

The Company had made an application for delisting of shares from regional / non regional Stock Exchanges and have received letters from Delhi, Ahmedabad and Saurashtra Kutch Stock Exchanges confirming delisting of equity shares from their stock exchanges.

Approval for delisting from Calcutta Stock Exchange Association Ltd is awaited.

Auditors

M/s. Manubhai & Co, Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company, holds office upto the conclusion of the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956. The Company has received letter pursuant to Section 224(1) (B) of the Companies Act, 1956 signifying their eligibility to act as auditors if appointed at the annual general meeting.

Cost Auditors

In pursuance to Order No. 52/58/CAB-98 dated 30th October, 1998 issued under Section 233-B of the Companies Act, 1956, M/s. M. Goyal & Co., Cost Auditors, have been appointed as Cost Auditor of the Company for the financial year 2007-2008 subject to the approval of the Central Government.

Particulars of Employees

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 names and other particulars of the employees are required to be set out in the annexure to this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and Annual Accounts of the Company sent to the shareholders do not contain the said annexure. Any shareholders desirous of obtaining a copy of the said annexure may write to the President (Fin) & Company Secretary at the Registered Office of the Company.

The Company continued to maintain harmonious and cordial relations with its workers, which enabled it to achieve, improved performance levels.

Corporate Governance

A separate report on the compliance with Clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance and the Auditors' Certificate on its compliance forms part of this Report.

Management Discussion and Analysis

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

Directors' Responsibility Statement

Your Directors confirm that:

- These statements have been prepared in conformity with generally accepted accounting principles and appropriate accounting standards, judgements and estimates are reasonable and prudent.
- The accounting policies selected and applied consistently give a true and fair view of the financial statements.
- The company has implemented internal controls to provide reasonable assurances of the reliability of its financial records, proper safeguarding and use of its assets and detection of frauds and irregularities. Such controls are based on established policies and procedures and are implemented by trained, skilled and qualified personnel with an appropriate segregation of duties. The company's internal auditors conduct regular internal audits, which complement the internal controls.
- The Directors have prepared the annual accounts on a going concern basis.

Energy conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

As required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors') Rules 1988 the relevant particulars are enclosed herewith in Annexure 1, forming part of the Report.

Acknowledgement

The Directors wish to thank the Hon'ble Board for Industrial & Financial Reconstruction (BIFR), The Hon'ble Appellate Authority for Industrial & Financial Reconstruction (AAIFR), Central Government, Government of Gujarat, Financial Institutions, Bankers, Shareholders, Employees, Stockists, Dealers and all others associated with its operations for the co-operation and encouragement extended to the Company.

On behalf of the Board of Directors

R. K. Poddar
Dy. Managing Director

M. S. Gilotra
Managing Director

Mumbai, dated 31st July, 2007.

ANNEXURE - 1

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31-03-2007.

A. CONSERVATION OF ENERGY:**(a) ENERGY CONSERVATION MEASURES TAKEN:**

Optimisation of plant operations and improve maintenance and operation practices to achieve energy conservation.

(b) ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

Nil

(c) IMPACT OF THE MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND SUBSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

Nil

(d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM "A" OF THE ANNEXURE.**B. TECHNOLOGY ABSORPTION:**

Efforts made in Technology absorption are given in prescribed Form B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and export plans.

The Company has exported 105382 MT of Clinker and 338079 MT of Cement during the year to various countries. Export turnover has decreased by 19 % during the year as compared to previous year.

- Total foreign exchange used and earned: (Rs. in Lacs)

	2006-2007	2005-2006
Used	1092.90	1976.29
Earned	10457.80	12960.65

On behalf of the Board of Directors

R. K. Poddar	M. S. Gilotra
<i>Dy. Managing Director</i>	<i>Managing Director</i>

Mumbai, dated 31st July, 2007.

(Form of Disclosure of particulars with respect to Conservation of Energy)

A. POWER AND FUEL CONSUMPTION

	2006-2007	2005-2006
1. Electricity		
a. Purchased		
Unit (KWH) - Lacs	1080.81	988.07
Total Amount (Rs. in Lacs)	5999.18	5306.95
Rate / Unit (Rs.)	5.55	5.37
b. Own Generation		
I. Through diesel generator (KWH / in Lacs)	146.93	NIL
II. Fuel Cost / Electricity Duty	639.51	NIL
III. Through Steam Turbine / Generator	NIL	NIL
2. Coal & Other Fuel used as Kiln fuel.		
I. Quantity (In Million K. Cal.)	1066296	959889
II. Total cost (Rs. in Lacs)	5785.61	4687.56
III. Average rate (Rs. in Million K. Cal.)	542.59	488.34
3. H.S.D. / L. D. O.		
I. Quantity in (K. Ltrs.)	121.11	113.16
II. Total cost (Rs. in Lacs)	35.99	36.61
III. Average rate (Rs. In K. Ltrs.)	29715.41	32354.86
4. Others / Internal Generation	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

	2006-2007	2005-2006
Cement / Clinker		
I. Electricity (KWH / T of Cement)*	88.51	84.65
II. Diesel (Ltr. / T of Clinker)	0.09	0.09
III. Coal / Lignite (K. Cal. / Kg. of Clinker)	798	792
IV. Others	NIL	NIL

* Net of non - productive power.

FORM - B (See rule - 2)

(Form for Disclosure of Particulars with respect to Absorption)

A. RESEARCH AND DEVELOPMENT (R&D) :**1. RESEARCH AND DEVELOPMENT HAS BEEN CARRIED OUT FOR IMPROVEMENT IN THE FOLLOWING AREAS :**

- a. Modification / Optimisation in Raw Mix design to optimise limestone consumption factor.
- b. Usage of alternate / waste derived raw materials and fuel to conserve minerals / Natural Resources.
- c. Improvement in Clinker Chemistry and process design for higher absorption of Fly Ash in Portland Pozzolona Cement.
- d. Evaluation of Grinding Aid for Cement Grinding.
- e. Continuous improvement in refractory selection and application to achieve consistent run factor.

2. FOLLOWING BENEFITS WERE DERIVED OF THE ABOVE R & D :

- a. Optimisation of additives, conservation of natural resources and consistent throughput.
- b. Conservation of Coal, usage of consistent quality and quantity of Petcoke and Environmental improvement through conservation of high grade limestone.
- c. Energy conservation (both thermal and electrical) due to consistent and optimised operation

3. FUTURE PLAN OF ACTION:

- a. Part substitution of conventional fuels with Agro waste / Waste derived fuels.

4. EXPENDITURE ON R & D :

	(Rs. in Lacs)
a. Capital	Nil
b. Recurring	101.05
c. Total	<u>101.05</u>
d. Total R & D expenditure as a percentage of total turnover	0.23%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Information regarding technology imported during the last five years:

- a. Technology Imported NIL
- b. Year of Import N. A.
- c. Has Technology been fully absorbed N. A.
- d. If not fully absorbed, areas where this has not been taken place, reason thereof and future plan of action. N. A.

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

Corporate Governance relates to systems and process that direct corporate resources and management strategies towards maximising value for stakeholders while ensuring accountability, probity and openness in the conduct of business. A good governance process means strengthening internal control systems and building relationship with all stakeholders, including employees and shareholders.

The company's governance philosophy rests on protection of rights and interests of stakeholders, equality in their treatment, disclosure of timely and accurate information, strategic guidance and effective monitoring by the Board and the Board accountability to company and its shareholders. In this context, the company has been making significant disclosures on the Board composition and functioning, management thoughts on the performance and outlook from time to time.

2. BOARD OF DIRECTORS :

(I) COMPOSITION (as on 31.3.2007)

The Board of Directors comprises of a combination of Executive and Non-Executive Members who are professionals in their respective fields and bring in a wide range of skills and experience. The Board consists of nine directors out of which five directors are Independent Directors. The composition and attendance at the Board Meetings held during the financial year and last Annual General Meeting held on 28th September, 2006 were as under :

Sr. No	Directors	Executive / Non-Executive	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)
1.	Mr. M. N. Mehta	Non-Executive Chairman	7	4	No
2.	Mr. Jay M. Mehta	Executive Vice-Chairman	7	5	No
3.	Mr. Sanat M. Mehta	Non-Executive Director TMLL Nominee	7	4	No
4.	Mr. G. C. Murmu, IAS	GLIC/GoG Nominee Independent Director	7	1	No
5.	Mr. M. S. Gilotra	Managing Director	7	6	No
6.	Mr. R. K. Poddar	Deputy Managing Director	7	7	Yes
7.	Mr. M. L. Tandon	Independent Director	7	4	No
8.	Mr. S. V. S. Raghavan	Independent Director	7	5	No
9.	Mr. P. T. Thomas (ceased to be director w.e.f. 7.3.2007)	IDBI Nominee Independent Director	7	4	No
10.	Mr. P. K. Behl	LIC Nominee Independent Director	7	6	Yes
11.	Mr. T. M. N Singh. (Ceased to be director w.e.f. 27.7.2006)	SBI Nominee Independent Director	7	1	No

(II) MEETINGS OF THE BOARD :

Seven Board Meetings were held during the financial year ended 31.3.2007.

Sr. No.	Date of Board Meeting.	Total strength of the Board	No. of Directors Present
1.	31.05.2006	11	10
2.	27.07.2006	10	9
3.	30.10.2006	10	7
4.	30.11.2006	10	6
5.	04.01.2007	10	4
6.	30.01.2007	10	5
7.	02.03.2007	10	6

(III) OTHER DIRECTORSHIPS

The details of other directorships and chairmanships held by the Directors of the Company are given below :-

Name(s) of Directors	No. of other Directorship (excluding directorship in Private Companies & Cos. Incorporated u/s 25 of the Companies Act 1956)	Chairman of the Board	No. of Board Committees in which he is a member	Chairman / Chair person of Board Committees
Mr. M. N. Mehta	6	6	-	3
Mr. Jay M. Mehta	7	-	3	-
Mr. Sanat Mehta	1	-	-	-
Mr. G. C. Murmu, IAS	12	2	1	-
Mr. M. S. Gilotra	1	-	3	-
Mr. R. K. Poddar	1	-	3	-
Mr. M. L. Tandon	10	-	1	1
Mr. S. V. S. Raghavan	2	1	-	3
Mr. P. T. Thomas (Ceased to be director w.e.f. 7.03.2007)	2	-	-	-
Mr. P. K. Behl	-	-	-	-
Mr. T. M. N. Singh (Ceased to be director w.e.f. 27.7.2006)	-	-	1	-

(IV) RE-APPOINTMENT OF DIRECTORS

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under :-

1. Mr. Mahendra N. Mehta, aged 75 years joined the Board on 7.12.1984. Mr. M.N. Mehta is an Industrialist. The Mehta Group is headed by Mr. Mahendra N Mehta, NRI, who after schooling in India, joined the family business at the age of 19 in Africa and has over five decades of entrepreneurial experience. Mr. M.N. Mehta is the motivating force behind the Group. Mr. M.N. Mehta is also the Chairman of Saurashtra Cement Limited and Chairman of Pranay Holdings Ltd., Prachit Holdings Ltd., Ria Holdings Ltd., Reeti Investments Ltd., and Agrima Consultants International Ltd.

Number of shares held in the Company : Nil

2. Mr. S.V.S. Raghavan, aged 77 years joined the Board of the Company on 28.1.2005. Mr. Raghavan is the former Chairman of BHEL, MMTC, STC and BBIL retired in the rank of Secretary in the Ministry of Commerce. He has been conferred Padma Shri by Government of India and also the National Citizenship Award by President of India. He is a Director in Saurashtra Cement Limited & Fullerton Credit Co. India Ltd.

Number of Shares held in the Company : Nil

3. Mr. M.L. Tandon, aged 67 years joined the Board of the Company on 08.07.1987. Mr. Tandon is an Industrialist and a pioneer in Electronic Industry. He is Director of (a) Golden Computers Ltd., (b) Hi Tek Plastics Ltd., (c) Hybrid Agricultural Ltd., (d) Media Electronics Ltd., (e) Sacham Electronics Ltd. (f) Tandon Consultancy Services Ltd., (g) Tassel Trading Co. Ltd., (h) Titus Electronics Ltd., (i) Titus Trading & Agencies Ltd. and (j) Tranquil Trading Co. Ltd.

Number of Shares held in the Company : 40,000 shares.

3. AUDIT COMMITTEE :

The Audit Committee of the Board was formed on 18.12.1989 and was reconstituted from time to time. Presently it comprises of 3 non-executive Directors. Viz. Mr. S.V.S. Raghavan, Mr. M.L. Tandon and Mr. P.K. Behl, all independent Directors. Mr. S.V.S. Raghavan is the Chairman of the Audit Committee. Mr. M.S. Gilotra, Managing Director & Mr. R. K. Poddar, Dy. Managing Director are permanent invitees. The President (Finance) & Company Secretary also attend the Audit Committee Meeting as Secretary of the Committee.

Mr. P. T. Thomas ceased to be a member of the Audit Committee w.e.f. 07.03.2007 as IDBI has withdrawn its nomination from the Board of Directors of the Company.

The Audit Committee's functions include reviewing the Company's internal control system, audit procedures, compliance with statutory and regulatory requirements, financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and correct. It also reviews the quarterly unaudited financial results and the annual financial statements before submission to the Board. The Audit Committee effectively acts as a link to the Board of Directors, Statutory Auditor and Internal Audit functions.

During the financial year ended 31.3.2007, four Audit Committee Meetings were held on 31.5.2006, 27.7.2006, 30.10.2006 and 30.01.2007. The attendance at the Audit Committee Meetings is as under :

Name of the Director	No. of meeting held	No. meetings attended
Mr. S. V. S. Raghavan, Chairman	4	3
Mr. P. T. Thomas, Member (ceased to be a member w.e.f. 7.03.2007)	4	2
Mr. P. K. Behl, Member	4	2
Mr. M. L. Tandon, Member (appointed at the meeting held on 30-01-07)	4	N.A.

The Partner of Statutory Auditors attended some Audit Committee Meetings held during the year.

Mr. P. K. Behl was appointed as Alternate Chairman to Mr. S.V.S. Raghavan, Chairman of Audit Committee and attended the Annual General meeting held on 28th September, 2006.

4. REMUNERATION COMMITTEE :

(I) COMPOSITION

The Board at their meeting held on 24.5.2005 reconstituted the Remuneration Committee comprising of 3 Independent Directors viz. Mr. S. V. S. Raghavan, Mr. P. T. Thomas and Mr. P. K. Behl. Mr. S. V. S. Raghavan has been nominated as the Chairman of Remuneration Committee. Mr. P.T. Thomas ceased to be a member of the Committee w.e.f.7.03.2007.

The Remuneration Committee's functions inter-alia includes (a) review and recommend the appointment and remuneration of Managing / Whole-time Director, and (b) periodically review the remuneration package of Managing / Whole-time Director and to recommend suitable revision therein to the Board of Directors.

During the year, one meeting was held on 30th November, 2006.

Name of the Director	No. of meeting held	No. meetings attended
Mr. S. V. S. Raghavan, Chairman	1	1
Mr. P. T. Thomas, Member	1	1
Mr. P. K. Behl, Member	1	1

(II) DETAILS OF REMUNERATION PAID/PROVIDED FOR THE YEAR 2006 - 2007 :

Executive Directors :

Name	Salary & Allowances (Rs)	Perquisite (Rs)	Contribution to PF/Super-annuation	Others (Sitting Fees)	Total (Rs)
Mr. Jay M Mehta, Executive Vice Chairman	19,20,000	Nil	5,18,400	40,000	24,78,400
Mr. M. S. Gilotra, Managing Director	18,00,000	Nil	4,86,000	1,00,000	23,86,000
Mr. Raj K. Poddar, Deputy Managing Director	15,75,806	4,06,714	4,25,468	-	24,07,988

Necessary provision has been made in the books for payment of revised remuneration to Executive Vice-Chairman, Managing Director and Deputy Managing Director and will be paid and accounted on receipt of approval from Ministry of Corporate Affairs.

The Board of Directors at its meeting on 30th November, 2006 approved reappointment of Mr. Jay M. Mehta, as Executive Vice-Chairman w.e.f. 28th May, 2007, Mr. M. S. Gilotra, as Managing Director w.e.f. 11th December, 2006 and Mr. R.K. Poddar, as Deputy Managing Director w.e.f. 3rd December, 2006.

The tenure of appointment of Mr. Jay Mehta, Executive Vice Chairman, Mr. M. S. Gilotra, Managing Director and Mr. R.K. Poddar, Deputy Managing Director is for a period upto 31.12.2007. The respective agreement can be terminated by either party giving three months notice in writing of such termination.

The Company has received approval for re-appointment and remuneration in respect of Mr. R.K. Poddar, Deputy Managing Director, from Ministry of Corporate Affairs, New Delhi, vide letter dated 4th June, 2007, while the same is awaited in respect of Mr. Jay Mehta, Executive Vice-Chairman and Mr. M.S. Gilotra, Managing Director.

NON EXECUTIVE DIRECTORS

The Directors were paid sitting fees of Rs.10,000/- per meeting for attending the meeting of Board, Management Committee, Audit Committee, Shareholders / Investor Grievance Committee and Project Management Committee etc. attended by them. Sitting fees has been revised to Rs.20,000/- w.e.f. 30th November, 2006.

Director	No. of shares held	No. of Board Meetings	No. of Committee Meetings	Total	Amount of sitting fees paid Rs.
Mr. M. N. Mehta, Chairman	-	4	2	6	70,000
Mr. Sanat M Mehta, Non-Executive Director TML Nominee	-	4	-	4	55,000
Mr. S. V. S. Raghavan, Independent Director	-	5	6	11	150,000
Mr. M. L. Tandon, Director	40,000	4	-	4	55,000
Mr. P. T. Thomas, IDBI Nominee Director	-	4	10	14	130,000

Director	No. of shares held	No. of Board Meetings	No. of Committee Meetings	Total	Amount of sitting fees paid Rs.
Mr. P. K. Behl, LIC Nominee Director	-	6	8	14	180,000
Mr. G. C. Murmu, IAS, GILC/GoG Nominee Director	-	1	1	2	20,000
Mr. T. M. N. Singh, SBI Nominee Director	-	1	-	1	5,000
Total					665,000

The Company has not issued any Stock Options to the Directors, Employees during the year.

5. SHAREHOLDERS / INVESTORS' GRIEVANCES COMMITTEE :

The Company presently has a Share Transfer / Investors' Grievances Committee of Directors (to approve transfer above 1 lakh shares) as well as a Sub-Committee of Working Directors and President (Fin) & Company Secretary (to approve transfer etc. below 1 lakh shares). The scope of the Committee is to approve transfer / transmission of shares held in physical form / demat / remat of shares, issue of duplicate certificates, certificates after split / consolidation/ renewal & redressal of investor complaints.

During the year the Sub-Committee held 4 meetings on 31st May, 06, 27th July 06, 30th October, 06 and 30th January 07.

Name of the Director	No. of meetings held	No. meetings attended
Mr. Jay M. Mehta, Executive Vice Chairman	4	4
Mr. M. S. Gilotra, Managing Director	4	4
Mr. Raj K. Poddar, Deputy Managing Director	4	4

During the year, the Company has received 84 complaints / letters from the shareholders which were attended to / resolved satisfactorily. As on 31.3.2007, there is no letters / complaints, pending with the Company or its Registrars. All requests for transfer of shares have been processed on time and there is no transfer pending for more than 30 days. Mr. V. R. Mohnot, President (Fin) & Co. Secretary, designated as Compliance Officer, oversees the investor grievances.

The Minutes of the Shareholders Grievances Committee are noted by the Board of Directors at the subsequent Board Meeting.

6. GENERAL BODY MEETINGS :

(i) Annual General Meeting:

Location and time where last three AGMs were held

Financial Year	Date	Time	Venue	Dividend declared
2005-06	28.9.2006	9.30 A.M.	Registered Office "Sidheegram", Off Veraval-Kodinar Highway, Pin 362276, District Junagadh.	Nil
2004-05	16.9.2005	4.00 PM	-do-	Nil
2003-04	27.9.2004	4.00 PM	-do-	Nil

(ii) Extraordinary General Meeting :

Financial Year	Date	Time	Venue
2005-06	9.01.2007	9.30 A.M.	Registered Office "Sidheegram", Off Veraval-Kodinar Highway, Pin 362276 District Junagadh.
2003-04	25.11.2003	9.00 A.M.	-do-

(iii) Special Resolutions :

Special Resolutions for the following matters were passed at the above General Meetings :

S.No.	Date	Subject Matter of Special Resolution
1.	AGM held on 27.9.2004	Re-appointment of Mr. R.K. Poddar, as Deputy Managing Director for a further period of 3 years from 3.12.2003 to 2.12.2006 & payment of remuneration.
2.	EGM held on 9.01.2007	<p>(a) Reappointment of Mr. Jay Mehta as Executive Vice Chairman for a further period from 28.5.2007 to 31.12.2007 and Mr. M.S. Gilotra as Managing Director from 11.12.2006 to 31.12.2007 & payment of remuneration w.e.f. 1.4.2006</p> <p>(b) Reappointment of Mr. R.K. Poddar as Dy. Managing Director and payment of remuneration from 3.12.2006 to 31.12.2007.</p> <p>(c) Increase in Authorised Share Capital from Rs.170 Crores to Rs.500 Crores.</p> <p>(d) Alteration in Clause V of the Memorandum of Association consequent to increase in authorised share capital.</p> <p>(e) Alteration in Article (3) of the Articles of Association consequent to increase in authorised share capital.</p>

None of the Special Resolutions were required to be put to vote through Postal Ballot System.

7. DISCLOSURES :

(a) Related Party Transactions.

There were no materially significant transaction with the related party viz. Promoters Directors or the management, their subsidiaries or relatives conflicting with company's interest. Suitable disclosures as required by the Accounting Standards (AS18) has been made in Annual Report.

(b) Penalties, Strictures by Stock Exchange(s) / SEBI

No Penalties or strictures have been imposed on the Company by Stock Exchange (s) or SEBI or any statutory authority on any matter related to capital markets.

(c) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India.

(d) Disclosure on Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. The Company has framed the risk assessment and minimisation procedure which is periodically reviewed by the Company.

(e) Code of Conduct

The Board has formulated a code of conduct for the Board Members and Senior Management of the Company. All Board members and senior management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Directors and Senior Executives of the Company was placed before the Board.

(f) CEO / CFO Certification

A CEO/CFO certificate on the financial statements of the Company pursuant to clause 49 of the listing agreement was obtained and placed before the board.

(g) Group :

The Company is part of Mehta Group. As these Companies exercise control over the company, they constitute the Group as defined under Section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969 :-

- | | |
|------------------------------|---|
| 1. Pranay Holdings Limited | 8. Villa Trading Co. Pvt.Ltd. |
| 2. Prachit Holdings Limited | 9. The Mehta International Ltd. |
| 3. Ria Holdings Limited | 10. Euro India Investments Ltd. |
| 4. Reeti Investments Limited | 11. Exchange Management Ltd. |
| 5. Sameta Exports Pvt.Ltd. | 12. Hopgood Investments Limited |
| 6. Sumaraj Holdings Pvt.Ltd. | 13. Shree Anandeya Investments Pvt. Ltd., |
| 7. Sunnidhi Trading Pvt.Ltd. | |

Apart from the above, the following Companies being holding / or subsidiary companies of one or more of the above shareholders, may be treated as indirectly holding the equity shares of Gujarat Sidhee Cement Ltd., and may be considered as part of 'Group'.

- | | |
|----------------------------------|--------------------------------|
| 1. Saurashtra Cement Limited | 5. Monza Limited |
| 2. Industrial Constructions Ltd. | 6. Treasurer's Trading Limited |
| 3. Sampson Limited | 7. The Arj Investments Limited |
| 4. Beverley Investment Inc. | |

8. MEANS OF COMMUNICATION :

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These results are published in Sandesh in Gujarat and Financial Express / Business Standard, in Maharashtra. The Company has not sent the half yearly report to each household of shareholders. The Company has not made any presentation to the Institutional Investors or Analysts. These results are simultaneously posted on the website of the company at <http://www.mehtagroup.com> and Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI.

9. GENERAL SHAREHOLDERS INFORMATION :

i)	Audited results for the current Financial year ending March 31, 2007.	31st July, 2007.
ii)	Board Meeting for consideration of unaudited results for the first three quarters of the current financial year viz. April 1, 2006 to March 31, 2007	Within one month from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchange
iii)	Annual General Meeting is proposed to be held	Friday the 14th September 2007, at the registered office of the company.
iv)	Date of Book closure	Thursday, the 6th September, 2007 to Friday, the 14th September 2007 (both days inclusive)

v) **Listing of equity shares on Stock Exchanges at :**

S.No.	Name(s) of the Stock Exchange	Stock Code
a)	The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001.	518029
b)	The National Stock Exchange Limited (NSE), Exchange Plaza Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.	GUJSIDHCEM

vi) **Listing Fees :**

The Company has paid Listing Fees for the financial year 2007-2008 to the Bombay Stock Exchange Ltd., (BSE) and National Stock Exchange India Ltd. (NSE), where the company's shares are listed.

The Company's equity shares are delisted from Ahmedabad, Delhi Stock Exchange Association Ltd., and Saurashtra Kutch Stock Exchange Association Ltd., Delisting confirmation from Calcutta Stock Exchange Association Ltd., is awaited.

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

The Company has appointed "W/s.Intime Spectrum Registry Limited" as Registrar and Transfer Agent for transfer of physical shares. The Registrar also accepts and attend to complaints of shareholders. Shareholder complaints are given top priority by them and are replied promptly.

No complaint is pending from the shareholders / investors relating to transfer of shares.

viii) **Share Transfer System**

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

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

ix) **Distribution of Shareholding as on 31st March 2007 :**

No. of equity shares held	No. of shareholders	%	No. of shares held	%
1 - 500	47334	74.00	10777909	7.45
501 - 1000	8561	13.38	7690852	5.31
1001 - 2000	3717	5.81	6167430	4.26
2001 - 3000	1327	2.07	3530775	2.44
3001 - 4000	611	0.95	9254029	1.55
4001 - 5000	752	1.17	3661929	2.53
5001 - 10000	842	1.31	6647406	4.59
10001 - 9999999999 *	821	1.28	103885078	71.83
TOTAL	63965	100.00	144615408	100.00

* 200317 forfeited shares pending to be re-issued.

x) **Shareholders Profile as on 31st March, 2007**

Category	No. of shareholders	%	No. of shares held	%
Promoter Group Companies	15	0.02	54071023	37.39
Bodies Corporate	1304	2.94	700629	0.48
NRIs	580	0.91	1587836	1.10
FIs	11	0.02	103100	0.07
Financial Institutions	4	0.01	802100	0.56
Banks	5	0.01	27200	0.02
Mutual Fund	7	0.01	151525	0.10
Foreign Company	2	0.00	12500000	8.64

Category	No. of shareholders	%	No. of shares held	%
Overseas Corporate Bodies	2	0.00	13344675	9.23
Indian Public	62035	96.8	61327320	42.41
Total	63965	100.00	144615408	100.00

xi) Dematerialization of shares:

As on 31st March, 2007, about 11,67,75,710 equity shares constituting 80.75% of the company's total share capital were held in dematerialized form with NSDL and CDSL.

xii) Outstanding GDR or Warrants or any Convertible Instruments, Convertible Debentures etc.

The Company's capital comprises only of Equity Shares and the Company does not have any outstanding ADRs, GDRs, Warrants or any Convertible instruments. No stock option has been issued by the Company.

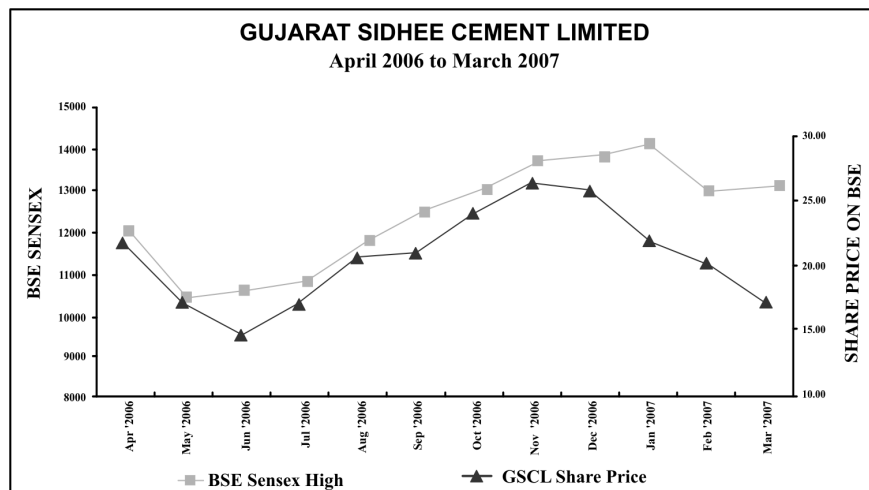
xiii) Stock Market price data for the year 2006-2007 :

GSCL Price on BSE & NSE

Month	BSE		NSE	
	High	Low	High	Low
April 2006	21.90	16.50	21.85	16.50
May 2006	24.05	17.05	24.10	17.00
June 2006	17.60	11.75	17.25	11.70
July 2006	18.50	13.20	18.55	13.15
August 2006	22.30	16.10	22.45	16.05
September 2006	21.90	19.40	21.80	19.45
October 2006	27.50	20.70	27.70	21.20
November 2006	29.45	23.30	29.20	23.15
December 2006	28.25	21.10	27.20	21.15
January 2007	26.90	21.50	26.75	21.15
February 2007	25.60	19.15	25.60	19.15
March 2007	21.00	16.00	21.05	16.35

xiv) Stock Performance (Indexed)

The performance of the Company's shares relating to Bombay Stock Exchange Sensex is given in the chart below based on closing price at the end of each month :



Plant Location :

"Sidheeagram" Off Veraval - Kodinar Highway, Dist. Junagadh, Pin Code 362 276.

xv) Address for correspondence :

1. Registered Office is situated at "Sidheeagram", off Veraval-Kodinar Highway, Pin Code 362 276, Dist. Junagadh, Gujarat.

Email id : sidhee-mum@mehtagroup.com

2. Corporate Office : N.K. Mehta International House, 2nd Floor, 178 Backbay Reclamation, Mumbai 400 020.

Email id : sidhee-mum@mehtagroup.com

Shareholder correspondence should be addressed to Registrars & Transfer Agent :
M/s. Intime Spectrum Registry Limited (Unit: Gujarat Sidhee Cement Limited)
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), MUMBAI - 400 078.
Tel. 022- 25963838, Fax : 022-25946969
Contact Person : Mr. Sharad Patkar.

A separate email id : gsclinvestorquery@mehtagroup.com has been created specifically for investor query / complaints.

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

A. NON MANDATORY REQUIREMENTS :**(a) Chairman's Office :**

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

(b) Shareholders Rights

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

(c) Audit Qualifications :

The company did not have any qualifications in the Auditors Report for the financial year 2006-07. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

(d) Training of Board Members :

The Company's Board of Directors comprise of professionals with expertise in their respective fields and industry. They endeavour to keep themselves abreast with changes in global economy and various legislations. They attend various workshops and seminars to keep themselves updated with the changes in business environment.

(e) Mechanism for evaluating non-executive Board Members:

The Company does not have a mechanism to evaluate the performance of the Non-Executive Directors of the Company.

(f) Whistle Blower Policy :

The Company, at present, has not adopted any Whistle Blower Policy.

On behalf of the Board of Directors

R. K. Poddar
Dy. Managing Director

M. S. Gilotra
Managing Director

Mumbai, dated 31st July, 2007.

Declaration of Compliance with the code of conduct.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March, 2007.

R. K. Poddar
Dy. Managing Director

M. S. Gilotra
Managing Director

Mumbai, dated 31st July, 2007.

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

TO,
The Members of
GUJARAT SIDHEE CEMENT LIMITED

We have examined the relevant records of Gujarat Sidhee Cement Ltd. (the company) for the year ended 31st March, 2007 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we state that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as certified by the share transfer agents of the Company and based on the records maintained by them.

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

For **MANUBHAI & CO.**
Chartered Accountants

(Jignesh D. Shah)
Partner

Membership No. 100116

Mumbai, dated 31st July, 2007.

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

1. Industry Structure & Development

The Indian cement industry, with an annual installed capacity of 166 million tonnes, continues to maintain its position as the second largest cement producer in the world. The Indian cement industry registered yearly growth of 10%, though the installed capacity has marginally increased by 5.4% and the capacity utilization by a remarkable 4 %.

Considering the high growth demand scenario (GDP at 9 %) and Cement at (10%), set by government for the Five year plan (2007-12), the targeted cement production at the end of the plan is 269 million tonnes, with an installed capacity of 298 million tonnes at 90 % capacity utilization.

The demand growth of the cement industry continues to grow at 10% per annum. In view of conducive macro economic environment and strong demand drivers, it is expected to rise steadily in future. The demand drivers for cement industry are :

- Strong GDP growth for over 8% for past three years.
- Infrastructure spending on roads, irrigation, urban infrastructure, sea ports , SEZ and airports.
- Real estate markets and India specific realty funds
- City development and retail business leading to mushrooming of malls, organised retail, multiplex
- Growth in housing sector

The cement industry is poised for substantial growth to meet the increased demand in terms of volume, upgraded technical features, total commitment to environmental compliance, improvised energy conservation measures and improved skills of the large work force employed.

2. Opportunities & Threats

Large investments in construction related to infrastructure as well as housing will result in a steady and sustained growth in consumption of cement. The growth in cement consumption has opportunities for the Company to increase its capacity and ensure a long term future. Though there have been some consolidation in the industry, it continues to remain a fragmented market with more than 40 cement companies in the country. In the event of excess supply over demand even for a short time which may be caused due to the increase in capacities coming ahead of increase in consumption may result in pressure on the Company's bottom line. There has been a large increase in the cost of major inputs especially, energy and transport which would affect the profitability of Cement Companies. Addition of new capacities in the Middle East countries may reduce the opportunities for export to these countries, although domestic market consumption is expected to be good. Cement continues to be one of the most heavily taxed commodity with the local taxes on cement at about 50% of the ex-factory price of cement. The high incidence of tax would affect the long term prospects of the industry.

3. Segment Review and Analysis

It is a single product company.

4. Outlook

Cement is a commodity business and characterised by peaks and troughs depending on demand supply gaps. However, the long term outlook for the cement industry continues to be promising.

5. Risks and concerns

Inflation in major input costs like raw materials, fuel and electricity would continue to be the major concern for cement companies. Further, the regional imbalance of supply and demand due to increase in cement capacities in areas where there is abundance of raw materials coupled with inadequate infrastructure to move the cement for long distance is another area which has to be looked for in maintaining the health of the company and the industry. The strengthening of rupee would affect the attractiveness of export to meet excess of cement capacity, if it occurs in certain areas.

6. Internal Control Systems and their adequacy

The Company has adequate system of internal control which is commensurate with the size of its operation and nature of its business. Internal Auditors reviews the adequacy and effectiveness of internal control systems on an ongoing basis . The internal auditors closely interacts with the operating heads for implementation of the recommendations and suggestions. This improves the systems with checks and counter balancing and results in improvement, cost control and policy adherence. The recommendations made by the internal auditors in respect of operational and financial management is used to formulate management policies and risk management procedures. The Audit Committee reviews the quarterly and annual financial statements and adequacy of disclosures, assessment of various items involving accounting principles.

7. Company's Financial Performance & Analysis

The Company's capacity utilization was all time high and there was a record production of cement. The turnover of the Company for the year 2006-07 was Rs.4028.69 Million (net of excise) as compared to Rs.2903.22 Million in the previous year, registering an increase of 13.87%. The PBIDT for the year was Rs.803.84 Million as compared to Rs.426.89 Million in previous year. The profit was higher on account of higher volume of sales, higher domestic prices and better realisation of export. However, this was partially off set by increase in cost of raw material, fuel costs & employee costs.

The Company remains dependant on Gujarat market as far as domestic sales are concerned. Considering the prediction of normal monsoon for the year 2007-08, the Company expects reasonable growth in demand of cement and also with improvement in price of cement, it should enable the Company to show a better performance.

8. Human Resource Development / Industrial Relations

The Company places great emphasis on its employees engagement towards commitment to achieve the values, goals and objectives of the organisation and success.

The Company believes in having an employee friendly organisational culture and empower the employee, give adequate resources and have overall progressive human resources policy.

The Company believes that existing talent needs to be harnessed and training provided to keep abreast with the latest technological improvements taking place in the industry and abroad. The training and improved techniques are shared with other employees to continuously bench mark the working and make improvements.

Industrial relations at the plant were cordial .

The Management places on record the contribution of employees at all levels during the year and their whole-hearted co-operation which has resulted in improved results.

The Company had 453 permanent employees as on 31.3.2007.

9. Corporate Social Responsibility (CSR)

The Company is conscious of the environment and the society. The Company has introduced surface miners at the mining sites by which noise, vibrations and blasting is greatly reduced.

The Company continuously carries out afforestation by growing new trees in and around the plant site and supports many other educational, social and philanthropic causes for society at large.

Cautionary Statement :

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

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

On behalf of the Board of Directors

R. K. Poddar
Dy. Managing Director

M. S. Gilotra
Managing Director

Mumbai, dated 31st July, 2007.

AUDITORS' REPORT

TO,

THE MEMBERS OF

GUJARAT SIDHEE CEMENT LIMITED

1. We have audited the attached Balance Sheet of GUJARAT SIDHEE CEMENT LIMITED as at 31st March, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - I. Without qualifying our opinion, we draw attention to Note 1 of Schedule 13. The Company is a sick industrial company within the meaning of clause (o) of Sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and is registered with Board for Industrial and Financial Reconstruction (BIFR). The Company's accumulated losses as on 31st March 2007 are Rs.147.80 Crores as against paid-up capital and free reserve of Rs.144.94 Crores. However having regard to the sanction of rehabilitation scheme vide order dated 21st November, 2002 by the Hon'ble Appellate Authority for Industrial and Financial Reconstruction (AAIFR) and its implementation as well as improved market condition of company's product as mentioned in the said note, the accounts are prepared on the basis that the Company is a going concern;
 - II. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - III. In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books.
 - IV. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of account.
 - V. In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - VI. On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, and having regard to clarification issued by Ministry of Law, Justice and Company affairs vide General Circular No. 8/2002 dated 22/03/2002 exempting nominee directors appointed by public financial institutions, central and state governments as well as banks, we report that none of directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of Clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956;
 - VII. As mentioned in Note no. 14 of Schedule 13, the Company has accounted for deferred tax assets of Rs. 87.50 Crores based on virtual certainty of getting set off of unabsorbed losses and depreciation in future years in view of the position set out in the said note.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2007;
- (b) in the case of Profit & Loss Account of the Profit for the year ended on that date; and
- (c) in case of cash flow statement, of the cash flows for the year ended on that date.

For **MANUBHAI & CO.**
Chartered Accountants

(Jignesh D. Shah)
Partner

Membership No. 100116

Mumbai, dated 31st July, 2007.

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

1. In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) There has not been any significant disposal of fixed assets during the year.

2. In respect of its inventories:

- (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification as compared to book records.

3. i) In respect of loans granted to parties covered in the register maintained u/s 301 of the Companies Act, 1956.

The Company has not granted any loans or advances to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, reporting requirements as per clauses (iii) (a) to (iii) (d) of paragraph 4 of the Order are not applicable in case of the company.

ii) In respect of loans taken from parties covered in the register maintained u/s 301 of the Companies Act, 1956.

The Company has not taken any loans or advances in the nature of loans, secured or unsecured from parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore reporting requirements as per clauses (iii) (e) to (iii) (g) of paragraph 4 of the Order are not applicable in case of company.

4. In respect of internal control

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. In respect of transactions need to be entered into a register maintained u/s 301 of the Companies Act, 1956.

In our opinion and as explained to us, there were no contracts and arrangements referred in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section .

6. In respect of deposits from public

The Company has not accepted deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed there under. We are informed that no Order has been passed by the Company Law Board ('the CLB') or National Company Law Tribunal ('the NCLT') or Reserve Bank of India ('the RBI') or any Court or any other Tribunal.

7. In respect of internal audit system

Internal Audit has been carried out by a firm of chartered accountants. On the basis of report of internal auditors, in our opinion the internal audit system is commensurate with the size of the company and nature of its business.

8. In respect of maintenance of cost records

We have broadly reviewed the books of accounts maintained by the Company pursuant to the Order made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records has been made and maintained. We have not, however, made a detailed examination of the records.

9. In respect of statutory dues:

(a) In our opinion and according to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income tax, wealth tax, investor education and protection fund, profession tax, cess and other material statutory dues applicable to it except in case of royalty, service tax and sales tax where there was some delay on few occasions.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax, royalty and cess were in arrears, as at 31st March 2007 for a period of more than six months from the date they became payable.

In terms of sanctioned rehabilitation scheme, in respect of payment of Deferred Sales Tax, Electricity Duty and Tax thereon, Turnover Tax and Royalty, the Company has made repayments in accordance with the rehabilitation scheme. Consequently the issue of reporting arrears of such dues as on 31-3-2007 remaining outstanding for a period of more than six months is not applicable.

(c) According to the information and explanations given to us, there are no dues of income tax, wealth tax and cess which have not been deposited on account of any dispute. In respect of excise duty, customs duty and sales tax, details of disputed dues are given hereunder:

Name of the Statute	Nature of the Dues	Amount (Rs. Lacs)	Period to which amount relates	Forum where dispute is pending
Rajasthan Sales Tax	Sales Tax	24.74	1996-97	Rajasthan High Court
Central Excise Act, 1944	Excise Duty	36.42	1992-93	CEGAT Stay Granted
Central Excise Act, 1944	Excise Duty	8.50	2000-01	Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	17.97	2001-02	CEGAT
Central Excise Act, 1944	Excise Duty	141.66	2001-02	Commissioner of Central Excise
Custom Act, 1962	Custom Duty	35.85	1995-96	CEGAT
Central Excise / Cenvat Credit Rules, 2004	Service Tax	68.12	2005-06	CEGAT Stay Granted
Central Excise / Cenvat Credit Rules, 2004	Service Tax	64.35	2005-06	Commissioner of Central Excise

10. In respect of accumulated losses and cash losses

The accumulated losses of the Company as at the end of the year are more than fifty percent of its net worth. The Company has not incurred cash loss during the year as well as in the immediately preceding financial year.

11. In respect of dues to financial institution / banks / debentures

In accordance with the sanctioned rehabilitation scheme (scheme) approved by Hon'ble Appellate Authority for Industrial and Financial Reconstruction (AAIFR) the repayment schedule of dues to Banks and Financial Institutions has been revised/ rescheduled. The Company's request for extending the period of moratorium of principal and interest funding up to March 2006 has been approved by the banks and majority financial institutions.

During the year 2006-07, the Company has not made any repayments in respect of dues of banks / financial institutions. However, we have been informed that the Company has made a proposal to the Lenders for One Time Settlement of their dues. Some of the Lenders have issued in-principle agreement to the proposal of the Company. Pending approval of Hon'ble BIFR for One Time Settlement, the effect of the same has not been considered in the accounts and consequently the issue of reporting amount of default of such dues does not arise.

12. In respect of loans and advances granted on the basis of security.

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In respect of guarantee given for loans taken by others

According to the information and explanation given to us, the company has not provided guarantees for loans taken by others from banks and financial institutions.

14. In respect of application of term loans

In our opinion, the term loans have been applied for the purpose for which they were raised.

15. In respect of fund used

According to records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have not, prima facie, been used during the year for long term investment.

16. In respect of preferential allotment of shares

During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

17. In respect of securities created for debentures

There are no debentures issued and outstanding during the year.

18. In respect of end use of money raised by public issues

During the year, the Company has not raised money by public issue(s).

19. In respect of fraud

To the best of our knowledge and belief, and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year that causes the financial statements to be materially misstated.

20. General

The nature of the Company's activities is such that the requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable.

For **MANUBHAI & CO.**
Chartered Accountants

(Jignesh D. Shah)

Partner

Membership No. 100116

Mumbai, dated 31st July, 2007.

BALANCE SHEET As at 31st March, 2007

	Schedule	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
I. SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	14,466.84	13,944.18
Advance Call Money		-	20.00
Share Application Money		-	222.66
Reserves & Surplus	2	26.95	26.95
		<u>14,493.79</u>	<u>14,213.79</u>
Loan Funds :			
Secured Loans	3	10,385.10	9,473.80
Unsecured Loans	4	10,157.16	13,540.24
		<u>20,542.26</u>	<u>23,014.04</u>
Total ...		<u>35,036.05</u>	<u>37,227.83</u>
II. APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	21,576.21	18,803.65
Less: Depreciation		15,349.65	14,467.86
Net Block		6,226.56	4,335.79
Capital Work-in-Progress		815.55	3,191.99
		<u>7,042.11</u>	<u>7,527.78</u>
Investments (At cost- Unquoted)			
6 Years National Savings Certificates (kept as Security Deposit with Government Authorities)		0.49	0.49
Deferred Tax Assets	13 (14)	8,749.84	9,399.01
Current Assets, Loans & Advances :			
Inventories	6	3,132.91	2,428.47
Sundry Debtors		2,007.06	1,403.67
Cash & Bank Balances		2,978.50	563.52
Loans & Advances		1,929.46	1,489.88
		<u>10,047.93</u>	<u>5,885.54</u>
Less :Current Liabilities & Provisions	7	5,585.03	5,601.95
Net Current Assets		<u>4,462.90</u>	<u>283.59</u>
Profit & loss Account			
		<u>14,780.71</u>	<u>20,016.96</u>
Total ...		<u>35,036.05</u>	<u>37,227.83</u>
Statement of Significant Accounting Policies	12		
Notes forming part of the Accounts	13		

As per our Report of even date

For **MANUBHAI & CO.**
Chartered Accountants

Jignesh D. Shah
Partner
Membership No. 100116

Mumbai, dated 31st July, 2007.

For and on Behalf of the Board

M.N. Mehta
Jay Mehta
Sanat M. Mehta
S. V. S. Raghavan
M. L. Tandon
P. K. Behl
M. S. Gilotra
R. K. Poddar
V. R. Mohnot

Chairman
Executive Vice Chairman

Directors

Managing Director
Dy. Managing Director
President (Fin) & Co. Secretary

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2007

	Schedule	For the year ended March 31, 2007 (Rs. in Lacs)	For the year ended March 31, 2006 (Rs. in Lacs)
INCOME			
Sales		43,428.33	31,230.80
Less :Excise Duty		4,031.20	2,810.73
Net Sales		39,397.13	28,420.07
Other Income	8	889.85	612.11
Increase / (Decrease) in Stocks	9	237.93	(97.47)
Total ...		40,524.91	28,934.71
EXPENDITURE			
Manufacturing and Other Expenses	10	32,486.43	24,665.74
Interest	11	1,172.74	908.13
Total ...		33,659.17	25,573.87
Profit for the year before Depreciation		6,865.74	3,360.84
Depreciation		947.73	888.57
Net profit before Taxation		5,918.01	2,472.27
Provision for Wealth tax		1.65	1.02
Deferred Tax Adjustment	13 (14)	(649.17)	(1,171.74)
Fringe Benefit Tax		30.94	32.74
Net profit for the year		5,236.25	1,266.77
Loss brought forward from previous year		20,016.96	21,283.73
Balance of Loss carried to Balance Sheet		14,780.71	20,016.96
Basic Earning per share	13 (12)	3.68	0.94
Diluted Earning per share	13 (12)	3.68	0.93
Statement of Significant Accounting Policies	12		
Notes forming part of the Accounts	13		

As per our Report of even date

For **MANUBHAI & CO.**
Chartered Accountants

Jignesh D. Shah
Partner
Membership No. 100116

Mumbai, dated 31st July, 2007.

For and on Behalf of the Board

M.N. Mehta	}	Chairman
Jay Mehta		Executive Vice Chairman
Sanat M. Mehta	}	Directors
S. V. S. Raghavan		
M. L. Tandon		
P. K. Behl		
M. S. Gilotra		
R. K. Poddar	Managing Director	
V. R. Mohnot	Dy. Managing Director	
	President (Fin) & Co. Secretary	

CASH FLOW STATEMENT for the year ended March 31, 2007

	2006-07	2005-06
	Rs. in lacs	Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	5,918.01	2,472.27
ADJUSTMENTS FOR :		
DEPRECIATION	947.73	888.57
INTEREST	1,172.74	908.13
LOSS ON SALE OF FIXED ASSETS	0.45	4.72
PROFIT ON SALE OF ASSETS	(0.51)	(163.54)
PROVISION FOR DOUBTFUL DEBTORS AND ADVANCES (NET)	(430.11)	264.90
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,608.31	4,375.05
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	(530.56)	(333.12)
INVENTORIES	(704.44)	69.08
TRADE PAYABLE	(16.92)	674.20
CASH GENERATED FROM OPERATIONS	6,356.39	4,785.21
INTEREST PAID	93.90	266.41
DIRECT TAXES - WEALTH TAX & FRINGE BENEFIT TAX	32.59	33.77
NET CASH FLOW FROM OPERATING ACTIVITIES	6,229.90	4,485.03
B. CASH FLOW FROM INVESTING ACTIVITIES :		
PURCHASE OF FIXED ASSETS	(463.58)	(3,301.58)
ADVANCE TO PARTIES FOR CAPITAL EXPENDITURE	(82.31)	(87.10)
SALE OF FIXED ASSETS	1.58	241.77
NET CASH FLOW IN INVESTING ACTIVITIES	(544.31)	(3,146.91)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	280.00	842.66
LONG TERM BORROWINGS (Net)	2.20	53.08
INCREASE/(DECREASE) IN UNSECURED LOANS	(3,383.08)	(2,874.72)
WORKING CAPITAL FACILITIES FROM BANKS	(169.73)	0.04
NET CASH FLOW IN FINANCING ACTIVITIES	(3,270.61)	(1,978.94)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,414.98	(640.82)
CASH AND CASH EQUIVALENTS AS ON 01.04.2006	563.52	1,204.34
CASH AND CASH EQUIVALENTS AS ON 31.03.2007	2,978.50	563.52

As per our Report of even date

For **MANUBHAI & CO.**
Chartered Accountants

Jignesh D. Shah
Partner
Membership No. 100116

Mumbai, dated 31st July, 2007.

For and on Behalf of the Board

M.N. Mehta
Jay Mehta
Sanat M. Mehta
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V. R. Mohnot

Chairman
Executive Vice Chairman

Directors

Managing Director
Dy. Managing Director
President (Fin) & Co. Secretary

Schedules to the Accounts

SCHEDULE 1 - SHARE CAPITAL

	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
AUTHORISED		
50,00,00,000 Equity Shares (Previous year 17,00,00,000 Equity Shares) of Rs. 10 each	<u>50,000.00</u>	<u>17,000.00</u>
ISSUED		
14,48,16,075 (Previous Year 14,25,89,475) Equity Shares of Rs. 10 each	<u>14,481.61</u>	<u>14,258.95</u>
SUBSCRIBED		
14,48,15,725 (Previous Year 14,25,89,125) Equity Shares of Rs. 10 each	<u>14,481.57</u>	<u>14,258.91</u>
PAID UP		
14,46,15,408 (Previous Year 12,73,88,808) Equity Shares of Rs. 10 each (Previous year also includes 1,50,00,000 Equity Shares of Rs. 10 each, partly paid up Rs. 8 each)	<u>14,461.54</u>	<u>13,938.88</u>
Add : Shares forfeiture Account	<u>5.30</u>	<u>5.30</u>
Total...	<u><u>14,466.84</u></u>	<u><u>13,944.18</u></u>

SCHEDULE 2 - RESERVES & SURPLUS

	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
CAPITAL RESERVES		
State Capital Subsidy	<u>12.75</u>	<u>12.75</u>
State Subsidy for Road	<u>4.20</u>	<u>4.20</u>
Central Capital Subsidy	<u>10.00</u>	<u>10.00</u>
Total...	<u><u>26.95</u></u>	<u><u>26.95</u></u>

SCHEDULE 3 - SECURED LOANS

	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
Term Loans :		
a. From Banks	6,362.67	5,961.16
b. Financial Institutions	3,515.66	2,928.67
c. Others	66.42	59.93
	9,944.75	8,949.76
Infrastructural Development Loan from GIIC Ltd.	182.18	154.00
Working Capital Loan From Banks :		
Cash Credit	59.92	229.66
Interest accrued and due thereon	198.25	140.38
Total	10,385.10	9,473.80

Notes :

- a) Term Loans from Banks and Financial Institutions (other than funded interest term loans from banks) are secured by first mortgage ranking pari passu on all movable and immovable assets of the Company, both present and future (save & except book debts and assets exclusively hypothecated to other lenders). Further, such loans are secured by second charge ranking pari passu on inventories and book debts charged in favour of banks. The loans are also secured by the personal guarantee of two promoter directors.
- b) Funded Interest Term Loans from Banks included in Term Loan are secured by way of second charge to be created ranking pari passu on all immovable and movable assets of the Company, both present and future. The loans are also secured by the personal guarantee of two promoter directors.
- c) Term Loan from Others being finance availed for purchase of vehicles from banks and finance companies are secured by hypothecation of vehicle financed by them.
- d) Interest free Infrastructural term loan from GIIC Limited is secured by way of joint equitable mortgage on Company's immovable and movable properties, both present and future, subject to prior charge of Financial Institutions & Banks.
- e) Working Capital Loans from Banks are secured by hypothecation of inventories and book debts as well as second charge on company's immovable and movable properties, both present and future. These loans are also secured by the personal guarantee of two promoter directors.

SCHEDULE 4 - UNSECURED LOANS

	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
a) Interest free Sales Tax Deferment Loan under Sales Tax Incentive Scheme of Government of Gujarat	137.57	275.14
b) Interest Free Deferment as per Sanctioned Rehabilitation Scheme :		
I) Sales Tax	5,569.80	7,480.86
ii) Turnover Tax	651.79	877.10
III) Royalty	282.98	353.69
iv) Electricity Duty & Sales tax thereon	3,111.99	4,184.49
c) Others :		
Security Deposits	403.03	368.96
Total...	10,157.16	13,540.24

SCHEDULE 5-FIXED ASSETS

(Rs.in lacs)

Sr. No.	Description	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK			
		As on April 1, 2006	Addition	Adjustment/ Deduction	As on March 31, 2007	Up to April 1, 2006	For the Year	Adjust./ Deduction	Up to March 31, 2007	As on March 31, 2007	As on March 31, 2006
1	LAND										
	FREE HOLD	201.78	-	-	201.78	-	-	-	-	201.78	201.78
	LEASE HOLD	5.45	-	-	5.45	-	-	-	-	5.45	5.45
2	BUILDINGS	3,069.00	314.59	-	3,383.59	1,378.10	91.78	-	1,469.88	1913.71	1690.90
3	PLANT & MACHINERY	14,467.40	2,368.09	62.19	16,773.30	12,377.66	795.86	61.26	13,112.26	3661.04	2089.74
4	FURNITURE, FIXTURES & OFFICE EQUIPMENT	767.99	52.26	1.73	818.52	564.48	32.39	1.15	595.72	222.80	203.51
5	VEHICLES	221.42	105.08	3.54	322.96	88.21	24.35	3.53	109.03	213.93	133.21
6	RAILWAY SIDINGS	70.61	-	-	70.61	59.41	3.35	-	62.76	7.85	11.20
	TOTAL	18,803.65	2,840.02	67.46	21,576.21	14,467.86	947.73	65.94	15,349.65	6,226.56	4,335.79
	PREVIOUS YEAR	18,602.34	325.09	123.78	18,803.65	13,620.13	888.57	40.84	14,467.86	4,335.79	

Capital Work-in-Progress :

Current Year	3,191.99	102.70	2,479.14	815.55
Previous Year	215.50	2,976.49	-	3,191.99

SCHEDULE 6 - CURRENT ASSETS, LOANS AND ADVANCES :

	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
CURRENT ASSETS :		
Inventories (As certified by the Management) :		
Stores and Spares	1,653.97	1,238.54
Stock in Trade		
Raw Materials	155.37	104.29
Materials-in-Process	336.60	509.65
Finished Goods	986.97	575.99
	<u>3,132.91</u>	<u>2,428.47</u>
Sundry Debtors (Unsecured) :		
Exceeding six months : Considered good	825.84	899.34
Considered doubtful	272.17	703.86
Others : Considered good	1,181.22	504.34
	<u>2,279.23</u>	<u>2,107.54</u>
Less : Provision for doubtful debts	272.17	703.87
	<u>2,007.06</u>	<u>1,403.67</u>
Cash And Bank Balances :		
Cash in hand	0.19	0.16
Balance with Scheduled Banks :		
Current Accounts	2,152.40	518.74
Margin Money Fixed Deposit Accounts (including Rs. 7.52 lacs Interest accrued thereon, previous year Rs. 0.38 lacs)	825.91	44.62
	<u>2,978.50</u>	<u>563.52</u>
Loans & Advances (Unsecured) :		
Advances against Capital Expenditure, etc.	548.47	466.16
Advances Recoverable in cash or in kind or for value to be received.		
i) Considered good	765.80	461.48
ii) Considered doubtful	330.27	328.67
	<u>1,644.54</u>	<u>1,256.31</u>
Less : Provision for doubtful Advances	330.27	328.67
	<u>1,314.27</u>	<u>927.64</u>
Tax deducted at source	41.21	23.46
Deposits	573.78	538.61
Balances with Central Excise in Current Account	0.20	0.17
	<u>1,929.46</u>	<u>1,489.88</u>
Total...	<u>10,047.93</u>	<u>5,885.54</u>

SCHEDULE 7 - CURRENT LIABILITIES & PROVISIONS

	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
CURRENT LIABILITIES :		
Sundry Creditors	4,423.58	5,017.59
Due to SSI Units	0.33	0.33
Due to Banks in current account	10.34	8.20
Other Liabilities	883.73	335.62
	<u>5,317.98</u>	<u>5,361.74</u>

SCHEDULE 7 : (Contd...)

	As at March 31, 2007 (Rs. in Lacs)	As at March 31, 2006 (Rs. in Lacs)
PROVISIONS :		
Wealth tax	1.65	1.02
Gratuity	<u>265.40</u>	<u>239.19</u>
	267.05	240.21
Total...	<u><u>5,585.03</u></u>	<u><u>5,601.95</u></u>

(Note : No amount is due and outstanding which is required to be transferred to Investors' Education and Protection fund)

SCHEDULE 8 - OTHER INCOME

	Year ended March 31, 2007 (Rs. in Lacs)	Year ended March 31, 2006 (Rs. in Lacs)
Interest (Gross - TDS Rs. 5,820; previous year Rs. 3,370)	64.42	4.33
Miscellaneous Income	137.37	58.32
Profit on sale of Fixed Assets	0.51	163.54
Export Incentive	407.81	228.79
Exchange Rate Fluctuation (net)	12.45	17.41
Insurance Claims	81.83	16.26
Provisions no longer required, written back	<u>185.46</u>	<u>123.46</u>
Total...	<u><u>889.85</u></u>	<u><u>612.11</u></u>

SCHEDULE 9 - INCREASE / (DECREASE) IN STOCK

	Year ended March 31, 2007 (Rs. in Lacs)	Year ended March 31, 2006 (Rs. in Lacs)
Closing Stocks :		
a) Process Stock	336.60	509.65
b) Finished Goods	<u>986.97</u>	<u>575.99</u>
	1,323.57	1,085.64
Less : Opening Stocks		
a) Process Stock	<u>509.65</u>	<u>334.67</u>
b) Finished Goods	<u>575.99</u>	<u>848.44</u>
	1,085.64	1,183.11
Increase / (Decrease) in Stock	<u><u>237.93</u></u>	<u><u>(97.47)</u></u>

SCHEDULE 10 - MANUFACTURING AND OTHER EXPENSES

	Year ended March 31, 2007 (Rs. in Lacs)	Year ended March 31, 2006 (Rs. in Lacs)
Cement / Clinker purchased for Resale	1,819.29	4,129.14
Consumption of Raw Materials	893.34	584.31
Royalty, Cess & Limestone Raising Cost	1,655.99	1,169.63
Stores and Spares consumed	1,414.91	1,232.53
Packing Material consumed	1,348.04	1,003.11
Power and Fuel	<u>12,424.30</u>	<u>10,019.49</u>

SCHEDULE 10 : (Contd...)

	Year ended March 31, 2007 (Rs. in Lacs)	Year ended March 31, 2006 (Rs. in Lacs)
Employees' Remuneration & Benefits :		
Salaries, Wages, Bonus & Gratuity	1,178.35	862.62
Contribution to Provident and Other Funds	96.32	81.95
Employees' Welfare Expenses	51.22	46.32
	<u>1,325.89</u>	<u>990.89</u>
Repair & Maintenance :		
Plants and Machinery	382.52	262.78
Buildings	24.90	10.96
Other	159.73	69.13
	<u>567.15</u>	<u>342.87</u>
Rent	72.76	56.61
Rates and Taxes	39.21	61.78
Insurance Premium	126.00	85.54
Commission and Discount on Sales	727.50	593.57
Freight outward	8,522.02	3,125.82
Directors' Sitting Fees	9.15	2.00
Business Promotion Expenses	120.35	101.96
Auditor's Remuneration	2.96	2.85
Miscellaneous Expenses	1,365.84	890.59
Loss on sale of Fixed Assets	0.45	4.72
Provision for doubtful debts / advances / written off	51.28	268.33
Total...	<u>32,486.43</u>	<u>24,665.74</u>

SCHEDULE 11 - INTEREST

	Year ended March 31, 2007 (Rs. in Lacs)	Year ended March 31, 2006 (Rs. in Lacs)
Interest on Term Loans	618.62	224.88
Other Interest	554.12	683.25
	<u>1,172.74</u>	<u>908.13</u>

SCHEDULE - 12 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 Historical Cost Basis:

The Financial statements are prepared under the historical cost convention and in accordance with applicable mandatory Accounting Standards and relevant presentation requirements of the Companies Act, 1956.

2 Revenue Recognition:

The Company generally follows accrual system of accounting as required under Section 209(3) (b) of the Companies Act, 1956. However, considering uncertainties and / or difficulties involved in estimation of liabilities and / or final determination of refund claims filed by the Company, the following items are considered to be accrued and accounted only when settled or agreed to with the party and / or receipts of necessary amount.

- i) Claim against Railways for shortages / damages for cement in transit.
- ii) Insurance Claims, and
- iii) Scrap Sales

3 Fixed Asset and Depreciation:

- a) Fixed assets include all expenditure of capital nature and are stated at cost (net of Cervat, wherever applicable) less accumulated depreciation.
- b) Depreciation on fixed assets is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- c) In respect of addition and sales of assets during the year, depreciation is provided on prorata monthly basis.

4 Impairment of Fixed Assets :

- a) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exists or have decreased.

5 Inventories:

- a) Inventories are stated at cost or net realizable value, whichever is lower. For this purpose cost has been arrived at on the basis of moving weighted average. Cost of finished goods include all direct cost, other related factory overheads and excise duty.
- b) Provision for obsolescence is made wherever necessary.

6 Sales :

- a) Sales figures are inclusive of excise duty, but are net of sales tax, sales returns, and rate difference adjustment.
- b) Export sales are accounted on the basis of the dates of bills of lading.
- c) Export benefits on account of entitlement to import duty free materials are recognized in the year of export.

7 Foreign Exchange Transaction :

Transactions of foreign currency are recorded at the exchange rate as applicable at the date of transaction. Monetary Assets / liabilities outstanding at the close of the financial year are stated at the contracted and / or appropriate exchange rate at the close of the year and the gain / loss is credited / charged to Profit & Loss Account.

8 Retirement Benefit :

- a) Provision for Gratuity and accrued privileged leave encashment liability is made based on actuarial valuation as at the year end.
- b) Retirement benefits in the form of provident fund and pension scheme whether in pursuance of any law or otherwise is accounted on accrual basis.
- c) Contribution for the employees covered under Superannuation Scheme of the Company is being made to approved Superannuation Fund which fully covers the same under policy with Life Insurance Corporation of India.

9 Provisions, Contingent Liabilities and Contingent Assets :

- a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.
- b) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date in accordance with the Accounting Standard AS-29 on "Provisions, Contingent Liabilities And Contingent Assets" issued by the Institute of Chartered Accountants of India.

10 Borrowing Cost :

Borrowing costs, attributable to the acquisition / construction of qualifying assets, are capitalized. Other borrowing costs are charged to profit and loss account.

11 Taxation :

- a) Income tax charge or credit comprises current tax and deferred tax charge or credit.
- b) Current Income tax and Fringe Benefit tax are measured at the amount expected to be paid to Tax authorities in accordance with the Income Tax Act.
- c) Deferred tax asset or liability on timing difference are recognised using current rates and tax laws that has been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Net deferred tax asset is recognised based on the principles of prudence. Deferred tax effects are reviewed at each Balance Sheet date.

12 General :

Accounting policies not specifically referred to are consistent with generally accepted accounting practice.

SCHEDULE - 13 : NOTES TO ACCOUNTS

- 1 The Company is registered as a sick company with The Board for Industrial & Financial Reconstruction (BIFR) under The Sick Industrial Companies (Special Provisions) Act, 1985. The Hon'ble Appellate Authority for Industrial & Financial Reconstruction (AAIFR) has sanctioned a rehabilitation scheme resting with its order dated 21st November, 2002 envisaging various reliefs and concessions from Government of Gujarat, Financial Institutions and Consortium of banks. Further, the sanctioned rehabilitation scheme interalia provides for restructuring of debts, grant of fresh loans and subscription to share capital for financing the cost of the Scheme. The interest for the year 2006-07 on borrowings from Banks and Financial Institutions have been accounted for as per terms and conditions of the sanctioned scheme.

Considering the overall growth in Cement Industry and barring any unforeseen circumstances, the Management is confident that after implementation of the proposed Rehabilitation Scheme, the Company would be able to generate sufficient returns to make its net worth positive in future. Accordingly, the accounts of the Company are prepared on Going Concern Basis.

- 2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **Rs. 2089.03** lacs (Previous year Rs. 2187.86 lacs).
- 3 Contingent liabilities not provided for in respect of:
- Demand of Excise & Customs and Cenvat Credit of **Rs. 346.40** lacs (Previous year Rs. 353.81 lacs).
 - Claims against the company not acknowledged as debt **Rs 897.44** lacs (Previous years Rs. 885.83 lacs).
 - Demand of Rajasthan Sales Tax of **Rs. 24.73** lacs (Previous year Rs. 24.73 lacs).
 - Demand of Gujarat Sales Tax for the year 2002-03 of Rs. 60.57 lacs (Previous year Rs. Nil)
- 4 Local Gram Panchayat in earlier years had raised demands for octroi duty aggregating to **Rs. 51.90** lacs. The Company has deposited an amount of **Rs. 43.85** lacs as advance as per the order of the Hon'ble High Court. No provision has been made for this demand for octroi duty as the Company has preferred appeals.
- 5 The Public Financial institutions and Banks have a right to exercise an option for conversion of part of the loan into equity shares of the company at par during the currency of loan agreements.
- 6 Based on the information available with the company regarding the status of the suppliers as defined under the "Interest On Delayed Payment to Small Scale & Ancillary Industrial Undertaking Act 1993". The name of the small scale & Ancillary undertakings to whom amount are due for more than 30 days from the due date is Nil.
- 7 The Company has been advised that in view of assessable loss under the Income Tax Act, 1961, no provision is required to be made for Income Tax for the year 2006-07.

Liability for fringe benefit tax is worked out on the basis of computation approved by Income Tax Consultant.

- 8 Profit & Loss Account includes Auditors Remuneration as under :

	2006-07 Rs in lacs	2005-06 Rs. in lacs
As Auditors	2.25	2.25
In Other Capacity (for certification etc.)	0.69	0.56
Reimbursement of Expenses	0.02	0.04
Total	2.96	2.85

- 9 Remuneration paid / payable to whole time directors :

	2006-07 Rs. in lacs	2005-06 Rs. in lacs
a) Particulars of remuneration		
Salary & Allowances	54.36	12.39
Contribution to PF and other funds	14.30	3.34
Perquisites (Valued as per IT Rules, wherever applicable)	4.06	3.76
Total	72.72	19.49

- b) The remuneration includes provision for remuneration payable to Mr. Jay Mehta, Executive Vice Chairman and Mr. M S Gilotra, Managing Director in terms of the resolution passed by shareholders in their Extra Ordinary General Meeting held on 9th January, 2007 for which approval of Central Government is awaited.
- c) Provision of incremental gratuity liability for the current year in respect of the director has not been considered above, since the provision is based on an actuarial valuation for the Company as a whole.
- d) In the absence of profits calculated under section 198 of the Companies Act, 1956 no commission is payable to the directors of the Company and accordingly the computation of net profit under section 349 / 350 is not required to be given.

10 Information pursuant to provisions of para 3,4 (C) and 4 (D) of part II of schedule VI to the Companies Act, 1956.

a) Licence and installed capacity and production.	2006-2007	2005-2006
	MT	MT
	<hr/>	<hr/>
Class of Goods - Cement :		
Licence capacity *		
Installed capacity (MT / PA) **	1,200,000	1,200,000
Production		
Cement (MT) (including reprocessed 1029 MT, Previous Year 125 MT)	1,279,510	930,640
Clinker (MT) to the extent of quantity dispatched	174,792	330,299

* The Company's product is exempt from Licensing requirements under New Industrial Policy in terms of Notification No. S.O. 477 (E) dated 25th July, 1991.

** As certified by the management and relied upon by Auditors, being technical matter.

b) Purchase, Sales and Stocks :

	2006-2007		2005-2006	
	Quantity MT	Amount Rs. in lacs	Quantity MT	Amount Rs. in lacs
	<hr/>	<hr/>	<hr/>	<hr/>
i) Opening Stock				
Cement	14,064	242.60	17,238	293.85
Clinker	33,275	333.38	49,796	554.59
ii) Purchases				
Cement	74,789	1,686.30	169,027	3113.62
Clinker	10,398	132.99	83,278	1015.52
iii) Sales :				
Cement including 496 MT self consumption & excluding 21 MT samples (Previous year 107 MT)	1,327,019	35,788.69	1,102,690	22568.64
Clinker (Net of return Nil MT, Previous year - 80 MT)	206,490	3608.44	430,093	5851.43
		<hr/> 39,397.13		<hr/> 28420.07
iv) Closing Stock Cement				
(after considering, transit loss and other shortage 250 MT (Previous year 13 MT)	40,065	887.80	14,064	242.60
Clinker (after considering transit Loss of Nil MT, Previous Year 5 MT)	11,975	99.16	33,275	333.38

	2006-07		2005-2006	
	Quantity MT	Amount Rs. in lacs	Quantity MT	Amount Rs. in lacs
c) Raw Material Consumed : (Indigenous)				
i) Limestone & Marl Excavated by the Company	1,800,514	-	1,775,465	-
ii) Gypsum, etc.	56,939	371.06	44,304	247.73
iii) Others	-	522.28	-	336.58
Total		893.34		584.31

d) Value of imported and indigenous spares and components consumed.

	2006-07		2005-2006	
	Amount	Percentage Rs. in lacs	Amount	Percentage Rs. in lacs
Imported	163.28	12	291.18	24
Indigenous	1,251.63	88	941.35	76
	1,414.91	100	1,232.53	100

e) CIF Value of imports :

	2006-07 Rs. in lacs	2005-06 Rs. in lacs
Capital Goods	-	1396.89
Stores and spares	184.93	183.09
Coal	504.44	-

f) Expenditure in Foreign Currency :

	2006-07	2005-06
Foreign Travel	17.91	43.56
Commission on Sales	333.63	352.41
Others	13.28	0.34

g) Earnings in Foreign Currency :

	2006-07	2005-06
FOB value of Exports	10,457.80	12,960.65

11 Related Parties Disclosure:

a) Enterprises combined holding in excess of 20% of paid up capital of the Company :

1 Ria Holdings Ltd.*	11 Euro India Investments Ltd.
2 Pranay Holdings Ltd.*	12 Exchange Management Ltd.
3 Reeti Investments Ltd.*	13 Hopgood Investments Ltd.
4 Prachit Holdings Ltd.*	14 Gujarat Industrial Investment Corp. Ltd.
5 Sumaraj Holding Pvt. Ltd.*	15 Saurashtra Cement Limited
6 Villa Trading Company Pvt. Ltd.	(holding company of Sr. No. 1 to 4)
7 Sunnidhi Trading Pvt. Ltd.	16 Industrial Constructions Ltd.
8 Shree Anandeya Investment Pvt. Ltd.	(holding company of Sr. No. 9)
9 Sameta Export Pvt. Ltd.	17 Sampson Limited
10 The Mehta International Ltd.	(holding company of Sr. No. 6)

*41,43,650 shares held as security by a bank for financial assistance granted.

b) Name of Key Management Personnel :

1 Mr. Jay Mehta – Executive Vice Chairman
2 Mr. M. S. Gilotra – Managing Director
3 Mr. R. K. Poddar – Dy. Managing Director

c) Particulars of remuneration paid/provided to/for all Key Management Personnel are given in note No. 9.

- d) (i) Name of the transacting related party : Saurashtra Cement Limited
(ii) Description of the relationship between the parties : Common Key Management Personnel
(iii) Particulars of transactions are disclosed in aggregate value :

Particulars	2006-07 Rs. in lacs	2005-06 Rs. in lacs
Purchase of Goods & materials	2,602.82	4,988.41
Sale of Goods & materials	2,142.88	1,214.60
Services received	93.06	202.05
Outstanding Receivable	576.16	100.89

12 Earning Per Share:

a) Net Profit after tax (Rs. in lacs)	5,236.25	1,266.75
b) The Weighted Average number of Equity Shares of Rs.10 each.	142,365,408	13,50,13,808
c) Number of shares of Rs. 10 each on which application money is received	-	12,98,716
d) Total Weighted Average Number of Shares for Diluted Earning	142,365,408	13,63,12,524
e) Basic Earning per share in rupees	3.68	0.94
f) Diluted Earning per share in rupees	3.68	0.93

13 The Company has only one business segment i.e. 'Cement / Clinker' as primary segment. The secondary segment is geographical segment which is given below:

Revenue - Sales

a. Domestic (India)	28,939.33	15459.42
b. Export	10,457.80	12960.65
Total	39,397.13	28420.07

All the assets of the Company are in India only.

14 In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has reviewed its Deferred Tax Assets (DTA) recognized upto 31st March, 2007 and has also, in terms of paragraph 15 to 18 of AS 22, examined the issue of recognizing DTA arising during the year on account of unabsorbed depreciation and carry forward losses. The financial projections of the company have been evaluated by State Bank of India, the Operating Agency. The implementation of the Rehabilitation Scheme which include installation of Captive Power Plant and Captive Jetty is expected to result in to reduction in cost of production and transportation. Having regard to this and also considering the present market scenario of the Company's products as well as profits earned during the year, the Management is confident that the Company will have sufficient taxable income as envisaged in the Financial projections against which aggregate DTA recognized / to be recognized as on balance sheet date would be realised.

Accordingly the Company has computed Deferred Tax Assets of Rs. 9642.44 Lacs and Deferred Tax Liabilities of Rs. 892.60 Lacs as on 31st March 2007 on the following items of timing differences :

a. **Deferred Tax Assets :**

Accrued Expenses deductible on cash basis	4,532.82	5,099.45
Provision for Doubtful debts & advances	204.77	238.52
Unabsorbed Depreciation	4,206.37	3,978.71
Accumulated Business Losses	698.48	915.90
Total	9,642.44	10,232.58

b. **Deferred Tax Liabilities:**

Difference between WDV of fixed assets as per the Income-tax Act, 1961 and the Companies Act, 1956	892.60	833.57
Total	892.60	833.57

c. **Net Deferred Tax Assets (a - b)**

	8,749.84	9,399.01
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15 Previous year's figures have been regrouped and / or rearranged wherever necessary to make them comparable with current year's figures.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

State Code

Balance Sheet Date

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

Rights Issue

Bonus Issue

Call Money

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

SOURCES OF FUNDS

Paid-up Capital

Advance Call Money

Share Application Money

Reserves & Surplus

Secured Loans

Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets

Investments

Net current Assets

Misc. Expenditure

Deferred Tax Assets

Accumulated Losses

IV. Performance of Company (Amount in Rs.Thousands)

Turnover

Total Expenditure

Profit before tax

Profit after tax

Basic Earning Per Share (Rs.)

Dividend rate %

V. Generic Names of Three Principal Products / Services Of Company

(as per monetary terms)

Items Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

As per our Report of even date

For and on Behalf of the Board

For **MANUBHAI & CO.**
Chartered Accountants

Jignesh D. Shah
Partner
Membership No. 100116

Mumbai, dated 31st July, 2007.

M.N. Mehta
Jay Mehta
Sanat M. Mehta
S. V. S. Raghavan
M. L. Tandon
P. K. Behl
M. S. Gilotra
R. K. Poddar
V. R. Mohnot

Chairman
Executive Vice Chairman

Directors

Managing Director
Dy. Managing Director
President (Fin) & Co. Secretary



GUJARAT SIDHEE CEMENT LIMITED

Regd. Office : "Sidheeagram", Off Veraval-Kodinar Highway
Pin 362 276, Dist. Junagadh (Gujarat).

D.P. Id.*	
Client Id.*	

L.F. No.	
No. of Shares	

ATTENDANCE SLIP

I / We hereby record my / our presence at the Thirty Fourth Annual General Meeting of the Company held at the Registered Office of the Company at "Sidheeagram", Off Veraval-Kodinar Highway, Dist. Junagadh (Gujarat) at 10.00 a.m. on Friday, the 14th September, 2007 and at any adjournment thereof.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

* Applicable for investors holding shares in Electronic form.

NOTE :

1. You are requested to sign and hand over this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

----- (Tear here) -----



GUJARAT SIDHEE CEMENT LIMITED

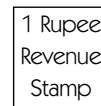
Regd. Office : "Sidheeagram", Off Veraval-Kodinar Highway
Pin 362 276, Dist. Junagadh (Gujarat).

D.P. Id.*	
Client Id.*	

L.F. No.	
No. of Shares	

FORM OF PROXY

I / We of
in the district of being a Member / Members of Gujarat Sidhee Cement Limited
hereby appoint of in
the district of or failing him of
..... in the district of
as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty Fourth Annual General Meeting
of the Company to be held at 10.00 a.m. on Friday, 14th September, 2007 and at any adjournment thereof.
Singed this day of September 2007



Signature

* Applicable for investors holding shares in Electronic form.

(Tear here)

BOOK-POST

If undelivered please return to:



Gujarat Sidhee Cement Limited

Registered Office :
"Sidheegram",
Off. Veraval-Kodinar Highway
Pin Code 362 276,
Dist. Junagadh
(Gujarat)