

37<sup>TH</sup>  
ANNUAL  
REPORT  
2010-11





## Board of Directors

As on 03.05.2011

Mr. M. N. Mehta

Mr. Jay M. Mehta

Mr. Sanat M. Mehta

Mr. S. M. Khanjiwala

Mr. M.S. Gilotra

Mr. S.V. S. Raghavan

Mr. P. K. Behl

Mr. M.L. Tandon

Mr. Bimal Thakkar

Mr. Hemnabh Khatau

Dr. (Ms) Kala S. Pant

Mr. Venkatesh Mysore

*Chairman*

*Executive Vice Chairman*

*Nominee of The Mehta International Limited*

*Nominee of GIIIC Limited*

*Managing Director*

## DIRECTOR (LEGAL) & COMPANY SECRETARY

Mr. A. M. Fadia

## BANKERS

State Bank of India

State Bank of Bikaner & Jaipur

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

Dist. 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 Seventh Annual General Meeting of the Shareholders of the Company will be held on **Wednesday the 27th July, 2011** at **10.00** a.m. at the Registered Office of the Company at "Sidheegram", Off Veraval-Kodinar Highway - Pin Code 362 276, Dist. Junagadh, Gujarat, to transact the following business :

**ORDINARY BUSINESS :**

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2011 and the Profit & Loss Account for the financial year ended on that date and Director's and Auditor's Report thereon.
2. To appoint a Director in place of Mr. S. M. Khanjiwala, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P. K. Behl, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Hemnabh Khatau, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. (Ms.) Kala S. Pant, who retires by rotation, and being eligible, offers herself for reappointment.
6. To consider and, if thought fit, to pass with or without modification(s), 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 2011-2012 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 ₹ 4,25,000/- (Rupees Four Lakhs, Twenty Five Thousand Only) per annum, plus Service Tax and reimbursement of travelling and out of pocket expenses actually incurred."

**SPECIAL BUSINESS**

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
- "RESOLVED THAT Mr. Venkatesh Mysore, who was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> October, 2010 pursuant to Section 260 of the Companies Act, 1956 and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."

By Order of the Board of Directors

**A. M. Fadia**  
Director (Legal) & Company Secretary

Place : Mumbai

Dated : May 3, 2011

**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 meeting.**
2. Re-appointment of Directors :  
Pursuant to Clause 49 of the Listing Agreement relating to code of Corporate Governance, the profile of the directors to be re-appointed at the ensuing Annual General Meeting is given in the Corporate Governance Report annexed to the Director's Report.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from Wednesday the 20th July, 2011 to Wednesday, the 27th July, 2011 (both days inclusive) in connection with AGM.
4. The documents referred in the resolutions and explanatory statement are available for inspection by any member at the Registered Office of the Company during 10.00 a.m. to 12.00 noon on any working day upto the date of the Annual General Meeting.
5. Members who have multiple accounts in identical names or joint accounts in same order are requested to send all the share certificates to the Company for consolidation of all such shareholdings into one account to facilitate better service.
6. (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. Link Intime India Pvt Ltd, C-13 Pannalal Silk Mills Compound, LBS Road, 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 their PINCODE immediately.
7. Members are requested to register their **e-mail ID** with their Depository Participant (in case of shares held in demat mode) and by sending an e-mail to us at [sidhee-mum@mehtagroup.com](mailto:sidhee-mum@mehtagroup.com) ( in case of shares held in physical form). Further, please note, that if there is any change in your e-mail address registered with depository/us, you are requested to update the same with your Depository Participant ( in case of shares held in demat mode) and by sending an e-mail to us at [sidhee-mum@mehtagroup.com](mailto:sidhee-mum@mehtagroup.com) (in case of shares held in physical form)
8. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
9. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Annual General Meeting so as to enable the Management to keep the information ready and replies will be provided only at the Annual General Meeting.

By Order of the Board of Directors

**A. M. Fadia**  
Director (Legal) & Company Secretary.

Place : Mumbai

Dated : May 3, 2011

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT. 1956:**

ITEM NO.6

Mr. Venkatesh Mysore was appointed as an Additional Director by the Board of Directors at its meeting held on 29<sup>th</sup> October, 2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds office as Director upto the date of ensuing Annual General Meeting and is eligible for reappointment. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member along with requisite deposit proposing the appointment of Mr. Venkatesh Mysore as Director of the Company.

The Board recommends the aforesaid resolution for approval. Except Mr. Venkatesh Mysore, none of the other directors are deemed to be interested or concerned in his appointment.

By Order of the Board of Directors

**A. M. Fadia**  
Director (Legal) & Company Secretary

Place : Mumbai

Dated : May 3, 2011

Registered Office:  
"Sidheegram"

Off Veraval – Kodinar Highway,

Pin 362 276

Dist. Junagadh (Gujarat).



## DIRECTORS' REPORT

Dear Members,

The Directors present the 37<sup>th</sup> Annual Report along with the Audited Accounts and Auditors Report for the financial year ended 31<sup>st</sup> March, 2011.

## FINANCIAL RESULTS

The highlights of the financial results for the Financial year ended 31<sup>st</sup> March 2011 are given below.

(₹ in Million)

	<b>Current Financial Year (2010-2011) (12 months)</b>	Previous Financial Year (2008-2010) (18 months)
Sales & Other Receipts (Net of Excise)	<b>3556.36</b>	6525.22
Profit before Interest and Depreciation	<b>3.68</b>	1006.59
Interest	<b>25.54</b>	22.58
Profit before Depreciation	<b>(21.86)</b>	984.01
Depreciation	<b>55.08</b>	73.36
Impairment – Reversal (Net of Provision)	<b>(17.12)</b>	-
Profit before Taxation	<b>(59.82)</b>	910.65
Income Tax / Fringe Benefit Tax / Wealth tax	<b>0.60</b>	2.44
Deferred Tax Adjustment	<b>(30.12)</b>	335.32
Profit/(Loss) after tax	<b>(30.30)</b>	572.89
Carried forward Loss of earlier years	<b>417.31</b>	990.20
Balance of Loss carried to Balance Sheet	<b>447.61</b>	417.31

## DIVIDEND

In view of the carried forward losses, the Directors express their inability to recommend any dividend for the year.

## INDUSTRY OVERVIEW

The all India cement consumption during the year under review was around 208 million tonnes, a modest growth of 4.8 percent compared to around 198 million tonnes during the previous year. The total installed capacity at the end of the year was around 285 million tonnes, an increase of about 10 percent from the previous year. The current members of CMA exported 2.53 million tonnes of cement and clinker during the year as compared to 3.23 million tonnes during the earlier year.

During the 12 months ended 31.3.2011, the cement consumption in Gujarat was 16 million tonnes as compared to 14.3 million tonnes in the previous year; a growth of 12 percent.

In Gujarat, during the last two years, the installed cement capacity increased by 2.4 million tonnes, whereas the installed capacity in the neighbouring states of Rajasthan and Maharashtra went up by 8.64 million tonnes. The total installed capacity is around 22.4 million tonnes at the end of the period under review.

## Performance Review

### Production and Despatches

The production of clinker and cement for the twelve months ended 31.3.2011 was 1.16 million tonnes and 1.21 million tonnes as against 2.01 million tonnes and 2.03 million tonnes respectively in the earlier period of 18 months ended 31<sup>st</sup> March 2010. The total sale of cement and clinker was 1.24 million tonnes as compared to 2.18 million tonnes in the earlier period of 18 months ended 31<sup>st</sup> March 2010. Thus the plant has run at a capacity utilisation of over 100 percent for the year under review.

## **Exports and Marketing**

The Company's export of cement and clinker for the twelve months ended 31.3.2011 was limited to 0.06 million tonnes as compared to 0.43 million tonnes in the earlier period of 18 months ended 31<sup>st</sup> March 2010. Lower consumption in international markets and higher local production resulted in reduced exports to the Middle East. The situation is likely to continue in the short term. The reduction in the volumes exported resulted in increased availability of cement in Gujarat, resulting in lower prices.

## **Rehabilitation Scheme**

Members are aware that Hon'ble AAIFR had sanctioned rehabilitation scheme in 2002 envisaging installation of DG sets and construction of jetty at Vadodara Jhala as also repayments to Banks, Financial Institutions and Government of Gujarat. While the Company has installed DG sets at the factory and paid the dues of the Banks, Financial Institutions and Government of Gujarat, the construction of jetty is pending. The Company had therefore submitted a proposal for a modification in the sanctioned scheme to facilitate construction of jetty, reorganisation of existing share capital by de-rating of existing equity and allotment of shares at par on preferential basis.

The Hon'ble AAIFR directed the BIFR to sanction the Modified Draft Rehabilitation Scheme recommended by the Operating Agency, however, Hon'ble BIFR discharged the company from its purview on the ground that the company's net worth has turned positive and the scheme has been substantially implemented.

Aggrieved by the said order, the Company has since filed an appeal before the Hon'ble AAIFR stating that the construction of jetty, which is a critical element for the sustained viability of the company, remains pending. The appeal has been admitted.

## **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**

Mr. Venkatesh Mysore was appointed as an Additional Director of the Company with effect from 29<sup>th</sup> October 2010. Pursuant to Section 260 of the Companies Act, 1956 he holds the office of the Director upto this Annual General Meeting and eligible for re-appointment.

Mr. S. M. Khanjiwala, Mr. P. K. Behl, Mr. Hemnabh Khatau and Dr. Kala S. Pant shall retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

## **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). The company has paid listing fees as prescribed.

## **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 confirming 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 30<sup>th</sup> October, 1998 issued under Section 233-B of the Companies Act, 1956, M/s. M. Goyal & Co., Cost Auditors, have been appointed by the Board as Cost Auditor of the Company for the financial year 2011-12. Certificate of eligibility under Section 224 (1B) has been received.



## **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 Company Secretary at the Registered Office of the Company.

## **Industrial Relations**

The Company continued to maintain harmonious relations with its workers.

## **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:

- 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 other stakeholders associated with its operations for the co-operation and encouragement extended to the company.

On behalf of the Board of Directors

Place : Mumbai  
Dated : May 3, 2011

**Jay M. Mehta**  
Executive Vice Chairman

**M. S. Gilotra**  
Managing Director



## Annexure – 1

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Technology absorption & Foreign Exchange earnings & out go as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988 & forming part of report for the year ended 31-03-2011.

#### A. CONSERVATION OF ENERGY:

##### a) Energy Conservation Measurement Taken:

- I. Replacement of top two stages of cyclone in pre-heater & precalciner string with PMT & ATEC Design to reduce pressure drop.
- II. Retrofit of pre-heater fan impeller with higher efficiency.
- III. Partial replacement of GLS Lamp with CFL Lamps (continuous activity).
- IV. Replacement of Kiln Inlet Seal with advanced technology to reduce ingrace of false air.
- V. Optimization of Drive ratings to reduce no load losses.
- VI. Installation of VFD in down comer water stray system

##### b) Additional Investment & Proposal, if any, being implemented for Reduction of Energy.

1. Installation of Kiln ESP Fan with higher efficiency and capacity to reduce specific power consumption at higher throughput.
2. Installation of VFD in Crusher Belt No. 2
3. Installation of Vibro Feeder / Wobbler for Limestone Feeding to replace existing impact pressure.

##### c) Impact of the Measurement at (a) & (b) above

Increase in kiln output, Reduction on power consumption.

##### d) Total Energy Consumption & Energy consumption per unit of Production as per Form A of the Annexure.

#### B. TECHNOLOGY ABSORPTION : GIVEN IN PRESCRIBED FORM-B ATTACHED:

#### C. FOREIGN EXCHANGE EARNING & OUTGO:

Earning : ₹ 126.99 lacs.

Used : ₹ 697.21 lacs.



## FORM -A (SEE RULE 2)

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

Sr.No.	Particulars	2010-11 12 months	2008-2010 18 months
<b>A</b>	<b>POWER &amp; FUEL CONSUMPTION</b>		
<b>1</b>	<b>Electricity</b>		
a)	<b>Purchased</b>		
	Unit (Kwh) -Lacs	<b>1081.77</b>	1416.95
	Total Amount (₹ in Lacs)	<b>6766.16</b>	9231.95
	Rate / Unit (₹)	<b>6.25</b>	6.52
b)	<b>Own Generation</b>		
i	Through Diesel generation	<b>1.67</b>	446.95
ii	Fuel Cost /Electricity Duty	<b>16.04</b>	2142.03
iii	Through Steam Turbine /Generator	<b>Nil</b>	Nil
<b>2</b>	<b>Coal &amp; Other Fuel Used as Kiln/Fuel</b>		
	Quantity ( in Million K.Cal)	<b>937363</b>	1604727
	Total Cost (₹ in Lacs)	<b>9709.70</b>	12437.10
	Average rate (₹ in Million K.Cal)	<b>1035.85</b>	775.03
<b>3</b>	<b>H.S.D. / L.D.O</b>		
	Quantity in (K.Ltrs)	<b>184.79</b>	200.98
	Total Cost of (₹ in lacs)	<b>75.63</b>	73.07
	Average rate (₹ in K.Ltrs)	<b>40926.35</b>	36356.31
<b>4</b>	<b>Other /Internal Generation</b>	<b>Nil</b>	Nil
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
	Electricity (Kwh/T. of Cement)*	<b>86.21</b>	86.62
	Diesel (Ltr /T. of Clinker)	<b>0.16</b>	0.10
	Coal /Lignite (K.Cal /Kg. of Clinker)	<b>811</b>	798
	Others		

\*Net of non productivity of 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. Identification of alternate raw materials / mineralisers
- b. Identification & usage of grinding aids for cement grinding
- c. Trial for fuel additive to reduce Coal Consumption

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

Better burnability of Raw Mix and increase output in cement grinding.

**3. FUTURE PLAN OF ACTION**

- a. Close circuiting of cement mills to improve cement quality.
- b. Installation of Bag house in kiln system to minimize stack emission.

**4. EXPENDITURE ON R & D**

	<b>(₹ In Lakhs)</b>
a. Capital	NIL
b. Recurring	134.11
c. <b>Total</b>	<b>134.11</b>
d. Total R & D expenditure as a percentage of total turnover	0.39

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

Informative regarding technology imported during the last five years:

- |  |       |
|--|-------|
| a. Technology Imported   | N. A. |
| b. Year of Import  | N. A. |
| c. Had 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. |



## Annexure to Directors' Report (contd.)

### CORPORATE GOVERNANCE

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

Gujarat Sidhee Cement Limited, (your Company) believes that good Corporate Governance aims at achieving high level of efficiency, transparency, accountability, responsibility and fairness in dealings with all stakeholders.

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. Your Company continuously strives for excellence by adopting best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details of compliance for the period ended 31<sup>st</sup> March, 2011 are as follows :

#### 2. BOARD OF DIRECTORS :

##### (i) Composition (As on 31.3.2011)

The Board of Directors (the Board), directs and guides the activities of the Management towards setting up of goals and seeks the accountability with a view to create long term sustainable growth that translates itself into progress, prosperity and the fulfilment of stakeholders' aspirations. Your Company's Board comprises of 12 (twelve) Directors, which include 7 (seven) Independent Directors. The Executive Vice Chairman and Managing Director looks after the day-to-day business of the Company under the overall supervision and guidance of the Board. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The composition and attendance at the Board Meetings held during the financial year ended 31<sup>st</sup> March, 2011 are given below. The attendance at the last Annual General Meeting held on 4<sup>th</sup> September, 2010 are given in the last column.

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	4	2	No.
2.	Mr. Jay M. Mehta	Executive Vice Chairman	4	4	No.
3.	Mr. Sanat M. Mehta	Non-Executive Director - TMIL Nominee	4	3	No.
4.	Mr. R. R. Rajyaguru	GIIC Nominee	-	-	No.
5.	Mr. M. L. Tandon	Independent Director	4	-	No.
6.	Mr. S.V.S. Raghavan	Independent Director	4	1	No.
7.	Mr. P. K. Behl*	Independent Director	4	4	Yes
8.	Mr. Bimal Thakkar	Independent Director	4	4	No
9.	Mr. Hemnabh Khatau	Independent Director	4	1	No
10.	Dr. (Ms) Kala S. Pant	Independent Director	4	2	No
11.	Mr. Venkatesh Mysore	Independent Director	4	2	No
12.	Mr. M.S. Gilotra	Managing Director	4	4	Yes
13.	Mr. R. K. Poddar (Dy. Managing Director) (Ceased to be Dy.MD consequent upon his resignation from the company w.e.f. 14.9.2010)	Dy. Managing Director	4	2	No

\* as Alternate Chairman of the Audit Committee.

**(ii) MEETINGS OF THE BOARD :**

Four Board Meetings were held during the financial year ended 31.3.2011.

Sr.No.	Date of Board Meeting	Total strength of the Board	No. of Directors Present
1.	21.05.2010	12	7
2.	29.07.2010	12	7
3.	29.10.2010	12	7
4.	05.02.2011	12	8

**(iii) OTHER DIRECTORSHIPS**

The details of other directorships etc., held by the Directors of the Company are given below :-

Name(s) of Directors	No. of other Directorship* (as on 31.3.2011)	Chairman of the Board	Member of Committees	Chairman of Committees
Mr. M N Mehta	6	6	1	1
Mr. Jay M Mehta	8	-	1	-
Mr. Sanat Mehta	1	-	-	-
Mr. S V S Raghavan	1	-	2	1
Mr. M L Tandon	15	-	2	-
Mr. P K Behl	-	-	2	-
Mr. Bimal Thakkar	3	-	1	-
Mr. Hemnabh Khatau	1	-	-	-
Dr. (Ms) Kala S. Pant	2	-	-	-
Mr. Venkatesh Mysore	2	-	2	-
Mr. M.S. Gilotra	1	-	1	-

\* excluding directorship in Private / Foreign Cos. & Cos. incorporated u/s 25 of the Companies Act, 1956.

**(iv) INFORMATION TO THE BOARD OF DIRECTORS.**

The information required to be placed before the Board includes:

- Annual revenue budgets and capital expenditure plans, if any.
- Quarterly and annual financial and operational performance.
- Financing Plans of the Company
- Minutes of the Meetings of Audit, Shareholders/ (Investor) Grievance Committee and Remuneration Committee.
- Fatal or serious accidents or dangerous occurrence, any material effluent or pollution problems.
- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment of goods sold or services rendered, if any.
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgement or Order, which may have passed strictures on the conduct of the Company.
- Developments in respect of Human Resources.
- Compliance or Non-compliance of any Regulatory, Statutory or Listing requirements and Investor service such as non-payment of dividend, delay in share transfer etc. if any.

**(v) APPOINTMENT / RE-APPOINTMENT OF DIRECTORS**

**Appointment:**

1. Mr. Venkatesh Mysore, aged 53 years, is qualified MBA in Marketing & Finance from Madras University and also attained his Chartered Life Underwriter (CLU) designation from the American College in 1991. He has got more than 25 years experience and his last assignment was that of the India Country Head of Sun Life Financial of Canada since January 2007 and prior that he was with Metlife, USA for over 21 years. He is not holding any shares of the Company.

**Re-appointment:**

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. P. K. Behl, aged 68 years, retired as Executive Director (International Operations) from Life Insurance Corporation of India and has vast knowledge on corporate matters.  
He is not holding any shares of the Company.
2. Mr. Hemnabh Khatau, aged 49 years, is a B.A. (Eng) from Cambridge, M.Sc (UMIST), has track record of successful Board level line management in manufacturing and financial services sectors. He has wide experience in developing and implementing successful strategies for growth and improving performance. He has worked in the UK for a decade in various positions in the consulting practices of Capgemini UK, KPMG and Indeco IMC.  
He is not holding any shares of the Company.
3. Dr. (Ms.) Kala S. Pant, aged 76 years, has vast experience in banking sector. She was on Board of Directors of Bank of India, Dena Bank and presently Consultant / Advisor to Nationalized Banks and various corporates.  
She is holding 400 equity shares of the Company.

**6. AUDIT COMMITTEE:**

The Audit Committee of the Board was formed on 18.12.1989 and was reconstituted from time to time. Mr. Bimal Thakkar was appointed as Additional Member of the Committee w.e.f. 23.7.2009. Presently, it comprises of 4 Non-Executive Directors. Viz. Mr. S. V. S. Raghavan, Mr. M. L. Tandon, Mr. P. K. Behl and Mr. Bimal Thakkar, all independent Directors. Mr. S. V. S. Raghavan is the Chairman of the Audit Committee. Mr. M.S. Gilotra, Managing Director is permanent invitee. Mr. A. M. Fadia, Director (Legal) & Company Secretary is Secretary of the Audit Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292 (A) of the Companies Act, 1956. These broadly 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, half yearly and annual financial results 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<sup>st</sup> March 2011, four Audit Committee Meetings were held on 21.5.2010, 29.7.2010, 29.10.2010 & 5.2.2011. The attendance at the Audit Committee Meetings was as under :

Name of the Director	No. of meetings held	No. of Meetings attended
Mr. S. V. S. Raghavan, Chairman	4	1
Mr. M. L. Tandon, Member	4	-
Mr. P. K. Behl, Member	4	4
Mr. Bimal Thakkar, Member	4	4

The Statutory Auditors and Internal Auditors also attended Audit committee Meetings held during the year. The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

Mr. P. K. Behl was appointed as Alternate Chairman to Mr. S. V. S. Raghavan, Chairman of the Audit Committee and attended the Annual General Meeting of the Company held on 4<sup>th</sup> September, 2010.

**7. REMUNERATION COMMITTEE :**

**(i) COMPOSITION**

The Remuneration Committee comprises of three Independent Directors viz. Mr. S. V. S. Raghavan, Mr. P. K. Behl and Mr. M.L. Tandon. Mr. S. V. S. Raghavan is the Chairman of the Remuneration Committee.

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

During the year under review, no meeting of Remuneration Committee was held.

**(ii) DETAILS OF REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR 2010-11.**

**Executive Directors :**

Name	Salary & Allowances (₹)	Perquisite (₹)	Contribution to PF/ Superannuation (₹)	Others (Sitting Fees)	Total (₹)
Mr. Jay M Mehta, Executive Vice Chairman	19,20,000	-	5,18,400	-	24,38,400
Mr. M.S.Gilotra, Managing Director	18,00,000	-	4,86,000	-	22,86,000
Mr. Raj K Poddar Deputy Managing Director (Resigned w.e.f. 14.9.2010)	44,85,744	81,494	3,24,720	-	48,91,958

**Non-Executive Directors :**

The Directors were paid sitting fees of ₹ 20,000/- per meeting for attending the meeting of the Board, Audit Committee, Remuneration Committee and Shareholders / (Investor) Grievance Committee attended by them.

Director	No. of Board Meetings attended	No. of Committee meetings attended	Total	Amount of sitting fees paid (₹)
Mr. M.N. Mehta, Chairman	2	-	2	40,000
Mr. Sanat M Mehta, Non-Executive Director, TMIL Nominee	3	-	3	60,000
Mr. M. L. Tandon	-	-	-	-
Mr. S. V. S. Raghavan	1	1	2	40,000
Mr. P. K. Behl	4	4	8	1,60,000
Mr. Bimal Thakkar	4	4	8	1,60,000
Mr. Hemnabh Khatau	1	-	1	20,000
Dr. (Ms) Kala S. Pant	2	-	2	40,000
Mr. Venkatesh Mysore	2	-	2	40,000
<b>Total</b>				<b>5,60,000</b>

Note : The Company has not issued any stock options to any Directors.

**8. SHAREHOLDERS / INVESTORS' GRIEVANCES COMMITTEE :**

The Company has a Share Transfer / Investors' Grievances Committee of Directors (to approve, transfer etc above 1 lakh shares) as well as a Sub-Committee of Working Directors). The scope of the Committee is to approve transfers / transmissions of shares held in physical form / issuance of duplicate certificates, new certificates after split / consolidation and review redressal of investor complaints.

During the year, the Sub-Committee held four meetings on 21.5.2010, 29.7.2010, 29.10.2010 & 5.2.2011.

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Jay Mehta, Executive Vice Chairman	4	4
Mr. M. S. Gilotra, Managing Director	4	4
Mr. R.K.Poddar (Member) (Ceased to be a member consequent upon his resignation from the company w.e.f. 14.9.2010)	4	2

During the year under report, the Company has received 21 complaints / letters from the shareholders which were attended to / resolved satisfactorily. All requests for transfer of shares have been processed normally within the prescribed time.

Mr. A. M. Fadia, Director (Legal) & Company Secretary, was appointed as Compliance Officer w.e.f 29<sup>th</sup> April, 2009.

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

**9. (i) GENERAL BODY MEETINGS:**

Location and time where last three Annual General Meetings / Extra ordinary General meetings were held:

Financial Year	Date	Time	Venue	Dividend declared
2008-10	4.9.2010	10.45 AM	Registered Office at "Sidheegram" Off Veraval-Kodinar Highway, Pin Code 362 276, Dist. Junagadh (Gujarat)	Nil
2007-08	5.3.2009	10.00 AM	-do-	Nil
2006-07	14.9.2007	10.00 AM	- do -	Nil

No special resolutions were required to be put through postal ballot.

**(ii) Extraordinary General Meetings:**

Financial Year	Date	Time	Venue
18 months period ended 31.3.2010	11.5.2010	4.45. PM	Registered Office at "Sidheegram" Off Veraval-Kodinar Highway, Pin Code 362 276, Dist. Junagadh (Gujarat)



**(iii) Special Resolutions:**

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

S.No.	Date	Subject matter of Special Resolution
1.	EGM held on 11.05.2010	a) Reappointment & Remuneration of Mr. Jay Mehta as Executive Vice-Chairman for a further period of three years w.e.f. 1.1.2010 to 31.12.2012. b) Reappointment & Remuneration of Mr. M.S. Gilotra, as Managing Director for a further period of three years w.e.f. 1.1.2010 to 31.12.2010. c) Reappointment & Remuneration of Mr. R.K. Poddar, as Dy. Managing Director for a further period of one year w.e.f. 1.1.2010 to 31.12.2010. d) Offer and grant an aggregate of upto 70,00,000 (Seventy Lacs) options to the employees (as defined under the Guidelines) of the Company, over a period of time, in one or more tranches, each option convertible into one equity share of the face value of Rs.10/- each on payment of such exercise price at par and as per the terms and conditions framed / to be framed by the Board with regard to the Employees Stock Option Scheme ("hereinafter referred as ESOS 2010").

Note : 1. No special resolutions were required to be put through postal ballot.

**(iv) DISCLOSURES:**

**i) Related Party Transactions.**

During the period there were no transactions of material nature with the Promoters, the Directors, Management or their subsidiaries or relatives of the Directors that had potential conflict with the Company. Suitable disclosures as required by the Accounting Standards (AS 18) has been made in the Annual Report.

**ii) Penalties, Strictures by Stock Exchange (s) / SEBI**

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

**7. Disclosure of Accounting Treatment:**

In the preparation of financial statements, the Company has followed the Accounting Standards as notified under Companies (Accounting Standards), Rules 2006, as applicable.

**8. Disclosure on Risk Management:**

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

**9. Code of Conduct:**

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

**10. CEO/CFO Certification:**

A CEO/CFO certificate on the audited / unaudited financial statements of the Company for each quarter and annual financial results was placed before the Board.



**11. 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. | 14. Pallor Trading Co. 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     | 6. Treasurer's Trading Limited  |
| 2. Industrial Constructions Ltd. | 7. The Arj Investments Limited  |
| 3. Sampson Limited               | 8. Clarence Investments Limited |
| 4. Beverley Investment Inc.      | 9. Glenn Investments Limited    |
| 5. Monza Limited                 | 10. Aber Investments Limited    |

**7. MEANS OF COMMUNICATION:**

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These results are published in Jaihind in Rajkot and in Financial Express, in Ahmedabad and Mumbai. The Company has not sent the reports 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.

**8. GENERAL SHAREHOLDERS INFORMATION:**

i)	Audited results for the current Financial year ended 31 <sup>st</sup> March 2011.	3rd May, 2011	
ii)	Board Meeting for consideration of unaudited results for	Quarter I (ended 30.6.2010) Quarter II (ending 30.9.2010) Quarter III (ending 31.12.2010) Quarter IV (ending 31.3.2011)	Within the period as stipulated under the Listing Agreement with the Stock Exchange from time to time.
iii)	Annual General Meeting is proposed to be held	Wednesday, the 27th July, 2011	
iv)	Date of Book closure	Wednesday, the 20th July, 2011 to Wednesday, the 27th July, 2011 (both days inclusive)	

v) Listing of equity shares on Stock Exchange at:

S.No.	Name(s) of the Stock Exchange	Stock Code
a)	The Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001.	518029
b)	The National Stock Exchange of India 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 2011-12 to the Bombay Stock Exchange Ltd., (BSE) and National Stock Exchange of India Ltd (NSE), where the company's shares are listed.

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

The Company has appointed "M/s.Intime Spectrum Registry Limited" as Registrar and Transfer Agent for transfer of physical shares and connectivity lines for demat of shares. The Registrar also accepts and attends to complaints of Investors. Investors complaints are given top priority by them and are replied promptly. The name of the Registrar has since been changed to 'M/s. Link Intime India Pvt Ltd.'

No complaint is pending as on 31.3.2011 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 duly transferred share certificates are returned within a period of 15 to 20 days from the date of receipt provided that the documents are found to be in order.

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

**ix) Distribution of Shareholding as on 31<sup>st</sup> March, 2011 :**

No. of equity shares held	No. of shareholders	%	No. of shares held	%
1 – 500	66674	75.63	14734191	10.19
501 – 1000	11625	13.19	10322411	7.14
1001 – 2000	4964	5.63	8130275	5.62
2001 – 3000	1615	1.83	4307105	2.98
3001 – 4000	691	0.79	2545731	1.76
4001 – 5000	883	1.00	4279482	2.96
5001 – 10000	938	1.06	7120250	4.92
10001 – above*	766	0.87	93175963	64.43
<b>TOTAL</b>	<b>88600</b>	<b>100.00</b>	<b>144615408</b>	<b>100.00</b>

\* 200317 forfeited shares pending to be re-issued.

**x) Shareholders Profile as on 31<sup>st</sup> March 2011:**

Category	No. of shareholders	%	No. of shares held	%
Promoter Group Companies	24	0.03	51178915	35.39
Bodies Corporate	1000	1.13	14621893	10.11
NRIs	683	0.78	1460577	1.01
FIIIs	12	0.01	96000	0.07
Financial Institutions	2	-	2500	-
Banks	10	0.01	3267868	2.26
Mutual Fund	7	0.01	127525	0.09
Foreign Company	1	-	8059826	5.57
Overseas Corporate Bodies	2	-	44200	0.03
Indian Public	86415	98.03	65756104	45.47
<b>Total</b>	<b>88156</b>	<b>100</b>	<b>144615408</b>	<b>100.00</b>



**xi) Dematerialization of shares:**

As on 31<sup>st</sup> March 2011, 13,29,55,765 equity shares constituting 91.93% of the Company's total paid-up 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 period 2010 – 2011:**

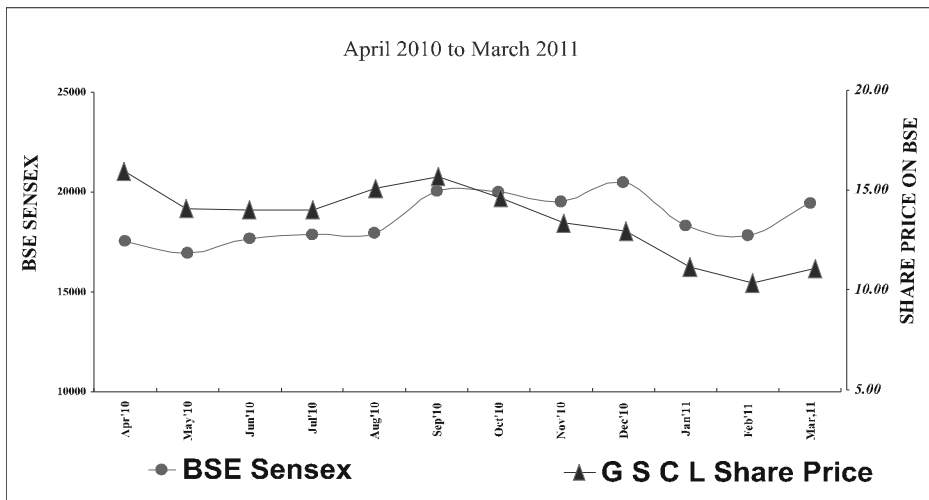
**GSCL Price on BSE & NSE**

(Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April 2010	17.90	15.70	17.85	15.70
May 2010	16.20	13.40	16.15	13.35
June 2010	16.40	13.60	14.70	13.65
July 2010	15.90	13.50	15.10	13.50
August 2010	17.50	13.80	17.60	13.70
September 2010	17.40	14.95	17.35	14.70
October 2010	16.25	14.50	16.45	14.50
November 2010	16.70	12.66	16.60	12.60
December 2010	14.25	11.95	14.50	11.90
January 2011	14.20	10.75	14.15	9.40
February 2011	11.85	9.25	12.00	9.00
March 2011	11.50	9.75	12.00	9.95

**XIV) Stock Performance (Index)**

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



**Plant Location :**

“Sidheeagram” Off Veraval – Kodinar Highway, Dist. Junagadh, Pin Code 362 276.

**xiv) 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,  
2<sup>nd</sup> Floor, 178 Backbay Reclamation,  
Mumbai 400 020.  
E-mail id : sidhee-mum@mehtagroup.com

Shareholder correspondence should be addressed to Registrars & Transfer Agent :

M/s. Link Intime India Pvt Ltd  
(formerly M/s. Intime Spectrum Registry Limited)  
(Unit) Gujarat Sidhee Cement Ltd.  
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 E-mail ID : [gsclinvestorquery@mehtagroup.com](mailto: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 financial 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 qualifications in the Auditors Report for the financial year ended 31<sup>st</sup> March 2011. 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.



(e) **Postal Ballot**

The provisions relating to Postal Ballot will be complied with in respect of matters, where applicable.

(f) **Mechanism for evaluation non-executive Board Members :**

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

(g) **Whistle Blower Policy :**

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

On behalf of the Board of Directors

Place : Mumbai  
Dated : May 3, 2011

**Jay M. Mehta**  
**Executive Vice Chairman**

**M. S. Gilotra**  
**Managing Director**

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**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 31<sup>st</sup> March 2011.

On behalf of the Board of Directors

Place : Mumbai  
Dated : May 3, 2011

**Jay M. Mehta**  
**Executive Vice Chairman**

**M. S. Gilotra**  
**Managing Director**

## **Auditors' Report on Corporate Governance**

TO,

THE MEMBERS OF  
GUJARAT SIDHEE CEMENT LIMITED

We have examined the relevant records of Gujarat Sidhee Cement Limited (the Company) for the year ended 31<sup>st</sup> March, 2011 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 carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and 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 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  
Registration No.: 106041W

**(K.C. PATEL)**  
PARTNER  
MEMBERSHIP NO. 30083

Place: Mumbai

Dated: May 3, 2011



## **Annexure to Corporate Governance Report.**

### **MANAGEMENT DISCUSSIONS & ANALYSIS REPORT**

#### **Industry Structure & Development**

The all India cement consumption grew by 4.8 percent from around 198 million tonnes to 208 million tonnes during the year under review. At the same time, around 25 million tonnes additional capacity has been added during the year. In the State of Gujarat, there has been an increase in the capacity in the last two years by 2.40 million tonnes as well as there is an increase in the capacity by 8.64 million tonnes in the neighbouring states of Maharashtra and Rajasthan. This increase in capacity coupled with lower exports has resulted in a surplus of supply over demand putting pressure on the profitability of the companies in Gujarat.

#### **Future Outlook**

The continued economic growth, the emphasis on infrastructure building and the housing needs of the population will continue to fuel cement consumption in the country. The long-term future of the cement industry continues to be positive. However, due to addition of new plants with large capacities, the capacity utilization would continue to be low in the short term. Particularly in Gujarat, there is likely to be a large surplus of capacity over demand for the near future.

#### **Opportunities & Threats**

With high economic growth in Maharashtra and Gujarat, the cement consumption in these regions is likely to continue at a healthy rate and would therefore give opportunities for growth in the cement industry.

The large increase in the prices of fuel mainly coal and petcoke has affected the profitability of the cement companies and the uncertain global situation for energy supplies would continue to pose a threat to the profitability of the industry. The infrastructural constraints in the form of congestion in the rail network, availability of wagons and high cost of handling of cement at public ports continue to pose threats to a long term stability in the industry in Gujarat.

Although, Gujarat State is likely to continue to be surplus in cement production, the company can access coastal markets economically being close to the sea. The proposed captive jetty near the plant provides an opportunity to reduce the cost of transportation thus making other markets viable.

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

During the year, the company has produced and sold mainly cement of different varieties like Ordinary Portland cement, (OPC) and Portland Pozzolana Cement (PPC). The company also sold clinker, which is intermediate product for the manufacture of cement. The bulk of the revenue and profitability comes from the sale of cement.

#### **Risks and concerns**

Over capacity of cement versus the demand coupled with the continued fragmentation of the industry results in the cyclical highs and lows in the profitability of cement business. The major inputs mainly fuels as well as high rates of taxation (excise, sales tax, octroi and other miscellaneous levies) continue to be a major concern for our company.

Absence of railway siding and a port near the factory results increase in cost of transportation to markets other than Gujarat. The company proposes to set up a captive jetty to mitigate the risk.

#### **Internal Control Systems and their adequacy**

Your company has adequate internal control system and procedures commensurate with the size of its operation and nature of its business. The independent Internal Auditors continuously reviews the adequacy and effectiveness of the internal control systems on the on-going operations of the company, which provides reasonable assurance of adequacy and effectiveness, control, governance and risk management procedures to the Audit Committee. The recommendations of the Internal Auditors and the Audit Committee are followed up effectively for implementation. Following objectives of the internal audit is forming part of the audit plan as approved by the Audit Committee.

- Adherence to the operating system and manual.
- Performance of operating activities in efficient and effective manner.
- Compliance with the risk management procedures.
- Compliance with the legislative and regulatory provisions.



The Audit Committee reviews the audit reports and also hold discussions with the Statutory Auditors.

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

The Company continues to maintain constructive relationship with its employees with a positive environment so as to improve efficiency. The Company continues to invest in upgrading the knowledge and skills of the employees. The Industrial relations at the plant were cordial.

The Company has subscribed to the code of affirmative action for SC / ST as the Company believes that equal opportunity for all sections of the society is component for growth and competitiveness.

Succession management for the critical role is in place by suitable evaluation and review at various levels of management.

The company endeavors to create an environment where employees can use their capabilities effectively to support the business. Hence we encourage our employees to balance their work and personal life

The company has embarked on a Key Result Areas (KRA) and Key Performance Indicators (KPI) based performance appraisal system, and a performance linked Variable pay for senior executives.

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 416 permanent employees as on 31.3.2011.

### **Corporate Social Responsibility (CSR)**

#### **Health Care**

GSCL plant has a health care center providing medical aid to the Company's employees and the family members, workers as well as patients from the near by areas. The Plant conduct various Immunization programmes, family welfare education, health care, safety as well as various periodical health check up and first aid training programmes for employees and workers.

#### **Education:**

The Company's plant has a full-fledged secondary school for the children of the employees and local people staying in nearby areas. In order to enable the children studying in English medium schools or Colleges in Veraval and nearby areas, the company provides school bus facility.

#### **Afforestation**

The Company is committed to the protection of environment and maintenance of bio diversity. A green belt has been developed in the plant and nearby areas. Many saplings were planted at various places in the plant and mines area. The plant has also carried out rain water harvesting and this has increased ground water resources besides providing greenery.

#### **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

Place : Mumbai  
Dated : May 3, 2011

**Jay M. Mehta**  
Executive Vice Chairman

**M. S. Gilotra**  
Managing Director



## 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, 2011 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 ( Order ) 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. 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;
  - II. 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.
  - III. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of account.
  - IV. 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.
  - V. On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956;
  - VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon more particularly note no. 1(a) and 1(b) in Schedule 13 regarding rehabilitation scheme sanctioned by Hon'ble AAIFR being under implementation and non provision of interest of Rs. 346.02 crores claimed by Gujarat Government with Hon'ble High Court for the reasons stated in the said note, 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, 2011;
    - (b) in the case of Profit & Loss Account of the Loss 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  
Registration No.: 106041W

Place: Mumbai  
Dated: May 3, 2011

**(K.C. PATEL)**  
PARTNER  
MEMBERSHIP NO. 30083

## 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, 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. 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 reports 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, sales tax, investor education and protection fund, profession tax, royalty, cess and other material statutory dues applicable to it *except there were some delays on few occasions in payment of Sales Tax and Excise duty.*
- (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, 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of wealth tax and cess which have not been deposited on account of any dispute. In respect of excise duty, customs duty, sales tax and income tax, details of disputed dues not deposited are given hereunder:

Name of the Statute	Nature of the Dues	Amount Involved (Rs. Lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	36.42	1992-93	Customs, Excise & Gold (Control) Appellate Tribunal
Customs Act, 1962	Custom Duty	35.85	1995-96	Customs, Excise & Gold (Control) Appellate Tribunal
Customs Act, 1962	Custom Duty	0.62	2008-09	Commissioner (Appeal), Custom
Central Excise / CENVAT Credit Rules, 2004	Service Tax	68.12	2005-06	Custom, Excise & Service Tax Appellate Tribunal
Central Excise / CENVAT Credit Rules, 2004	Service Tax	64.35	2005-06	Commissioner of Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	407.84	2006-07	Commissionerate Level at Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	184.61	2007-08	Commissioner, Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	188.78	2008-09	Commissioner, Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	384.47	2009-10	Commissioner, Central Excise
Income Tax Act, 1961	Income Tax Deducted at Source	1.30	2007-08	Commissioner, Income Tax
Rajasthan Sales Tax Act, 1994	Sales Tax	24.73	1997-98	Rajasthan High Court
Gujarat Sales Tax Act, 1969	Sales Tax	60.60	2002-03	Jt. Commissioner, Rajkot
Gujarat Sales Tax Act, 1969	Sales Tax	56.29	2003-04	Jt. Commissioner, Rajkot
Gujarat Sales Tax Act, 1969	Sales Tax	21.65	2004-05	Jt. Commissioner, Rajkot
Gujarat Value Added Tax Act, 2003	Sales Tax	224.59	2006-07	Tribunal, GVAT

**10. In respect of accumulated losses and cash losses**

The accumulated losses of the Company as at the end of the year are not more than fifty percent of its net worth. The Company has incurred cash loss during the year, however there was no cash loss 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 proposal to Banks and Financial Institutions (Lenders) for One Time Settlement (OTS) of their dues has been accepted by the lenders except New India Assurance Company Limited (NIAC). In respect of NIAC, according to the company, in terms of Scheme, the dues are repayable over a period of seven years beginning from 1.4.2004, the balance of which is under reconciliation. The company has so far not made any repayment of dues of NIAC. The amount of Rs. 34.48 Lacs towards principal and interest was outstanding as on 31st March, 2011.

**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**

The Company has not obtained any term loans during the year.

**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 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  
Registration No.: 106041W

**(K.C. PATEL)**  
PARTNER  
MEMBERSHIP NO. 30083

Place: Mumbai  
Dated: May 3, 2011



## BALANCE SHEET AS AT MARCH 31, 2011

SOURCES OF FUNDS	Schedule	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	14,466.84	14,466.84
Reserves and Surplus	2	26.95	26.95
		<u>14,493.79</u>	<u>14,493.79</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	749.71	357.47
Unsecured Loans	4	-	2,399.73
		<u>749.71</u>	<u>2,757.20</u>
		<u>15,243.50</u>	<u>17,250.99</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	25,136.65	23,539.84
Less: Depreciation		17,401.60	16,956.15
Net Block		7,735.05	6,583.69
Capital Work-in-Progress		237.43	287.37
		<u>7,972.48</u>	<u>6,871.06</u>
<b>INVESTMENTS (UNQUOTED)</b>			
6 Years National Savings Certificates (kept as Security Deposit with Government Authorities)		0.54	0.49
<b>DEFERRED TAX ASSETS (NET)</b>			
		1,921.14	1,619.99
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	4,741.67	4,898.12
Sundry Debtors		3,510.79	3,927.01
Cash and Bank Balances		1,267.52	2,011.61
Loans and Advances		2,525.29	3,157.58
		<u>12,045.27</u>	<u>13,994.32</u>
Less : Current Liabilities & Provisions	7	11,172.00	9,407.95
Net Current Assets		873.27	4,586.38
<b>PROFIT AND LOSS ACCOUNT</b>			
		4,476.07	4,173.07
		<u>15,243.50</u>	<u>17,250.99</u>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
<b>NOTES TO ACCOUNTS</b>			

As per our Report of even date attached  
For **MANUBHAI & CO.**  
Chartered Accountants  
Firm registration no.106041W

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

Place : Mumbai  
Dated : May 3, 2011

For and on Behalf of the Board of Directors  
**Mr. Jay M. Mehta** *Executive Vice-Chairman*  
**Mr. P. K. Behl**  
**Mr. Bimal Thakkar**  
**Dr. (Ms) Kala S. Pant**

**Mr. M.S. Gilotra** *Managing Director*  
**Mr. A. M. Fadia** *Director (Legal) & Co. Secretary*  
**Mr. V. R. Mohnot** *CFO*

Place : Mumbai  
Dated : May 3, 2011

## PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	For the Year ended March 31, 2011 ₹ In lacs	For Eighteen months ended March 31, 2010 ₹ In lacs
<b>INCOME</b>			
Sale of Products (Gross)		<b>38,888.18</b>	69,911.83
(Less) :Excise Duty		<b>4,100.12</b>	5,333.57
Sale of Products (Net)		<b>34,788.06</b>	64,578.26
Other Income	<b>8</b>	<b>775.53</b>	673.97
		<b>35,563.59</b>	65,252.23
<b>EXPENDITURE</b>			
Manufacturing and Other Expenses	<b>9</b>	<b>36,122.03</b>	55,748.38
(Increase) / Decrease in Stocks	<b>10</b>	<b>(595.22)</b>	(562.09)
		<b>35,526.81</b>	55,186.29
<b>Profit before Interest, Depreciation and Tax</b>		<b>36.78</b>	10,065.94
Interest	<b>11</b>	<b>255.35</b>	225.83
<b>Profit / (Loss) before Depreciation and Tax</b>		<b>(218.57)</b>	9,840.11
Depreciation		<b>550.82</b>	733.59
Impairment - reversal (net of provision) (Refer Note 14 of Schedule 13)		<b>(171.24)</b>	-
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(598.15)</b>	9,106.52
Provision for Wealth tax		<b>6.00</b>	6.21
Deferred Tax Adjustment		<b>(301.15)</b>	3,353.17
Fringe Benefit Tax		<b>-</b>	18.17
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(303.00)</b>	5,728.97
Balance of (Loss) Brought Forward		<b>(4,173.07)</b>	(9,902.03)
<b>Balance of (Loss) carried to Balance Sheet</b>		<b>(4,476.07)</b>	(4,173.07)
Basic and Diluted Earning per share		<b>(0.21)</b>	3.96
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>12</b>		
<b>NOTES TO ACCOUNTS</b>	<b>13</b>		

As per our Report of even date attached  
For **MANUBHAI & CO.**  
Chartered Accountants  
Firm registration no.106041W

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

Place : Mumbai  
Dated : May 3, 2011

For and on Behalf of the Board of Directors  
**Mr. Jay M. Mehta** *Executive Vice-Chairman*  
**Mr. P. K. Behl**  
**Mr. Bimal Thakkar**  
**Dr. (Ms) Kala S. Pant**  
**Mr. M.S. Gilotra** *Managing Director*  
**Mr. A. M. Fadia** *Director (Legal) & Co. Secretary*  
**Mr. V. R. Mohnot** *CFO*

Place : Mumbai  
Dated : May 3, 2011



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the Year ended March 31, 2011 ₹ In lacs	For Eighteen months ended March 31, 2010 ₹ In lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT / (LOSS) BEFORE TAX</b>	<b>(598.15)</b>	9,106.51
<b>Adjustments for</b>		
Depreciation	550.82	733.59
Impairment	(171.24)	-
Interest	255.35	225.83
Loss of sale / discard of fixed assets	73.65	46.90
Profit on sale of fixed assets	(0.58)	(6.49)
Provision for doubtful debtors and advances written back	(14.98)	(35.47)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>94.87</b>	10,070.87
<b>Adjustments for</b>		
Trade and other receivables	579.65	(1,531.24)
Inventories	156.45	(1,339.20)
Trade payable	1,801.59	1,440.88
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2,632.56</b>	8,641.31
Interest paid	107.88	142.36
Direct taxes- Wealth tax and Fringe Benefit tax	43.54	6.70
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,481.14</b>	8,492.25
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,645.64)	(866.71)
Advance to parties for capital expenditure	483.84	(464.96)
Sale of fixed / discarded assets	91.53	22.54
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(1,070.27)</b>	(1,309.13)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term borrowings (Net)	244.77	(1,784.46)
Decrease in unsecured loans	(2,399.73)	(3,800.88)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>	<b>(2,154.96)</b>	(5,585.34)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(744.09)</b>	1,597.78
<b>CASH AND CASH EQUIVALENTS AS ON 01.04.2010</b>	<b>2,011.61</b>	413.83
<b>CASH AND CASH EQUIVALENTS AS ON 31.03.2011</b>	<b>1,267.52</b>	2,011.61
(Cash Equivalents includes ₹ 1265.37 lacs; Previous period ₹ 75.00 lacs being Bank Balances and Fixed Deposits with Banks)		

As per our Report of even date attached  
For **MANUBHAI & CO.**  
Chartered Accountants  
Firm registration no.106041W

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

Place : Mumbai  
Dated : May 3, 2011

For and on Behalf of the Board of Directors  
**Mr. Jay M. Mehta** *Executive Vice-Chairman*  
**Mr. P. K. Behl**  
**Mr. Bimal Thakkar**  
**Dr. (Ms) Kala S. Pant**

**Mr. M.S. Gilotra** *Managing Director*  
**Mr. A. M. Fadia** *Director (Legal) & Co. Secretary*  
**Mr. V. R. Mohnot** *CFO*

Place : Mumbai  
Dated : May 3, 2011



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**SCHEDULE 1**

<b>SHARE CAPITAL</b>	<b>As at March 31, 2011 ₹ In lacs</b>	<b>As at March 31, 2010 ₹ In lacs</b>
<b>AUTHORISED</b>		
50,00,00,000 Equity Shares of ₹ 10 each	<u>50,000.00</u>	<u>50,000.00</u>
<b>ISSUED</b>		
14,48,16,075 Equity Shares of ₹ 10 each	<u>14,481.61</u>	<u>14,481.61</u>
<b>SUBSCRIBED</b>		
14,48,15,725 Equity Shares of ₹ 10 each	<u>14,481.57</u>	<u>14,481.57</u>
<b>PAID UP</b>		
14,46,15,408 Equity Shares of ₹ 10 each	<u>14,461.54</u>	<u>14,461.54</u>
Add : Shares forfeiture Account	<u>5.30</u>	<u>5.30</u>
	<u><u>14,466.84</u></u>	<u><u>14,466.84</u></u>

**SCHEDULE 2**

<b>RESERVES AND SURPLUS</b>	<b>As at March 31, 2011 ₹ in lacs</b>	<b>As at March 31, 2010 ₹ in lacs</b>
<b>Capital Reserves</b>		
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>
	<u><u>26.95</u></u>	<u><u>26.95</u></u>



### SCHEDULE 3

<b>SECURED LOANS</b>	<b>As at March 31, 2011 ₹ In lacs</b>	<b>As at March 31, 2010 ₹ In lacs</b>
<b>1. Term Loans</b>		
a. Banks	<b>228.54</b>	325.78
b. Financial Institution	<b>34.48</b>	31.02
c. Others	<b>222.37</b>	-
<b>2. Overdraft from Bank</b>	<b>264.32</b>	0.67
	<b>749.71</b>	<b>357.47</b>

**Notes :**

- i) Term Loan from a Financial Institution is secured by first mortgage on all movable and immovable assets of the Company, both present and future. The balance is under reconciliation.
- ii) Term Loan from HDFC Bank Ltd. and NBCF in respect of finance availed for purchase of vehicles are secured by hypothecation of vehicles financed by them.
- iii) The Overdraft from bank is secured against pledge of FDRs of ₹ 356.96 lacs; Previous Period ₹ 250.00 lacs.

### SCHEDULE 4

<b>UNSECURED LOANS</b>	<b>As at March 31, 2011 ₹ In lacs</b>	<b>As at March 31, 2010 ₹ In lacs</b>
<b>Interest Free Deferment as per Sanctioned Rehabilitation Scheme</b>		
i) Sales Tax	-	1,394.25
ii) Turnover Tax	-	162.64
iii) Royalty	-	70.85
iv) Electricity Duty & Sales tax thereon	-	771.99
	-	<b>2,399.73</b>

**SCHEDULE 5**
**FIXED ASSETS :**

(₹ In lacs)

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions	Adjustments/ Deductions	As at March 31, 2011	Up to April 1, 2010	For The Year	Adjustments/ Deductions	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>Land</b>										
- Freehold	222.59	-	-	<b>222.59</b>	-	-	-	-	<b>222.59</b>	222.59
- Leasehold	5.45	-	-	<b>5.45</b>	-	-	-	-	<b>5.45</b>	5.45
<b>Buildings</b>	3,526.42	<b>115.78</b>	-	<b>3,642.20</b>	1,761.82	<b>98.85</b>	-	<b>1,860.67</b>	<b>1,781.53</b>	1,764.60
<b>Plant and Machinery</b>	17,477.10	<b>1,051.29</b>	<b>41.76</b>	<b>18,486.63</b>	14,161.05	<b>292.78</b>	<b>26.83</b>	<b>14,427.00</b>	<b>4,059.63</b>	3,316.05
<b>Furniture, fixtures and Office Equipment</b>	1,457.61	<b>156.72</b>	<b>2.29</b>	<b>1,612.04</b>	792.73	<b>78.51</b>	<b>1.68</b>	<b>869.56</b>	<b>742.48</b>	664.88
<b>Vehicles</b>	780.06	<b>543.03</b>	<b>225.96</b>	<b>1,097.13</b>	169.96	<b>80.66</b>	<b>76.86</b>	<b>173.76</b>	<b>923.37</b>	610.10
<b>Railway Sidings</b>	70.61	-	-	<b>70.61</b>	70.59	<b>0.02</b>	-	<b>70.61</b>	-	0.02
<b>TOTAL</b>	23,539.84	<b>1,866.82</b>	<b>270.01</b>	<b>25,136.65</b>	16,956.15	<b>550.82</b>	<b>105.37</b>	<b>17,401.60</b>	<b>7,735.05</b>	6,583.69
Previous Year	22,750.78	914.20	125.14	23,539.84	16,284.73	733.59	62.17	16,956.15	6,583.69	
<b>Description</b>	As at April 1, 2010	<b>Addition</b>	<b>Adjustment/ Deduction</b>	<b>As at March 31, 2011</b>	<b>Impairment for the Year</b>	<b>Net block as at March 31, 2011</b>				
<b>Capital Work-in-Progress</b>	287.37	<b>1,154.93</b>	<b>957.64</b>	<b>484.66</b>	<b>247.23</b>	<b>237.43</b>				
Previous Year	334.86	55.46	102.95	287.37	-	287.37				



## SCHEDULE 6

	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Stores & Spares, Coal and Fuel	2,795.14	3,316.14
Raw Materials	68.48	299.15
Materials-in-Process	1,384.28	863.69
Finished Goods	493.77	419.14
	<u>4,741.67</u>	<u>4,898.12</u>
<b>Sundry Debtors (Unsecured)</b>		
Exceeding six months : Considered good	791.34	590.85
Considered doubtful	257.99	272.51
Others : Considered good	2,719.45	3,336.16
	<u>3,768.78</u>	<u>4,199.52</u>
Less : Provision for doubtful debts	257.99	272.51
	<u>3,510.79</u>	<u>3,927.01</u>
<b>Cash And Bank Balances</b>		
Cash on hand	2.15	1.87
Balance with Scheduled Banks :		
Current Accounts	389.88	1,252.72
Fixed Deposit Accounts (including ₹ 16.49 lacs Interest accrued thereon; Previous period ₹ 16.44 lacs)	875.49	757.03
	<u>1,267.52</u>	<u>2,011.61</u>
<b>Loans And Advances</b>		
Loans & Advances (Unsecured)		
Advances against Stores, Capital Expenditure, etc.	431.93	915.77
Advances Recoverable in cash or in kind or for value to be received :		
i) Considered good	407.16	489.26
ii) Considered doubtful	327.89	328.34
	<u>1,166.98</u>	<u>1,733.37</u>
Less : Provision for doubtful Advances	327.89	328.34
	<u>839.09</u>	<u>1,405.03</u>
Taxes paid in advances	96.31	201.10
Deposits	559.68	551.24
Inter-Corporate Deposits	1,030.00	1,000.00
Balances with Central Excise in Current Account	0.21	0.21
	<u>2,525.29</u>	<u>3,157.58</u>
	<u>12,045.27</u>	<u>13,994.33</u>

## SCHEDULE 7

	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	7,833.55	6,686.79
Due to Bank in current account (Book Overdraft)	44.17	-
Other Liabilities	2,197.08	1,596.62
Security Deposits	487.24	493.84
	<u>10,562.04</u>	<u>8,777.25</u>
<b>PROVISIONS</b>		
Wealth tax	6.00	3.50
Fringe Benefit Tax	27.48	67.52
Retirement Benefits (Gratuity and Leave)	576.48	559.68
	<u>609.96</u>	<u>630.70</u>
	<u>11,172.00</u>	<u>9,407.95</u>

## SCHEDULE 8

	For the Year ended March 31, 2011 ₹ in lacs	For Eighteen months ended March 31, 2010 ₹ in lacs
<b>OTHER INCOME</b>		
Interest (TDS ₹ 4.88 lacs; Previous Period ₹10.60 lacs)	76.86	54.06
Miscellaneous Income	353.18	245.98
Profit on sale of Fixed Assets	0.58	6.49
Export Incentive	3.26	107.24
Exchange Rate Fluctuation	-	26.49
Insurance Claims	182.74	91.31
Provisions no longer required written back	158.91	142.40
	<u>775.53</u>	<u>673.97</u>



## SCHEDULE 9

	For the Year ended March 31, 2011 ₹ In lacs	For Eighteen months ended March 31, 2010 ₹ In lacs
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Cement / Clinker purchase for Resale	-	881.26
Consumption of Raw Materials	1,417.03	2,276.99
Royalty, Cess and Limestone Raising Cost	1,653.06	2,638.68
Stores and Spares consumed	1,968.00	2,643.98
Packing Material consumed	1,358.77	1,969.11
Power and Fuel	16,491.88	23,811.08
<b>Employees' Remuneration &amp; Benefits</b>		
Salaries, Wages, Bonus and Gratuity	1,533.84	2,245.51
Contribution to Provident and Other Funds	126.28	184.91
Employees' Welfare Expenses	81.41	80.93
	<u>1,741.53</u>	<u>2,511.35</u>
<b>Repair and Maintenance</b>		
Plant and Machinery	575.68	643.51
Buildings	42.20	37.53
Others	262.39	309.20
	<u>880.27</u>	<u>990.24</u>
Rent	118.59	147.63
Rates and Taxes	33.65	69.02
Insurance Premium	86.63	132.35
Commission and Discount on Sales	579.78	766.52
Freight outward	7,632.85	13,507.70
Directors' Sitting Fees	5.80	11.60
Business Promotion and Advertisement Expenses	733.70	1,401.04
Selling expense - Others	36.09	393.35
Payment to Auditors :		
- Audit fees	4.25	4.88
- For certification work	1.65	2.04
- Reimbursement of expenses	0.04	0.13
Miscellaneous Expenses	1,293.41	1,541.20
Loss on sale / discard of Fixed assets	73.65	46.90
Provision for doubtful debts / advances	11.40	1.33
	<u>36,122.03</u>	<u>55,748.38</u>

**SCHEDULE 10**

<b>(INCREASE) /DECREASE IN STOCK</b>	<b>For the Year ended March 31, 2011 ₹ In lacs</b>	<b>For Eighteen months ended March 31, 2010 ₹ In lacs</b>
Closing Stocks		
a) Process Stock	<b>1,384.28</b>	863.69
b) Finished Goods	<b>493.77</b>	419.14
	<b>1,878.05</b>	1,282.83
Less : Opening Stocks		
a) Process Stock	<b>863.69</b>	310.58
b) Finished Goods	<b>419.14</b>	410.16
	<b>1,282.83</b>	720.74
(Increase) in Stock	<b>(595.22)</b>	(562.09)

**SCHEDULE 11**

**INTEREST**

Interest on Term Loans	<b>147.47</b>	83.47
Other Interest	<b>107.88</b>	142.36
	<b>255.35</b>	225.83

**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.

**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
- iii) Scrap Sales
- iv) Octroi Refund Claims

**3 Fixed Asset and Depreciation :**

- a) Fixed assets include all expenditure of capital nature and are stated at cost (net of Cenvat, 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 considered 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 rate of foreign exchange prevailing on dates of bills of lading/ mate receipts.
- 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 Employee Benefits :**

- a) Short term employee benefits are charged off in the year in the which the related service is rendered.
- b) Post employment employee benefits under defined contribution plans are charged off in the year in which the employee has rendered services. In respect of Defined Benefit Plans, the amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Profit & Loss Account.

**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" notified under the Companies (Accounting Standard) Rules, 2006.

**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 is measured at the amount expected to be paid to Tax authorities in accordance with the Income Tax Act, 1961.
- c) Deferred tax asset or liability on timing difference are recognised using current rates and tax laws that have 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 assets and liabilities 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. a. Rehabilitation Scheme sanctioned by Hon'ble Appellate Authority for Industrial and Financial Reconstruction (AAIFR) vide its order dated 21.11.2002 is under implementation and the proceedings under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are pending.
- b. The Government of Gujarat filed the Letters Patent Appeal before the Hon'ble High Court of Gujarat and have claimed an amount of ₹ 346.02 crores in respect of interest and penal interest on dues to them. The decision is still pending and no interim relief has been granted by the Hon'ble High Court. In view of this, no provision has been made in respect thereof.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ **148.40 lacs** (Previous year ₹ 87.30 lacs).
3. Contingent liabilities not provided for in respect of:

	<b>For the Year ended March 31,2011 ₹ In lacs</b>	For Eighteen months ended March 31, 2010 ₹ In lacs
i. Matters under disputes / appeals :		
Excise	<b>38.00</b>	38.00
Customs	<b>37.09</b>	37.09
Service Tax	<b>1298.74</b>	993.92
Sales tax		
- Rajasthan Sales tax	<b>24.73</b>	24.73
- Gujarat Sales tax	<b>138.55</b>	138.55
- Gujarat VAT	<b>224.59</b>	-
Income Tax- TDS	<b>1.30</b>	-
ii. Claims against the company not acknowledged as debt	<b>1341.38</b>	1,046.06

4. Local Gram Panchayat in earlier years had raised demands for octroi duty aggregating to ₹ **51.90 lacs**. The Company has deposited an amount of ₹ **43.85 lacs** with civil court, Veraval 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. a. Sundry creditors in Schedule 7 to the Accounts include ₹ **NIL** due to creditors registered with the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).
- b. No interest is paid / payable during the year to Micro, Small and Medium Enterprises.
- c. The above information has been determined to the extent such parties could be identified on the basis of information available with the Company regarding the status of suppliers under the MSME.

6. In view of the losses and unabsorbed depreciation under the Income tax Act, 1961, no provision for Income-tax is made.

7. Remuneration paid / payable to whole time directors :

	<b>For the Year ended March 31,2011 ₹ In lacs</b>	For Eighteen months ended March 31, 2010 ₹ In lacs
a. Particulars of remuneration		
Salary & Allowances	<b>82.06</b>	95.40
Contribution to PF and other funds	<b>13.29</b>	25.76
Perquisites (Valued as per IT Rules, wherever applicable)	<b>0.81</b>	0.46
Total	<b>96.16</b>	<b>121.62</b>

- b. Provision of incremental gratuity liability for the current year in respect of the above directors has not been considered above, since the provision is based on an actuarial valuation for the Company as a whole.



8. 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 :

	<b>For the Year ended March 31, 2011 MT</b>	For Eighteen months ended March 31, 2010 MT
<b>Class of Goods – Cement :</b>		
Licence capacity *		
Installed capacity (MT / PA) **	<b>1,200,000</b>	1,200,000
* The Company's product is exempt from Licensing requirements under 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>Production</b>		
Cement (MT) (including reprocessed 616 MT, Previous Year 805 MT)	<b>1,211,754</b>	2,034,190
Clinker (MT) to the extent of quantity dispatched	<b>29,725</b>	144,996

- b. Purchase, Sales and Stocks :

	<b>For the Year ended March 31, 2011</b>		For Eighteen months ended March 31, 2010	
	<b>Quantity MT</b>	<b>Amount ₹ In lacs</b>	Quantity MT	Amount ₹ In lacs
<b>i. Opening Stock</b>				
Cement	<b>19,758</b>	<b>419.14</b>	10,073	195.61
Clinker	-	-	22,053	214.55
		<b>419.14</b>		<b>410.16</b>
<b>ii. Purchases</b>				
Cement	-	-	830	21.39
Clinker	-	-	40,304	859.87
		-		881.26
<b>iii. Sales (net of Excise Duty) :</b>				
Cement including 184 MT self consumption and 218 MT free samples & excluding 12 MT samples (Previous year 187 MT self consumption and free samples NIL & excluding 19 MT samples)	<b>1,210,350</b>	<b>34,170.74</b>	2,023,408	60,198.90
Clinker	<b>29,725</b>	<b>617.31</b>	198,495	4,379.36
		<b>34,788.05</b>		<b>64,578.26</b>
<b>iv. Closing Stock Cement (after considering, transit loss and other shortage 504 MT (Previous year 1103 MT)</b>				
	<b>20,029</b>	<b>493.77</b>	19,758	419.14
Clinker at Port (after considering transit loss of NIL MT, Previous Year 8858 MT)	-	-	-	-
		<b>493.77</b>		<b>419.14</b>

c. Raw Material Consumed : (Indigenous)

	For the Year ended March 31, 2011		For Eighteen months ended March 31, 2010	
	Quantity MT	Amount ₹ In lacs	Quantity MT	Amount ₹ In lacs
i. Limestone & Marl Excavated by the Company	1,632,417	-	2,819,116	-
ii. Limestone purchased	-	-	26,830	51.99
iii. Gypsum	63,799	620.72	110,616	987.78
iv. Fly Ash	46,919	531.19	87,023	822.95
v. Others	-	265.12	-	414.27
Total		<u>1,417.03</u>		<u>2,276.99</u>

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

	For the Year ended March 31, 2011		For Eighteen months ended March 31, 2010	
	Amount	Percentage ₹ In lacs	Amount	Percentage ₹ In lacs
Imported	553.84	28	360.88	14
Indigenous	1,414.16	72	2,283.10	86
	<u>1968.00</u>	<u>100</u>	<u>2,643.98</u>	<u>100</u>

e. CIF Value of imports :

	For the Year ended March 31, 2011 ₹ In lacs	For Eighteen months ended March 31, 2010 ₹ In lacs
Capital Goods	125.22	66.26
Stores and spares	434.05	418.29

f. Expenditure in Foreign Currency :

	For the Year ended March 31, 2011 ₹ In lacs	For Eighteen months ended March 31, 2010 ₹ In lacs
Foreign Travel	52.84	97.60
Commission on Sales	-	75.52
Professional Fees	25.37	12.56
Others	78.74	26.97

g. Earnings in Foreign Currency :

	For the Year ended March 31, 2011 ₹ In lacs	For Eighteen months ended March 31, 2010 ₹ In lacs
FOB value of Exports	126.99	4,932.14

9. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given hereunder.

The Company's gratuity plan and PL Encashment are not funded. The following table sets out the status of the gratuity plan and PL Encashment as required under AS 15 and the reconciliation of opening balances of the present value of the defined benefit obligation.

**I Changes in Present Value of Obligations:**

Particulars	For the Year ended March 31, 2011		For Eighteen months ended March 31, 2010	
	Gratuity	PL	Gratuity	PL
	₹ In lacs	₹ In lacs	₹ In lacs	₹ In lacs
Present Value of Obligation as at the beginning of the year	393.05	166.63	323.21	118.98
Current Service Cost	87.70	49.21	88.80	52.75
Interest Cost	31.65	13.19	66.14	26.85
Actuarial (gain) / Loss on obligations	(62.64)	(18.22)	(52.80)	4.51
Benefits paid	(39.47)	(44.62)	(32.30)	(36.46)
Present value of Obligation as at the end of the year	410.29	166.19	393.05	166.63
<b>II The amount recognised in balance sheet:</b>				
Present value of Obligation as at the end of the year	410.29	166.19	393.05	166.63
Fair Value of Plan Assets at the end of the year	-	-	-	-
Net Asset / ( Liability) recognised in Balance sheet	410.29	166.19	393.05	166.63
<b>III Amount recognised in Profit and Loss Account:</b>				
Current Service Cost	87.70	49.21	88.80	52.75
Interest Cost	31.65	13.19	66.14	26.85
Net Actuarial (gain) / Loss recognised in the year	(62.64)	(18.22)	(52.80)	4.51
Expenses Recognized in the statement of Profit & Loss	56.71	44.18	102.15	84.11
<b>IV Assumptions:</b>				
Mortality Table	1994-96	1994-96	1994-96	1994-96
Discount Rate	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Amount of Gratuity and Privilege Leave have been provided but not funded as on 31.03.2011.

10. **Related Parties Disclosure:**

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

- 1 Ria Holdings Ltd.\*
  - 2 Pranay Holdings Ltd.\*
  - 3 Reeti Investments Ltd.\*
  - 4 Prachit Holdings Ltd.\*
  - 5 Sumaraj Holding Pvt. Ltd.\*
  - 6 Villa Trading Company Pvt. Ltd.
  - 7 Sunnidhi Trading Pvt. Ltd.
  - 8 Shree Anandeya Investment Pvt. Ltd.
  - 9 Sameta Export Pvt. Ltd.
  - 10 Pallor Trading Company Pvt. Ltd.
  - 11 The Mehta International Ltd.
  - 12 The Arj Investments Limited
  - 13 Euro India Investments Ltd.
  - 14 Exchange Management Ltd.
  - 15 Hopgood Investments Ltd.
  - 16 Treasurer's Trading Limited
  - 17 Gujarat Industrial Investment Corp. Ltd.
  - 18 Saurashtra Cement Limited (holding company of Sr. No. 1 to 4)
  - 19 Industrial Construction Limited (holding company of Sr. No. 9)
  - 20 Sampson Limited (holding company of Sr. No. 6)
  - 21 Clarence Investments Limited ( subsidiary of Sr. No. 11)
  - 22 Glenn Investments Limited (subsidiary of Sr. No. 11)
  - 23 Aber Investment Limited (subsidiary of Sr. No. 11)
  - 24 Monza Limited (subsidiary of Sr. No. 11)
- \*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 (Upto 13th September, 2010) |

C. Particulars of remuneration paid to all Key Management Personnel :

		<b>For the Year ended March 31,2011 ₹ In lacs</b>	For Eighteen months ended March 31, 2010 ₹ In lacs
1	Remuneration to Mr. Jay Mehta	<b>24.38</b>	36.58
2	Remuneration to Mr. M S Gilotra	<b>22.86</b>	34.29
3	Remuneration to Mr. R K Poddar	<b>48.92</b>	50.29

- 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 for the year

<b>Particulars</b>	<b>For the Year ended March 31,2011 ₹ In lacs</b>	<b>For Eighteen months ended March 31, 2010 ₹ In lacs</b>
Purchase of Goods & materials	<b>94.83</b>	1,212.83
Sale of Goods & materials	<b>1,243.23</b>	7,177.80
Services received / rendered (Net)	<b>87.11</b>	81.89
Outstanding Receivable	<b>1,399.61</b>	1,376.49

11. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies Accounting Standard Rules, 2006, the company has reviewed its Deferred Tax Assets (DTA) recognized upto 31st March, 2011 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 submitted to Hon'ble AAIFR as a part of Rehabilitation Scheme. Having regard to this and also considering the present market scenario of the Company's products, the Management expects that the Company will have sufficient taxable income as envisaged in the Financial projections against which aggregate DTA recognized as on balance sheet date would be realised.

Accordingly the Company has computed Deferred Tax Assets of ₹ **2774.86** Lacs and Deferred Tax Liabilities of ₹ **853.72** Lacs as on 31st March, 2011 on the following items of timing differences :

	<b>For the Year ended March 31,2011 ₹ In lacs</b>	<b>For Eighteen months ended March 31, 2010 ₹ In lacs</b>
<b>a. Deferred Tax Assets :</b>		
Accrued Expenses deductible on cash basis	<b>279.50</b>	853.70
Provision for Doubtful debts & advances	<b>190.09</b>	204.23
Unabsorbed Depreciation	<b>1,810.83</b>	1,416.41
Accumulated Business Losses	<b>494.45</b>	-
Deduction u/s 35D	<b>-</b>	23.24
Total	<b>2,774.86</b>	2,497.58
<b>b. Deferred Tax Liabilities:</b>		
Difference between WDV of fixed assets as per the Income-tax Act,1961 and the Companies Act, 1956	<b>853.72</b>	877.59
Total	<b>853.72</b>	877.59
<b>c. Net Deferred Tax Assets (a – b)</b>	<b>1,921.14</b>	1,619.99

12. **Earning Per Share:**

	<b>For the Year ended March 31,2011 ₹ In lacs</b>	For Eighteen months ended March 31, 2010 ₹ In lacs
a) Net Profit / (Loss) after Tax (' in lacs)	<b>(303.00)</b>	5,728.96
b) Total Weighted Average Number of Shares for Basic and Diluted Earning	<b>144,615,408</b>	144,615,408
c) Basic and Diluted Earning per share in rupees	<b>(0.21)</b>	3.96

13. The Company has only one business segment 'Cement / Clinker' as primary segment.

14. a. The aggregate sum of ₹ 247.23 lacs was spent towards a project reflected under Capital Work-in-progress (CWIP) inter alia, included therein cost of consultancy relating to project viability and mobilisation expenses for civil work to be carried out and pre-operative expenses. However, later on due to non- disbursal of loans by lenders and insufficient internal accrual, the project could not be pursued. Therefore, an impairment loss of ₹ 247.23 lacs as required under Accounting Standard 28 on "Impairment of Assets" is recognised in the Profit and Loss Account and reflected as a separate line item. Considering the present situation there is no value in use for the project.

b. In the earlier years certain modification in Preheater plant was abandoned and consequently an impairment loss of ₹ 418.47 lacs was recognised. During the year the same project was revived and completed and therefore, impairment loss of ₹ 418.47 lacs has been reversed and credited to Profit and Loss Account.

c. The net effect of ₹ 171.24 lacs of impairment gain on reversal and provision is included in Profit and Loss Account.

15. Current year's figures have been rearranged, regrouped and / or reclassified, wherever necessary. The figures of the current year are for the twelve months, and hence are not comparable with those of previous period, which is for eighteen months.

As per our Report of even date attached  
For **MANUBHAI & CO.**  
Chartered Accountants  
Firm registration no.106041W

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

Place : Mumbai  
Dated : May 3, 2011

For and on Behalf of the Board of Directors  
**Mr. Jay M. Mehta** *Executive Vice-Chairman*  
**Mr. P. K. Behl**  
**Mr. Bimal Thakkar**  
**Dr. (Ms) Kala S. Pant**  
**Mr. M.S. Gilotra** *Managing Director*  
**Mr. A. M. Fadia** *Director (Legal) & Co. Secretary*  
**Mr. V. R. Mohnot** *CFO*

Place : Mumbai  
Dated : May 3, 2011



## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.	2 2 4 5	State Code	0 4
Balance Sheet Date	3 1 0 3 1 1		
	Date Month Year		

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

Public Issue	N i l	Rights Issue	N i l
Bonus Issue	N i l	Private Placement	N i l

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

Total Liabilities	1 5 2 4 3 5 0	Total Assets	1 5 2 4 3 5 0
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#### Sources of Funds

Paid-up Capital	1 4 4 6 6 8 4	Advance Call Money	N i l
Share Application Money	N i l	Reserves & Surplus	2 6 9 5
Secured Loans	7 4 9 7 1	Unsecured Loans	N i l

#### Application of Funds

Net Fixed Assets	7 7 3 5 0 5	Investments	5 4
Net Current Assets	8 7 3 2 7	Misc. Expenditure	N i l
Deferred Tax Assets	1 9 2 1 1 4	Accumulated Losses	4 4 7 6 0 7

### IV. Performance of Company (Amount in ₹ Thousands)

Turnover	3 5 5 6 3 5 9	Total Expenditure	3 6 3 3 2 9 8
Profit before tax	- 5 9 8 1 5	Profit after tax	- 3 0 3 0 0
Basic Profit Per Share (₹)	- 0. 2 1	Dividend rate %	N i l

### V. Generic Names of Three Principal Products / Services Of Company (as per monetary terms)

Items Code No. (ITC Code)	2 5 2 3 2 9 0 1
Product Description	O R D I N A R Y P O R T L A N D C E M E N T
Item Code No. (ITC Code)	2 5 2 3 1 0 0 0
Product Description	C L I N K E R

As per our Report of even date attached  
For **MANUBHAI & CO.**  
Chartered Accountants  
Firm registration no.106041W

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

Place : Mumbai  
Dated : May 3, 2011

For and on Behalf of the Board of Directors  
**Mr. Jay M. Mehta** *Executive Vice-Chairman*  
**Mr. P. K. Behl**  
**Mr. Bimal Thakkar**  
**Dr. (Ms) Kala S. Pant**  
**Mr. M.S. Gilotra** *Managing Director*  
**Mr. A. M. Fadia** *Director (Legal) & Co. Secretary*  
**Mr. V. R. Mohnot** *CFO*

Place : Mumbai  
Dated : May 3, 2011





## GUJARAT SIDHEE CEMENT LIMITED

Registered Office: "Sidheegram", Off Veraval-Kodinar Highway - 362276 Dist. Junagadh (Gujarat)  
Share Department : N. K. Mehta International House, 178, Backbay Reclamation, Mumbai - 400 020

D. P. Id*	
Client Id*	

L. F. No.	
No. of Shares	

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 37th Annual General Meeting of the Company held at the Registered Office of the Company, "Sidheegram", Off Veraval-Kodinar Highway - 362276 Dist. Junagadh (Gujarat) at **10.00 a.m.** on **Wednesday the 27th July, 2011** 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.

#### NOTES:

- You are requested to sign and hand over this slip at the entrance to the Meeting Venue.
- 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)

(Tear Here)



## GUJARAT SIDHEE CEMENT LIMITED

Registered Office: "Sidheegram", Off Veraval-Kodinar Highway - 362276 Dist. Junagadh (Gujarat)  
Share Department : N. K. Mehta International House, 178, Backbay Reclamation, Mumbai - 400 020

D. P. Id*	
Client Id*	

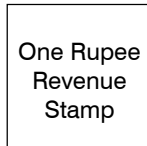
L. F. No.	
No. of Shares	

### 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 37th Annual General Meeting of the Company to be held at **10.00 a.m.** on **Wednesday the 27th July, 2011** and at any adjournment thereof.

Signed this .....day of....., 2011



Signature.....

\* Applicable for investors holding shares in Electronic form.

BOOK - POST

*If undelivered please return to :*

Gujarat Sidhee Cement Limited, Off Veraval - Kodinar Highway, Sidheeagram 362 276  
Tal: Sutrapada, Distt: Junagadh, Gujarat.