



Gujarat Sidhee Cement
Limited

38th ANNUAL REPORT 2011-2012



Board of Directors

As on 10.05.2012

Mr. M. N. Mehta

Chairman

Mr. Jay M. Mehta

Executive Vice Chairman

Mr. Sanat M. Mehta

Nominee of The Mehta International Limited

Mr. A. B. Shah

Nominee of GIIC Limited

Mr. M. S. Gilotra

Managing Director

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

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 Eighth Annual General Meeting of the Shareholders of the Company will be held on **Tuesday the 26th June 2012 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 31st March 2012 and the Statement of Profit & Loss 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. M. N. Mehta, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Bimal Thakkar, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Venkatesh Mysore, who retires by rotation, and being eligible, offers himself for reappointment.
5. 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 2012-13 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 ₹ 5,50,000/- (Rupees Five Lakhs, Fifty Thousand Only) per annum, plus Service Tax and reimbursement of travelling and out of pocket expenses actually incurred."

By Order of the Board of Directors

A. M. Fadia

Director (Legal) & Company Secretary

Place : Mumbai

Dated : May 10, 2012

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 June 2012, to Tuesday, the 26th June 2012 (both days inclusive) in connection with AGM.
4. The documents referred in the resolutions 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. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
8. 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.
9. In order to support the Green Initiative of the Government and to save paper and consequently forest, members are requested to please register **email ID** with your Depositories, with a copy to the company and to the Registrars & Transfer Agents M/s. Link Intime India Pvt Ltd whose e-mail addresses are given below, to enable the Company to send documents like Notice of Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc., through electronic mode for your convenience.

Company : aprao@mehtagroup.com
pralhad@mehtagroup.com
Registrars & Transfer Agents: sharad.patkar@linkintime.co.in

By Order of the Board of Directors

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

Place : Mumbai
Dated : May 10, 2012

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

DIRECTORS' REPORT

Dear Members,

The Directors present the 38th Annual Report along with the Audited Accounts and Auditors Report for the financial year ended 31st March, 2012

FINANCIAL RESULTS

The highlights of the financial results for the Financial Year ended 31st March 2012 are given below.

(Rs.in Million)

	Current Financial Year (2011-2012) (12 months)	Previous Financial Year (2010-2011) (12 months)
Sales & Other Receipts (Net of Excise)	4439.20	3556.36
Profit before Interest and Depreciation	206.93	3.08
Interest	28.61	25.54
Profit/(Loss) before Depreciation	178.32	(22.46)
Depreciation	61.38	55.08
Exceptional Items	-	(17.12)
Profit/(Loss) before Taxation	116.94	(60.42)
Income Tax / Fringe Benefit Tax / Wealth tax	-	-
Deferred Tax Adjustment	61.78	(30.11)
Profit/(Loss) after tax	55.16	(30.30)
Carried forward Loss of earlier years	(447.61)	(417.31)
Balance of Loss carried to Balance Sheet	(392.45)	(447.61)

YEAR UNDER REVIEW

The all India Cement consumption during the year under review was around 223 million tonnes, a growth of 7.4 percent compared to around 208 million tonnes during the previous year. The total installed capacity at the end of the year was around 300 million tonnes, an increase of about 5 percent from the previous year.

During the year ended March 2012, the Cement consumption in Gujarat was 18.1 million tonnes as compared to 16 million tonnes in the previous year ; a growth of 13.4 percent.

In Gujarat, capacity has increased by 2.4 million tonnes in the last two years and in the same period by around 5 million tonnes in Maharashtra and Rajasthan. The total installed capacity in Gujarat at the end of the year under review was around 24.8 million tonnes.

PERFORMANCE REVIEW

Production and Despatches

The production of Clinker and Cement for the year ended March 2012 was 1.27 million tonnes and 1.35 million tonnes against 1.16 millions and 1.21 million tonnes respectively in the previous year. The total sale of cement and clinker was 1.41 million tonnes as compared to 1.24 million tonnes in the previous year. The plant continue to operate at a capacity utilisation of over 100 percent.

Exports and Marketing

The Company's export of cement and clinker for the year ended March 2012 was 0.08 million tonnes as compared to 0.06 million tonnes in the previous year. Exports continued to be low on account of unremunerative prices and high cost of transportation to the available port.



Dividend

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

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 has therefore submitted proposal for modification in the sanctioned scheme to facilitate construction of jetty, reorganisation of existing share capital by de-rating of existing equity and issue of shares at par on preferential basis to the promoters/ its nominees / associates.

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 filed appeal before the Hon'ble AAIFR stating that the construction of jetty, which is critical element for sustained viability of the company, remains pending. The appeal has been heard and Order is reserved.

Government of Gujarat

Company's application pursuant to Government Resolution dated 15-7-2010 for relief and concessions and one time settlement is under consideration of the Government of Gujarat.

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. M. N. Mehta, Mr. Bimal Thakkar and Mr. Venkatesh Mysore 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 for financial year 2012-13.

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 (1B) 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. 52/56/CAB-2010 dated 30th June 2011 issued under Section 233-B of the Companies Act, 1956, M/s. M. Goyal & Co., Cost Accountants, have been appointed by the Board as Cost Auditor of the Company for the financial year 2012-13. Certificate of eligibility under Section 224 (1B) has been received.

Internal Audit

BDO Consulting Private Limited, have been appointed to carry out the Internal Audit of the Company for the Financial Year 2012-13.

Tax Audit

M/s. Manubhai & Co., Chartered Accountants, have been appointed to carry out the Tax Audit for the Assessment Year 2012-13.

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 10, 2012

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 period ended 31-03-2012.

A. CONSERVATION OF ENERGY :

a) Energy Conservation Measures Taken:

- I. Retrofit of Precalciner Fan with higher efficiency.
- II. Continuous activity of GLS lamp replacement with CFL lamps.
- III. Replacement of Booster Fan GRR with LRS.
- IV. Replacement of Kiln ESP Fan with higher efficiency.
- V. Identification & continuous usage of grinding aid to improve cement mill throughput.

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

1. Replacement of conventional Three channel kiln burner with advanced burner from Pillard.
2. Evaluation of energy audit to continue activity of VFD / MVD at implementation potential drives.
3. Commissioning of Waste Heat Recovery Project to gainfully utilise thermal energy for power generation.

c. Impact of the Measures 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

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans.

The Company is making efforts to export its products to East African countries, South Africa and Mozambique.

- (b) Total Foreign Exchange used and earned.

	Current Year 2011-12 (12 months) (₹ in lacs)	Previous Year 2010-11 (12 months) (₹in lacs)
Foreign Exchange earned	291.09	126.99
Foreign Exchange used	479.92	716.22

FORM -A (SEE RULE 2)

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

Sr. No.	Particulars	2011-12 12 months	2010-11 12 months
A	POWER & FUEL CONSUMPTION		
	1 Electricity		
	a) Purchased		
	Unit (Kwh) -Lacs	1230.61	1081.77
	Total Amount (Rs. in Lacs)	8614.34	6766.16
	Rate / Unit (Rs.)	7.00	6.25
	b) Own Generation		
	i. Through Diesel generation	0.00	1.67
	ii. Fuel Cost /Electricity Duty	0.00	16.04
	iii. Through Steam Turbine /Generator	Nil	Nil
	2 Coal & Other Fuel Used as Kiln/Fuel		
	Quantity (in Million K.Cal)	1044590	937363
	Total Cost (Rs.in Lacs)	12760.15	9709.70
	Average rate (Rs. in Million K.Cal)	1221.55	1035.85
	3 H.S.D. / L.D.O		
	Quantity in (K.Ltrs)	256.84	184.79
	Total Cost of (Rs. in lacs)	114.43	75.63
	Average rate (Rs. in K.Ltrs)	44551.98	40926.35
	4 Other /Internal Generation	Nil	Nil
B	CONSUMPTION PER UNIT OF PRODUCTION		
	Electricity (KWH/T.of Cement)*	89.26	86.62
	Diesel (Ltr /T.of Clinker)	0.20	0.16
	Coal /Lignite (K.Cal /Kg.of Clinker)	822	811
	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 material / mineralisers
- b. Identification & usage of grinding aids for cement grinding. This is continuous activity to improve properties & throughput.
- c. Test & trial to identify suitable combustion additive for kiln fuel.
- d. Identification of suitable fly ash from various sources.

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

Improved Kiln throughput & 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 improve collective efficiency
- c. Replacement of conventional three channel kiln burner with advanced Pillard Burner
- d. Replacement of existing Primary Air Fan with High pressure fan to accelerate flame momentous
- e. Replacement of existing Static Grate in Clinker Cooler with advanced Technology
- f. Identification of potential to connect VFD's / MVD's for energy efficiency

4. EXPENDITURE ON R & D:

(₹ in Lacs)

a. Capital	Nil
b. Recurring	Nil
c. Total	Nil
d. Total R & D expenditure as a percentage of total turnover	Nil

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Information regarding technology imported during the last five years:

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

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 31st March, 2012 are as follows :

2. BOARD OF DIRECTORS :

(i) Composition (As on 31.3.2012)

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 31st March, 2012 are given below. The attendance at the last Annual General Meeting held on 27th July, 2011 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	1	No.
4.	Mr. M. L. Tandon	Independent Director	4	1	No.
5.	Mr. S.V.S. Raghavan	Independent Director	4	1	No.
6.	Mr. PK. Behl	Independent Director	4	4	Yes *
7.	Mr. Bimal Thakkar	Independent Director	4	4	No
8.	Mr. Hemnabh Khatau	Independent Director	4	3	No
9.	Dr. (Ms) Kala S. Pant	Independent Director	4	4	No
10.	Mr. Venkatesh Mysore	Independent Director	4	3	No
11.	Mr. A. B. Shah	Non Executive Director – GIIC Nominee	4	3	No
12.	Mr. M.S. Gilotra	Managing Director	4	4	Yes

* as Alternate Chairman of the Audit Committee.

(ii) MEETINGS OF THE BOARD :

Four Board Meetings were held during the financial year ended 31.3.2012.

Sr.No.	Date of Board Meeting	Total strength of the Board	No. of Directors Present
1.	03.05.2011	12	5
2.	10.08.2011	12	9
3.	09.11.2011	12	10
4.	08.02.2012	12	10

(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 31.3.2012)	Chairman of the Board	Member of Committees	Chairman of Committees
Mr. M N Mehta	6	6	-	-
Mr. Jay M Mehta	7	-	1	-
Mr. Sanat Mehta	1	-	-	-
Mr. S V S Raghavan	1	-	1	-
Mr. M L Tandon	14	-	-	-
Mr. P K Behl	-	-	-	-
Mr. Bimal Thakkar	3	-	-	-
Mr. Hemnabh Khatau	6	-	-	-
Dr. (Ms) Kala S. Pant	1	-	1	1
Mr. Venkatesh Mysore	2	-	1	-
Mr. A. B. Shah	5	-	1	-
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 Committee, 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**Re-appointment:**

1. Mr. Mahendra N. Mehta, aged 80 years joined the Board on 7.12.1984. Mr. Mehta is an Industrialist. Mr. Mehta, NRI, who after schooling in India, joined the family business at the age of 19 in East Africa and has over five decades of entrepreneurial experience, heads the Mehta Group. Mr. Mehta is the motivating force behind the Group. Mr. Mehta is Chairman of the following companies.
 - Saurashtra Cement Limited.
 - Pranay Holdings Limited.
 - Prachit Holdings Limited.
 - Ria Holdings Limited.
 - Reeti Investments Limited.
 - Agrima Consultants International Ltd.

He is not holding any shares of the company.

2. Mr. Bimal Thakkar, aged 47 years, has done B.Com and Diploma in Exports and has also done a course in International Business and Marketing from Trade Development Institute of Ireland. He has over two decades of experience and is currently spearheading the ADF Group. He has been instrumental in expansion of the business and promoting the Company's products in international markets, development of Brands and creating new markets for the products in UK, USA, Gulf, Australia, Europe etc. He is Director of the following companies.
 - Saurashtra Cement Limited.
 - ADF Foods Limited.
 - ADF Foods (India) Limited.

He is not holding any shares of the Company.

3. Mr. Venkatesh Mysore, aged 54 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 to that he was with Metlife, USA for over 21 years. He is Director of the following companies.
 - Birla Sunlife Insurance Company Ltd.
 - Oberoi Realty Limited.

He is not holding any shares of the Company.

3. AUDIT COMMITTEE:

The Audit Committee of the Board 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 31st March 2012, four Audit Committee Meetings were held on 03.05.2011, 10.08.2011, 09.11.2011 and 08.02.2012. 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	1
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 27th July 2011.

4. 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, one meeting of Remuneration Committee was held on 9.11.2011.

(ii) DETAILS OF REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR 2011-12.

Executive Directors :

Name	Salary & Allowances (₹)	Contribution to PF/ Superannuation	Total (₹)
Mr. Jay M Mehta, Executive Vice Chairman	19,20,000	5,18,400	24,38,400
Mr. M.S.Gilotra, Managing Director	44,14,659	10,36,000	54,51,459

Non-Executive Directors :

The Directors were paid sitting fees of ₹20,000/- per meeting for attending the meetings 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	1	-	1	20,000
Mr. M. L. Tandon	1	2	3	60,000
Mr. S. V. S. Raghavan	1	1	2	60,000

Mr. P. K. Behl	4	5	9	1,80,000
Mr. Bimal Thakkar	4	4	8	1,60,000
Mr. Hemnabh Khatau	3	-	3	60,000
Dr. (Ms) Kala S. Pant	4	-	4	80,000
Mr. Venkatesh Mysore	3	-	3	60,000
Mr. A. B. Shah, GIIIC Nominee	3	-	3	60,000
Total				7,80,000

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

5. 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 03.05.2011, 10.08.2011, 09.11.2011 and 08.02.2012.

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. A. M. Fadia, Director (Legal) & Company Secretary, is the Compliance Officer.

During the year under report, the Company has received 9 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.

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

6. (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
2010-11	27.7.2011	10.00 a.m.	Registered Office at "Sidheegram" Off Veraval-Kodinar Highway, Pin Code 362 276, Dist. Junagadh	Nil
2008-10	4.9.2010	10.45 AM	-do-	
2007-08	5.3.2009	10.00 AM	-do-	Nil

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

(ii) Extraordinary General Meetings:

No Extraordinary General Meeting was held during the year.

(iii) Special Resolutions:

Nil

(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. 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 on the website of Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

12. GENERAL SHAREHOLDERS INFORMATION

i)	Audited results for the current Financial year ended 31 st March 2012.	10 th May, 2012	
ii)	Board Meeting for consideration of unaudited results for	Quarter I (ending 30.6.2011) Quarter II (ending 30.9.2011) Quarter III (ending 31.12.2011) Quarter IV (ending 31.3.2012)	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	Tuesday, the 26 th June, 2012	
iv)	Date of Book closure	Wednesday, the 20 th June, 2012 to Tuesday, the 26 th June, 2012 (both day 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 2012-13 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.Link Intime India Pvt Ltd." 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. No complaint is pending as on 31.3.2012 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 31st March, 2012 :

No. of equity shares held	No. of shareholders	%	No. of sharesheld	%
1 – 500	64102	74.71	14179983	9.81
501 – 1000	11455	13.35	10165311	7.03
1001 – 2000	5088	5.93	8327100	5.76
2001 – 3000	1695	1.98	4507513	3.12
3001 – 4000	727	0.85	2682715	1.86
4001 - 5000	911	1.06	4422734	3.05
5001 - 10000	976	1.14	7457568	5.15
10001 – above*	849	0.98	92872484	64.22
TOTAL	85803	100.00	144615408	100.00

* 200317 forfeited shares pending to be re-issued.

x) **Shareholders Profile as on 31st March 2012:**

Category	No. of shareholders	%	No. of sharesheld	%
Promoter Group Companies	18	0.02	51178915	35.39
Bodies Corporate	891	1.04	15396834	10.65
NRIs	638	0.75	1648507	1.14
FIs	11	0.01	92900	0.06
Financial Institutions	2	-	2500	-
Banks	7	0.01	3007158	2.08
Mutual Fund	7	0.01	125025	0.09
Foreign Company	1	-	657545	0.45
Overseas Corporate Bodies	2	-	44200	0.03
Indian Public	84226	98.16	72461824	50.11
Total	85803	100.00	144615408	100.00

xi) **Dematerialization of shares:**

As on 31st March 2012, 13,87,09,610 equity shares constituting 95.92% 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 2011 – 2012:**

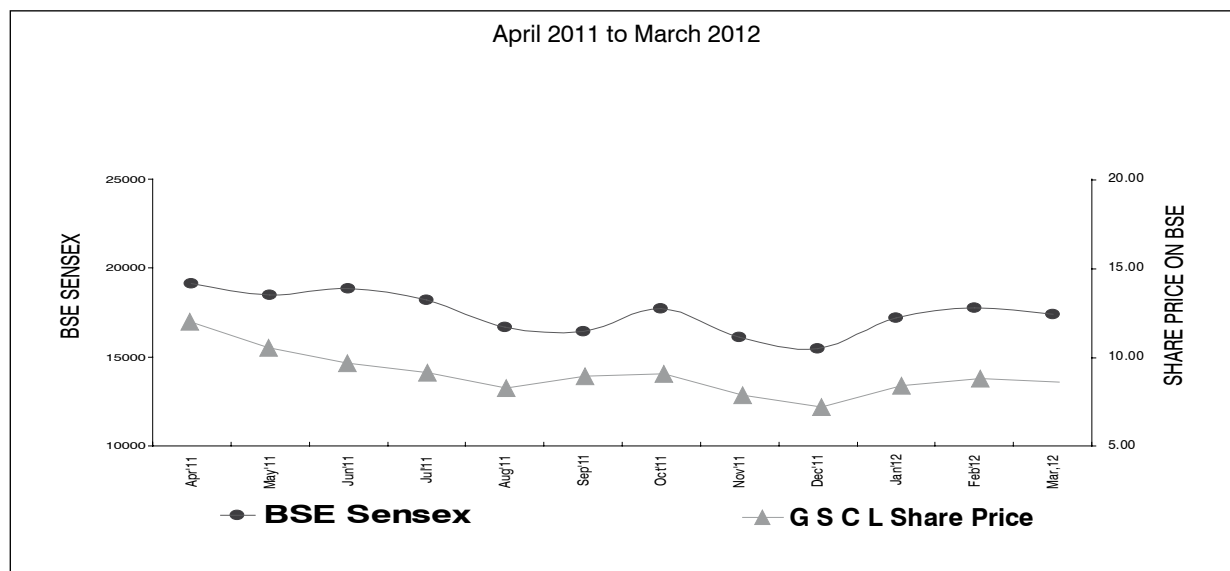
GSCL Price on BSE & NSE

(Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April 2011	15.45	11.05	15.50	10.30
May 2011	11.95	9.61	12.00	9.60
June 2011	10.80	9.00	10.80	9.05
July 2011	10.10	8.90	10.00	8.90
August 2011	9.30	7.55	9.45	7.55
September 2011	9.43	8.00	9.50	7.90
October 2011	9.24	8.20	9.40	8.30
November 2011	9.70	7.38	9.70	7.30
December 2011	8.34	7.00	8.95	7.00
January 2012	8.68	6.92	8.70	6.95
February 2012	10.05	8.05	10.50	8.05
March 2012	9.35	8.00	9.35	8.00

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 :

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

xv) Address for correspondence :

1. Registered Office is situated at “Sidheegram”, off Veraval-Kodinar Highway, Pin Code 362 276, Dist. Junagadh, Gujarat. Email id : sidhee-mum@mehtagroup.com
2. Corporate Office : N. K. Mehta International House, 2nd Floor,
178 Backbay Reclamation, Mumbai 400 020.
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 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 31st March 2012. 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.

Jay M. Mehta **M. S. Gilotra**
Executive Vice Chairman **Managing Director**

Place : Mumbai
Dated : May 10, 2012

Declaration of Compliance with the code of conduct.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March 2012.

On behalf of the Board of Directors.

Jay M. Mehta **M. S. Gilotra**
Executive Vice Chairman **Managing Director**

Place : Mumbai
Dated : May 10, 2012

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 31st March, 2012 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

Place: Mumbai
Dated: May 10, 2012

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

Annexure to Corporate Governance Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The all India cement consumption grew by 7.4 percent from around 208 million tonnes to 223 million tonnes during the year under review. At the same time, around 15 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 2.4 million tonnes as well as there is an increase in the capacity by 1.39 million tonnes in the State of 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 cement 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 additional 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 states is likely to continue at a healthy rate and would therefore give opportunities for growth in the cement industry.

Substantial 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 proposed captive jetty near the plant will provide 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 in 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

Company believes that it Human Resource is the most important resource and continues to work for its development. The Company continues to invest in upgrading the knowledge and skills of the employees. The Company is providing growth opportunities to internal talent by assigning them with higher responsibilities along with suitable exposure.

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.

For providing opportunities for open interaction, communication and feedback, we initiated 'Talk to Me' intervention at all locations. The feedback from the employees has helped us to improve human resource processes.

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 had 444 permanent employees as on 31.3.2012.

Corporate Social Responsibility.

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 nearby areas. The Company conducts 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, fuel, transport cost and availability, changes in Government regulations and tax structure, economic development in India.

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

On behalf of the Board of Directors.

Place : Mumbai

Dated : May 10, 2012

Jay M. Mehta
Executive Vice Chairman

M. S. Gilotra
Managing Director



AUDITOR'S REPORT

TO,
THE MEMBERS OF
GUJARAT SIDHEE CEMENT LIMITED

1. We have audited the attached Balance Sheet of GUJARAT SIDHEE CEMENT LIMITED ('the company) as at 31st March, 2012 and also the Statement of Profit and Loss 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) and related amendments 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:
 - a) 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;
 - b) 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.
 - c) The Balance Sheet and the statement of Profit & Loss dealt with by this report are in agreement with books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit & Loss 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.
 - e) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956;
 - f) 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. 35(a) regarding order of Hon'ble Appellate Authority for Industrial and Financial Reconstruction (AAIFR) being awaited in the appeal filed by the company against order of Hon'ble BIFR discharging the Company from its purview and note no 35 (b) regarding non provision of interest of ₹ 346.02 crores claimed by Gujarat Government with Hon'ble High Court for the reason 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:
 - i. in the case of balance sheet, of the state of affairs of the company as at 31st March, 2012;
 - ii. in the case of statement of profit & loss, of the profit for the year ended on that date; and
 - iii. 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

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

Place: Mumbai
Dated: May 10, 2012

ANNEXURE TO AUDITORS' REPORT

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

1. (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. (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) 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) 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 our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In 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. 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. Internal Audit has been carried out by an external agency. 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. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 related to the manufacture of cement, and are of the opinion that prima facie the prescribed accounts and records has been made and maintained.
9. (a) In our opinion and according to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income tax, wealth tax, investor education and protection fund, profession tax, royalty, cess and other material statutory dues applicable to it except there were some delays on few occasions in payment of Service Tax, Custom Duty, Sales Tax, Value added 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, 2012 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 (₹ Lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	36.42	1992-93	Customs, Excise & Service Tax Appellate Tribunal
Customs Act, 1962	Custom Duty	35.85	1995-96	Customs, Excise & Service Tax Appellate Tribunal
Customs Act, 1962	Custom Duty	0.62	2008-09	Customs, Excise & Service Tax Appellate Tribunal
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	59.17	2005-06	Commissioner of Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	407.83	2006-07	Commissioner of Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	184.61	2007-08	Commissioner of Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	188.49	2008-09	Commissioner, Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	384.47	2009-10	Commissioner, Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	390.49	2010-11	Commissioner, Central Excise
Central Excise / CENVAT Credit Rules, 2004	Service Tax	372.57	2011-12	Commissioner, Central Excise
Income Tax Act, 1961	Income Tax Deducted at Source	1.30	2007-08	Commissioner, Income Tax
Income Tax Act, 1961	Income Tax Deducted at Source	1.61	2009-10	Commissioner, Income Tax
Income Tax Act, 1961	Income Tax Deducted at Source	26.40	2010-11	Commissioner, Income Tax
Rajasthan Sales Tax Act, 1994	Sales Tax	24.73	1997-98	Rajasthan High Court
Gujarat Sales Tax Act, 1961	Sales Tax	60.60	2002-03	Jt. Commissioner Rajkot
Gujarat Sales Tax Act, 1961	Sales Tax	56.29	2003-04	Jt. Commissioner Rajkot
Gujarat Sales Tax Act, 1961	Sales Tax	21.65	2004-05	Jt. Commissioner Rajkot
Gujarat VAT Act, 2003	Sales Tax	224.59	2006-07	Tribunal, GVAT
Gujarat VAT Act, 2003	Sales Tax	87.25	2007-08	Tribunal, GVAT

10. 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 not incurred cash loss during the year; however there was cash loss in the immediately preceding financial year.
11. (a) 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 ₹ 38.30 Lacs towards principal and interest was outstanding as on 31st March, 2012.
- (b) In respect of term loans obtain from banks for purchase of vehicles, the company has not defaulted in repayment of dues to them.
12. 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 our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society as per the Chit Fund Act, 1982 and other state legislations. Hence, reporting requirement as per clause 4(xiii) is not applicable.
14. 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. Hence, reporting requirement as per clause 4(xiv) is not applicable.
15. In our opinion, the term loans have been applied for the purpose for which they were raised.
16. According to records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have not, prima facie, been used during the year for long term investment.
17. 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.
18. There are no debentures issued and outstanding during the year.
19. During the year, the Company has not raised money by public issue(s).
20. 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.

For MANUBHAI & CO.
CHARTERED ACCOUNTANTS
Registration No.: 106041W

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

Place: Mumbai
Dated: May 10, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(₹ in lacs)

PARTICULARS	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share Capital	2	14,466.84	14,466.84
(b) Reserves and surplus	3	(3,897.53)	(4,449.12)
		<u>10,569.31</u>	<u>10,017.72</u>
2) Non- current liabilities			
(a) Long-term borrowings	4	266.01	291.17
(b) Other long-term liabilities	5	485.07	490.07
(c) Long- term provisions	6	1,597.87	1,463.74
		<u>2,348.95</u>	<u>2,244.98</u>
3) Current liabilities			
(a) Short- term borrowings	7	389.91	264.33
(b) Trade payables	8	7,395.29	5,981.67
(c) Other current liabilities	9	2,762.22	3,325.15
(d) Short-term provisions	10	142.05	78.13
		<u>10,689.47</u>	<u>9,649.28</u>
TOTAL		<u>23,607.73</u>	<u>21,911.98</u>
II. ASSETS			
1) Non Current Assets			
a) Fixed Assets			
(i) Tangible assets	11	7,845.15	7,735.07
(ii) Capital work-in-progress	12	77.03	237.43
b) Non-current investments	13	0.14	0.54
c) Deferred tax assets (Net)	14	1,303.37	1,921.14
d) Long-term loans and advances	15	1,068.04	751.09
e) Other non-current assets	16	569.00	48.11
		<u>10,862.73</u>	<u>10,693.38</u>
2) Current Assets			
a) Inventories	17	5,556.79	4,741.67
b) Trade receivables	18	1,604.78	3,510.79
c) Cash and cash equivalents	19	3,131.07	1,202.93
d) Short-term loans and advances	20	2,358.39	1,744.09
e) Other current assets	21	93.97	19.12
		<u>12,745.00</u>	<u>11,218.60</u>
TOTAL		<u>23,607.73</u>	<u>21,911.98</u>

Significant Accounting Policies and Notes to Accounts

1 to 39

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
Date : May 10, 2012

For and on behalf of the Board of Directors
Jay M. Mehta *Executive Vice Chairman*
P. K. Behl
S. V. S. Raghavan
M. L. Tandon
Dr. (Ms) Kala S Pant
Hemnabh Khatau
Venkatesh Mysore
M. S. Gilotra *Managing Director*
A. M. Fadia *Director (Legal) & Co. Secretary*
V. R. Mohnot *CFO*

Place : Mumbai
Date : May 10, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Note No.	For the year 2011-12	For the year 2010-11
			(₹ in lacs)
1 Revenue from operations	22	48,777.72	39,121.42
Less : Excise Duty		4,882.01	4,100.12
		43,895.71	35,021.30
2 Other income	23	496.26	542.29
3 Total Revenue (1+2)		44,391.97	35,563.59
4 Expenses :			
a. Cost of material consumed	24	5,462.23	4,428.86
b. Changes in inventories of finished goods work-in-progress and stock-in-trade	25	(31.72)	(595.20)
c. Other manufacturing expenses	26	24,174.79	19,426.78
d. Employee benefits expenses	27	2,080.71	1,741.53
e. Finance cost	28	286.11	255.35
f. Depreciation and amortisation expenses	11	613.85	550.82
g. Selling & other expenses	29	9,005.33	8,982.42
h. Other expenses	30	1,631.31	1,548.42
Total Expenses		43,222.61	36,338.98
5 Profit / (Loss) before exceptional and extraordinary items and tax (3-4)		1,169.36	(775.39)
6 Exceptional items	31	-	(171.24)
7 Profit / (Loss) before tax (5-6)		1,169.36	(604.15)
8 Tax expense:			
a. Deferred Tax	14	617.77	(301.15)
9 Profit / (loss) for the period (7-8)		551.59	(303.00)
10 Earnings per equity share of Rs. 10 par value :			
Basic and Diluted - Rs. per share	32	0.38	(0.21)
Significant Accounting Policies and Notes to Accounts	1 to 39		

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
Date : May 10, 2012

For and on behalf of the Board of Directors
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Venkatesh Mysore
M. S. Gilotra *Managing Director*
A. M. Fadia *Director (Legal) & Co. Secretary*
V. R. Mohnot *CFO*

Place : Mumbai
Date : May 10, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	For the Year ended March 31, 2012 ₹ In Lacs	For the Year ended March 31, 2011 ₹ In Lacs
1 CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	1,169.36	(604.15)
Adjustments for		
Depreciation	613.85	550.82
Impairment	-	(171.24)
Interest	286.11	255.35
Loss of sale / discard of fixed assets	20.76	73.65
Profit on sale of fixed assets	(3.52)	(0.58)
Provision for doubtful debtors and advances (Net)	(109.04)	(14.98)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,977.52	88.87
Adjustments for		
Trade and other receivables	1,400.75	579.67
Inventories	(815.12)	156.46
Trade payable	1,048.75	1,801.60
CASH GENERATED FROM OPERATIONS	3,611.90	2,626.60
Interest paid	286.11	107.88
Direct taxes - Fringe Benefit tax	-	37.55
NET CASH FLOW FROM OPERATING ACTIVITIES	3,325.79	2,481.17
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(621.37)	(1,645.64)
Advance to parties for capital expenditure	(316.95)	483.84
Sale of fixed / discarded assets	40.98	91.52
NET CASH FLOW FROM INVESTING ACTIVITIES	(897.34)	(1,070.28)
3 CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings (Net)	95.42	244.77
Non-current Fixed deposits and interest accrued	(595.74)	(64.60)
Repayment of unsecured loans	-	(2,399.73)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(500.32)	(2,219.56)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,928.13	(808.67)
CASH AND CASH EQUIVALENTS AS ON 01.04.2011	1,202.94	2,011.61
CASH AND CASH EQUIVALENTS AS ON 31.03.2012	3,131.07	1,202.94

Notes :

1 Figures in brackets represent outflow.

2 Cash Equivalents includes ₹ 3129.69 lacs; Previous period ₹ 1200.78 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

For and on behalf of the Board of Directors
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A. M. Fadia
V. R. Mohnot

Managing Director
Director (Legal) & Co. Secretary
CFO

Place : Mumbai
Date : May 10, 2012

Place : Mumbai
Date : May 10, 2012

Note No. 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

1.1 Basis of Accounting :

The financial statements are prepared as under :

- (a) on the historical cost convention,
- (b) on a going concern basis,
- (c) in accordance with the generally accepted accounting principles,
- (d) on an accrual system of accounting,
- (e) in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 which have been prescribed by the Companies (Accounting Standards) Rules, 2006,

1.2 Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, the reported amounts of assets and liabilities and the disclosures of contingent liabilities as on the date of the financial statements. Examples of such estimates include useful life of Fixed Assets, provision for doubtful debts/ advances, deferred tax, etc. Actual results could differ from those estimates. Such difference is recognised in the year/s in which the results are known / materialised.

1.3 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.

- (a) Claim against Railways for shortages / damages for cement in transit
- (b) Insurance Claims
- (c) Scrap Sales
- (d) Octroi Refund Claims

1.4 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.

1.5 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.

1.6 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.

1.7 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.

1.8 Foreign Currency Transactions :

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 Statement of Profit & Loss.

1.9 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 Statement of Profit & Loss.

1.10 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 Standards) Rules, 2006.

1.11 Borrowing Cost :

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

1.12 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.

1.13 General :

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

	As at March 31, 2012 ₹ In Lacs	As at March 31, 2011 ₹ In Lacs
4 Long-term Borrowings		
a) Term loans		
Secured	99.82	118.80
(i) Banks	166.19	172.37
(ii) Other parties	<u>266.01</u>	<u>291.17</u>
Term loans from banks and other parties in respect of finance availed for purchase of vehicles are secured by hypothecation of vehicles financed by them. The Loans are repayable in monthly equated installments over 3 to 5 years.		
5 Other Long-term Liabilities		
a) Deposits	485.07	490.07
	<u>485.07</u>	<u>490.07</u>
6 Long-term provisions		
a) Provision for employee benefits.		
(i) Leave Encashment	148.08	133.47
(ii) Gratuity	443.05	370.89
b) Others	1,006.74	959.38
	<u>1,597.87</u>	<u>1,463.74</u>

The Company's gratuity plan and leave encashment are not funded. The following table sets out the status of the gratuity plan and Leave Encashment as required under Accounting Standard 15 "Employee Benefits" 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, 2012		For the Year ended March 31, 2011	
	Gratuity ₹ in lacs	PL Encashment ₹ in lacs	Gratuity ₹ in lacs	PL Encashment ₹ in lacs
Present Value of Obligation as at the beginning of the year	410.29	166.19	393.05	166.63
Current Service Cost	105.19	58.05	87.70	49.21
Interest Cost	36.12	14.98	31.65	13.19
Actuarial (gain) / Loss on obligations	(31.25)	19.21	(62.64)	(18.22)
Benefits paid	(27.18)	(26.78)	(39.47)	(44.62)
Present value of Obligation as at the end of the year	493.17	231.65	410.29	166.19

II The amount recognised in balance sheet:

Present value of Obligation as at the end of the year	493.17	231.65	410.29	166.19
Fair Value of Plan Assets at the end of the year	-	-	-	-
Net Liability recognized in Balance sheet	493.17	231.65	410.29	166.19

Particulars	For the Year ended March 31, 2012		For the Year ended March 31, 2011	
	Gratuity	PL Encashment	Gratuity	PL Encashment
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
III Amount recognised in Profit and Loss Account:				
Current Service Cost	105.19	58.05	87.70	49.21
Interest Cost	36.12	14.98	31.65	13.19
Net Actuarial (gain) / Loss recognised in the year	(31.25)	19.21	(62.64)	(18.22)
Expenses Recognized in the statement of Profit & Loss	110.06	92.24	56.71	44.18

IV Assumptions:

Mortality Table	1994-96	1994-96	1994-96	1994-96
Discount Rate	8.50%	8.50%	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

7 Short-term borrowings	As at March 31, 2012	As at March 31, 2011
	₹ In Lacs	₹ In Lacs
(a) Loans repayable on demand - Secured :		
(i) Banks	389.91	264.33
	<u>389.91</u>	<u>264.33</u>

The overdraft from bank is secured against pledge of FDRs of ₹ 1074.52 lacs (previous year ₹ 356.96 lacs) and payable on demand.

8 Trade Payables	As at March 31, 2012	As at March 31, 2011
	₹ In Lacs	₹ In Lacs
(a) Trade Payable	7,395.29	5,981.67
	<u>7,395.29</u>	<u>5,981.67</u>

(i) Trade payables include ₹ NIL (Previous year ₹ NIL) due to creditors registered with the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

(ii) No interest is paid / payable during the year to Micro, Small and Medium Enterprises.

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

	As at March 31, 2012	As at March 31, 2011
	₹ In Lacs	₹ In Lacs
9 Other Current Liabilities		
a) Current maturities of long-term debt		
(i) Financial Institutions	11.59	11.59
(ii) Banks	115.72	109.73
(iii) Others	64.67	50.00
b) Interest accrued and due on borrowings from a Financial Institution	26.72	22.89
c) Advance from customers	1,660.28	1,763.37
d) Statutory dues	683.50	1,152.66
e) Other liabilities	199.74	214.91
	<u>2,762.22</u>	<u>3,325.15</u>

- (i) Term loan of ₹ 11.59 lacs from a Financial Institution shown under Current maturities of long-term debts is secured by first mortgage on all movable and immovable assets of the Company, both present and future. The balance is under reconciliation and payable immediately after reconciliation.

	As at March 31, 2012	As at March 31, 2011
	₹ In Lacs	₹ In Lacs
10 Short-term provisions		
a) Provision for Gratuity- Current *	50.12	39.41
b) Provision for Leave encashment - Current *	83.57	32.72
c) Others	8.36	6.00
	<u>142.05</u>	<u>78.13</u>

* see note no. 6

NOTES TO BALANCE SHEET :
Note No. 11 - Tangible assets

Particulars	Gross Block at Cost		Depreciation and Impairment		Net Block		
	As at April 1, 2011	As at March 31, 2012	Up to April 1, 2011	For the year Adjustments/ Deductions	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
(a) Land							
* Freehold	222.59	-	-	-	-	222.59	222.59
* Leasehold	5.45	-	-	-	-	5.45	5.45
(b) Buildings	3,642.20	15.20	1,860.67	100.60	1,961.27	1,696.13	1,781.53
(c) Plant and Equipment	18,486.63	348.81	14,427.01	327.38	14,754.39	4,081.05	4,059.62
(d) Furniture and Fixtures	782.92	139.82	361.68	40.48	401.30	520.52	421.24
(e) Vehicles	1,097.13	198.24	173.76	102.39	227.45	964.05	923.37
(f) Computers	352.54	51.23	298.58	22.02	299.06	80.64	53.96
(g) Office equipment	476.57	28.47	209.30	20.97	222.02	274.71	267.27
(h) Railway Sidings	70.61	-	70.61	-	70.61	-	-
Total	25,136.65	781.77	17,401.61	613.85	17,936.10	7,845.15	7,735.05
Previous Year	23,539.84	1,866.82	16,956.15	550.82	17,401.61	7,735.05	

Note No. 12 - Capital work in progress

Particulars	Gross Block at Cost		Impairment		Net Block		
	As at April 1, 2011	As at March 31, 2012	Up to April 1, 2011	For the year Adjustments/ Deductions	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
Current Year	484.66	123.29	247.23	-	247.23	77.03	237.43
Previous Year	287.37	1,154.93	-	247.23	-	237.43	

	As at March 31, 2012	As at March 31, 2011
	₹ In Lacs	₹ In Lacs
13 Non-current investments		
Investments in Government securities (at cost)		
6 Years National Savings Certificates	0.14	0.54
(Kept as security deposit with Government authorities)		
	<u>0.14</u>	<u>0.54</u>

14 Deferred Tax Asset

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, 2012 and has also, in terms of paragraphs 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 ₹ **2237.52** Lacs and Deferred Tax Liabilities of ₹ **934.15** Lacs as on 31st March, 2012 on the following items of timing differences :

	As at March 31, 2012	As at March 31, 2011
	₹ In Lacs	₹ In Lacs
a. Deferred Tax Assets :		
Accrued Expenses deductible on cash basis	410.81	279.50
Provision for Doubtful debts & advances	155.82	190.09
Unabsorbed Depreciation	1,343.95	1,810.82
Accumulated Business Losses	326.94	494.45
Total	<u>2,237.52</u>	<u>2,774.86</u>
b. Deferred Tax Liabilities:		
Difference between WDV of fixed assets as per the Income-tax Act, 1961 and the Companies Act, 1956	934.15	853.72
Total	<u>934.15</u>	<u>853.72</u>
c. Net Deferred Tax Assets (a – b)	<u>1,303.37</u>	<u>1,921.14</u>

		As at March 31, 2012	As at March 31, 2011
		₹ In Lacs	₹ In Lacs
15	Long-term loans and advances		
	(a) Capital Advances, considered good	110.76	97.22
	(b) Security Deposits, considered good	893.82	628.03
	(c) Other loans and advances		
	(i) Considered Good	63.46	25.84
	(ii) Considered Doubtful	323.92	323.92
	Less : Provision for Doubtful Advance	<u>(323.92)</u>	<u>(323.92)</u>
		<u>1,068.04</u>	<u>751.09</u>
16	Other non-current assets		
	(a) Fixed deposits with bank maturing after 12 months	569.00	48.11
	Of the above fixed deposits of ₹ 468.65 lacs (previous year ₹ 47.74 lacs) kept as margin money against guarantees issued by the banks.		
		<u>569.00</u>	<u>48.11</u>
17	Inventories (at lower of cost or net realisable value)		
	(a) Raw materials	266.71	68.48
	(b) Work-in-progress	1,165.74	1,384.28
	(c) Finished goods	744.03	493.77
	(d) Stores and spares	3,380.31	2,795.14
		<u>5,556.79</u>	<u>4,741.67</u>
18	Trade Receivables (unsecured)		
	(a) Outstanding for a period exceeding 6 months - considered good	379.11	791.34
	(b) Others - considered good	1,225.67	2,719.45
	(c) Doubtful	148.78	257.99
		<u>1,753.56</u>	<u>3,768.78</u>
	Less : Provision for Doubtful Debts	148.78	257.99
		<u>1,604.78</u>	<u>3,510.79</u>

	As at March 31, 2012 ₹ In Lacs	As at March 31, 2011 ₹ In Lacs
19 Cash and Bank Balances		
(a) Cash and cash equivalent		
(i) Balances with banks in current and fixed deposits	3,029.45	1,200.68
(ii) Cash on hand	1.38	2.15
	<u>3,030.83</u>	<u>1,202.83</u>
(b) Other Bank Balances		
(i) Fixed Deposits with Banks held as margin money against guarantees	100.24	0.10
	<u>3,131.07</u>	<u>1,202.93</u>
20 Short-term loans and advances	As at March 31, 2012 ₹ In Lacs	As at March 31, 2011 ₹ In Lacs
(a) Unsecured, Considered Good		
(i) Taxes paid in advance	97.66	68.83
(ii) Advance against purchase of Stores and Spare	132.70	122.56
(iii) Security Deposit with Gujarat State Financial Services Ltd	1,000.00	1,000.00
(iv) Inter-corporate Deposit	30.00	30.00
(v) Advance Excise Duty	0.21	0.21
(vi) Others	1,097.82	522.49
(b) Unsecured, Considered Doubtful		
(i) Advance against purchase of Stores and Spare	4.14	3.97
	<u>2,362.53</u>	<u>1,748.06</u>
Less : Provision for Doubtful Advance	4.14	3.97
	<u>2,358.39</u>	<u>1,744.09</u>
21 Other current assets	For the year 2011-12 ₹ In Lacs	For the year 2010-11 ₹ In Lacs
(a) Interest accrued but not due on Fixed Deposits with banks and others	93.97	19.12
	<u>93.97</u>	<u>19.12</u>
22 Revenue from Operations :	For the year 2011-12 ₹ In Lacs	For the year 2010-11 ₹ In Lacs
(a) Sale of products;		
i) Cement	47,268.86	38,156.53
ii) Clinker	1,271.93	731.67
(b) Other operating revenues		
i) Sale of other products / scrap	226.01	229.95
ii) Export Entitlement	10.92	3.27
	<u>48,777.72</u>	<u>39,121.42</u>
Less:		
(c) Excise duty	4,882.01	4,100.12
	<u>43,895.71</u>	<u>35,021.30</u>

		For the year 2011-12	For the year 2010-11
		₹ In Lacs	₹ In Lacs
23	Other Income		
	a) Interest Income	144.20	76.86
	b) Insurance claim	16.39	182.74
	c) Profit on sale of fixed assets	3.52	0.58
	d) Excess provision written back	161.09	158.91
	e) Sundry creditors written back	24.25	32.05
	f) Provision for doubtful debts written back	105.61	14.19
	g) Miscellaneous Income	41.20	76.96
		<u>496.26</u>	<u>542.29</u>
		For the year 2011-12	For the year 2010-11
		₹ In Lacs	₹ In Lacs
24	Cost of material consumed		
	(a) Raw materials consumed		
	i) Limestone and Marl excavated by the Company	-	-
	ii) Gypsum	861.46	620.72
	iii) Flyash	484.95	531.19
	iv) Others	325.38	265.12
		<u>1,671.79</u>	<u>1,417.03</u>
	(b) Royalty, Cess and Limestone raising cost		
	i) Limestone raising and Transportation	1,013.95	828.40
	ii) Royalty	919.76	808.52
	iii) Welfare cess	18.35	16.14
		<u>1,952.06</u>	<u>1,653.06</u>
	(c) Packing material consumed	1,838.38	1,358.77
	(d) Total material consumed	<u>5,462.23</u>	<u>4,428.86</u>
		For the year 2011-12	For the year 2010-11
		₹ In Lacs	₹ In Lacs
25	Change in inventories of finished goods, work-in-progress and stock in trade		
	a) Opening stock of inventories	1,878.05	1,282.85
	b) Closing Stock of inventories	1,909.77	1,878.05
	Increase / Decrease in inventories	<u>(31.72)</u>	<u>(595.20)</u>

	For the year 2011-12	For the year 2010-11
	₹ In Lacs	₹ In Lacs
26 Other manufacturing expenses		
a) Power and fuel	21,374.48	16,491.88
b) Stores and spares consumed	1,960.61	1,968.00
c) Repair and maintenance*	733.09	880.27
d) Insurance	106.61	86.63
	<u>24,174.79</u>	<u>19,426.78</u>
*Repairs and maintenance		
a) Repairs to buildings.	17.19	42.20
b) Repairs to machinery.	464.84	575.68
c) Others	251.06	262.39
	<u>733.09</u>	<u>880.27</u>
	For the year 2011-12	For the year 2010-11
	₹ In Lacs	₹ In Lacs
27 Employee Benefits Expense		
a) Salaries and wages	1,849.93	1,533.84
b) Contribution to provident and other funds	144.90	126.28
c) Staff welfare expense	85.88	81.41
	<u>2,080.71</u>	<u>1,741.53</u>
	For the year 2011-12	For the year 2010-11
	₹ In Lacs	₹ In Lacs
28 Finance Cost		
a) Interest expense	286.11	255.35
	<u>286.11</u>	<u>255.35</u>
	For the year 2011-12	For the year 2010-11
	₹ In Lacs	₹ In Lacs
29 Selling and other expenses		
Freight	7,398.91	7,632.85
Commission and discounts	736.06	579.78
Selling expenses	870.36	769.79
	<u>9,005.33</u>	<u>8,982.42</u>

		For the year 2011-12	For the year 2010-11
		₹ In Lacs	₹ In Lacs
30	Other expenses		
	a) Rent	156.09	118.59
	b) Rates and taxes	26.41	33.65
	c) Payment to auditors*	5.15	5.94
	d) Directors' sitting fees	7.40	5.80
	e) Loss on sale/discard of assets	20.76	73.65
	f) Bad Debts written off	98.01	11.40
	g) Wealth Tax	7.50	6.00
	h) Travelling and conveyance expenses	334.22	475.50
	i) Exchange rate fluctuation (Net)	189.38	4.18
	j) Legal and professional expenses	219.14	266.34
	k) Miscellenous Expenses	567.25	547.37
		1,631.31	1,548.42
	* Payments to the auditors		
	a) For statutory audit	4.25	4.25
	b) For Other services	0.90	1.65
	c) For reimbursement of expenses	-	0.04
		5.15	5.94
		For the year 2011-12	For the year 2010-11
		₹ In Lacs	₹ In Lacs
31	Exceptional Items		
	a) Impairment loss in respect of a project reflected under Capital Work in progress	-	247.23
	b) Reversal of impairment loss in respect of Preheater plant	-	(418.47)
	c) The net effect of impairment gain on reversal and provision is included in Statement of Profit and Loss	-	(171.24)

	For the year 2011-12	For the year 2010-11		
32 Earning Per Share:				
a) Net Profit / (Loss) after Tax (₹ in lacs)	551.59	(303.00)		
b) Total Weighted Average Number of Shares for Basic and Diluted Earning	144,615,408	144,615,408		
c) Basic and Diluted Earning per share in rupees	0.38	(0.21)		
	For the year 2011-12	For the year 2010-11		
33 a) Value of imports calculated on C.I.F. basis by the company during the financial year in respect of	₹ In Lacs	₹ In Lacs		
i) Components and spare parts	319.22	434.05		
ii) Capital goods	57.69	125.22		
b) Expenditure in foreign currency during the financial year on account of				
i) Professional and Consultation fees	20.67	25.37		
ii) Others	82.34	131.58		
c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption.				
	₹ In Lacs	Percentage	₹ In Lacs	Percentage
i) Imported	289.09	14.74	553.84	28
ii) Indigenous	1,671.52	85.26	1,414.16	72
	<u>1,960.61</u>	<u>100.00</u>	<u>1,968.00</u>	<u>100</u>
d) Earnings in foreign exchange classified under the following heads				
	₹ In Lacs	₹ In Lacs		
i) Export of goods calculated on F.O.B. basis	291.09	126.99		

		For the year 2011-12	For the year 2010-11
34	Contingent liabilities and commitments	₹ In Lacs	₹ In Lacs
	(to the extent not provided for)		
	a) Contingent liabilities		
	(i) Claims against the company not acknowledged as debt	974.97	1,341.38
	(ii) Other money for which the company is contingently liable - Matter under dispute		
	- Excise duty	38.00	38.00
	- Customs	41.75	37.09
	- Service Tax	1,358.54	860.74
	- Rajasthan Sales Tax	24.73	24.73
	- Gujarat Sales Tax	138.55	138.55
	- Gujarat VAT	311.84	224.59
	- Income-tax TDS	29.31	1.30
	- Octroi	51.90	51.90
	b) Commitments		
	i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 166.72 lacs; previous year Rs. 172.06 lacs)	185.71	111.87
	(ii) Other commitments	Nil	Nil
35	(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. 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 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 order for the said appeal is awaited.		
	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.		

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

37 **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 Holdings 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) Hopgood Investments Ltd.
- 14) Treasurer's Trading Limited
- 15) Gujarat Industrial Investment Corp. Ltd.
- 16) Industrial Construction Limited (holding company of Sr. No. 9)
- 17) Sampson Limited (holding company of Sr. No. 6)
- 18) Clarence Investments Limited (subsidiary of Sr. No. 11)
- 19) Glenn Investments Limited (subsidiary of Sr. No. 11)
- 20) Aber Investment Limited (subsidiary of Sr. No. 11)
- 21) Monza Limited (subsidiary of Sr. No. 11)

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

	For the Year 2011- 2012	For the Year 2010 - 2011
b) Name of Key Management Personnel :		
1 Mr. Jay Mehta	Executive Vice Chairman	
2 Mr. M. S. Gilotra	Managing Director	
c) Name of a company in which policies are controlled by common key management personnel:		
Saurashtra Cement Limited		

	₹ In Lacs	₹ In Lacs
1) Remuneration to Mr. Jay Mehta	24.38	24.38
2) Remuneration to Mr. M S Gilotra	54.51	22.86
3) Particulars of transactions with Saurashtra Cement Ltd. The transactions are disclosed in aggregate value for the year:		
	₹ In Lacs	₹ In Lacs
Purchase of Goods & materials	83.90	94.83
Sale of Goods & materials	1912.20	1,243.23
Services received / rendered (Net)	(2.05)	87.11
Outstanding Receivable	28.05	1,399.61

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

39 Till the year ended March 31, 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

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
Date : May 10, 2012

For and on behalf of the Board of Directors
Jay M. Mehta *Executive Vice Chairman*
P. K. Behl
S. V. S. Raghavan
M. L. Tandon
Dr. (Ms) Kala S Pant
Hemnabh Khatau
Venkatesh Mysore
M. S. Gilotra *Managing Director*
A. M. Fadia *Director (Legal) & Co. Secretary*
V. R. Mohnot *CFO*

Place : Mumbai
Date : May 10, 2012

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FORM OF PROXY



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 38th 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 **Tuesday**, the **26th June, 2012** 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



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

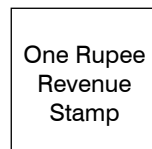
D. P. Id*	
Client Id*	

L.F. No.	
No. of Shares	

I/Weof
 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 38th Annual General Meeting of the Company to be held at **10.00 a.m.** on **Tuesday**, the **26th June, 2012** and at any adjournment thereof.

Signed this day of, 2012



Signature

* Applicable for investors holding shares in Electronic form

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BOOK-POST

If undelivered please return to:

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