



# GUJARAT SIDHEE CEMENT LIMITED



*Annual Report 1997 - 98*







## Gujarat Sidhee Cement Limited

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

### NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of the Company will be held on Wednesday the 30th September 1998, at 10.00 A.M at the Registered Office of the Company at "Sidheegram", Off Veraval-Kodinar Highway, Pin 362 276, Dist. Junagadh, Gujarat to transact the following business :

#### ORDINARY BUSINESS :

1. To receive and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 1998 and Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Shri Sanat Mehta who retires by rotation, but being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Martin M. Kristensen who retires by rotation, but being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S.V.S. Raghavan who retires by rotation, but being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri M.R. Gami who retires by rotation, but being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company to hold office from conclusion of this meeting until conclusion of next Annual General Meeting of the Company and fix their remuneration.

#### SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Peter Gorm Christiansen, who was appointed as a Director of the Company by the Board of Directors in the casual vacancy and who, in terms of Section 262 of the Companies Act, 1956, holds such office until this Annual General Meeting be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri Rajesh Kishore, IAS who was appointed as a Director of the Company by the Board of Directors in the casual vacancy and who, in terms of Section 262 of the Companies Act, 1956, holds such office until this Annual General Meeting be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri A. Datta who was appointed as a Director of the Company by the Board of Directors in the casual vacancy and who, in terms of Section 262 of

the Companies Act, 1956, holds such office until this Annual General Meeting be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri S.K. Shelat, IAS who was appointed as an additional Director of the Company by the Board of Directors and who, in terms of Section 260 of the Companies Act, 1956, holds such office until this Annual General Meeting be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors

**GAURANG SHAH**  
Company Secretary

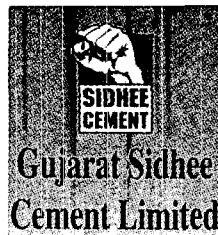
MUMBAI, Dated : 14.8.98

#### 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. The Explanatory Statement as required under Section 173 of the Companies Act, 1956 setting out material facts in respect of the business under item Nos. 7 to 10 is annexed hereto.
3. The Share Transfer Books and Register of Members of the Company shall remain closed on 30.9.98 in connection with AGM.
4. Members who have multiple account 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.
5. Members are requested to inform the Company of any change in their address immediately so as to enable the Company to send any future communication at their correct address.
6. Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO. 7

Shri Peter Gorm Christiansen was appointed as a Director of the Company on 2.5.97 by the Board of Directors of the Company in the casual vacancy arising out of the withdrawal of the nomination of Shri Paul Juel Jensen by F.L. Smidth & Co. A/S. According to the provisions of Section 262 of the Companies Act, 1956 he

holds office as Director only up to the date of the ensuing Annual General Meeting. As per the provisions of Section 257 of the Act, notice has been received from a member signifying his intention to propose appointment of Shri Peter Gorm Christiansen as a Director along with a deposit of Rupees Five Hundred. The Board considers it desirable that the Company should continue to avail itself of his services as a Director of the Company.

The Resolution is, therefore, recommended to the Members for their approval.

Except Shri Peter Gorm Christiansen, none of the other Directors is interested in this Resolution.

### ITEM NO. 8

Shri Rajesh Kishore, IAS was appointed as a Director of the Company on 2.5.97 by the Board of Directors of the Company in the casual vacancy arising out of the withdrawal of the nomination of Shri Chaman Kumar by the GLIC/ Government of Gujarat. According to the provisions of Section 262 of the Companies Act, 1956, he holds office as Director only up to the date of the ensuing Annual General Meeting. As per the provisions of Section 257 of the Act, notice has been received from a member signifying his intention to propose appointment of Shri Rajesh Kishore, IAS as a Director along with a deposit of Rupees Five Hundred. The Board considers it desirable that the Company should continue to avail itself of his services as a Director of the Company.

The Resolution is, therefore, recommended to the Members for their approval.

Except Shri Rajesh Kishore, IAS, none of the other Directors is interested in this Resolution.

### ITEM NO. 9

Shri A. Datta was appointed as a Director of the company on 2.5.97 by the Board of Directors of the Company in the casual vacancy arising out of the withdrawal of the nomination of Shri S. Krishnamurthy by the State Bank

of India. According to the provisions of Section 262 of the Companies Act, 1956 he holds office as Director only upto the date of the ensuing Annual General Meeting. As per the provisions of Section 257 of the Act, notice has been received from a member signifying his intention to propose appointment of Shri A. Datta as a Director along with a deposit of Rupees Five Hundred. The Board considers it desirable that the Company should continue to avail itself of his services as a Director of the Company.

The Resolution is, therefore, recommended to the Members for their approval.

Except Shri A. Datta, none of the other Directors is interested in this Resolution.

### ITEM NO. 10

Shri S.K. Shelat, IAS was appointed as an additional Director of the Company on 19.11.97 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as Director only up to the date of the ensuing Annual General Meeting. As per the provisions of Section 257 of the Act, notice has been received from a member signifying his intention to propose appointment of Shri S.K. Shelat, IAS as a Director along with a deposit of Rupees Five Hundred. The Board considers it desirable that the Company should continue to avail itself of his services as a Director of the Company.

The Resolution is, therefore, recommended to the Members for their approval.

Except Shri S.K. Shelat, IAS, none of the other Directors is interested in this Resolution.

By Order of the Board of Directors

**GAURANG SHAH**  
Company Secretary

MUMBAI, Dated : 14.8.98

### Registered Office :

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



## Gujarat Sidhee Cement Limited

Registered Office & Works : "Sidheeagram", Off Veraval-Kodinar Highway  
Pin 362 276, Dist. Junagadh, Gujarat

L.F.No.	
No. of Shares held	

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 25th Annual General Meeting of the Company held at the Registered Office of the Company at "Sidheeagram", Off. Veraval - Kodinar Highway, Dist. Junagadh (Gujarat) at 10 a.m. on Wednesday the 30th September, 1998.

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

#### NOTE :

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

(Tear here)



## Gujarat Sidhee Cement Limited

Registered Office & Works : "Sidheeagram", Off Veraval-Kodinar Highway  
Pin 362 276, Dist. Junagadh, Gujarat

L.F.No.	
No. of Shares held	

### FORM OF PROXY

I/We ..... of .....

in the district of ..... being a Member/Members of Gujarat Sidhee Cement Limited

hereby appoint ..... of .....

in the district of ..... or failing him .....

of ..... in the district of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday, the 30th September, 1998 at 10 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 1998

30 Paise  
Revenue  
Stamp

Signature .....



**CHANGE OF ADDRESS**

THE CORPORATE & SHARE DEPARTMENT OFFICES OF  
**GUJARAT SIDHEE CEMENT LIMITED**

*HAVE BEEN SHIFTED TO :*

AGRIMA BUSINESS CENTRE,  
3RD FLOOR, N. K. MEHTA INTERNATIONAL HOUSE,  
178, BACKBAY RECLAMATION, MUMBAI - 400 020.

**TELEPHONE : 202 6513, 287 1130, 287 1131**

**FAX : 2048122**

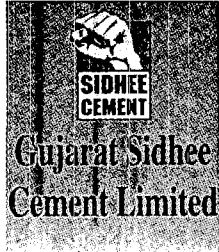
**Board of Directors**

As on 30.4.1998

**Shri M. N. Mehta***Chairman***Shri Sanat Mehta****Shri Jay Mehta****Shri S.K. Shelat, IAS****Shri Rajesh Kishore, IAS****Shri M.R. Gami****Shri Peter Gorm Christiansen***F.L. Smidth & Co. A/S, Denmark, Nominee***Shri Martin M. Kristensen***Industrialization Fund For Developing Countries, Denmark, Nominee***Shri K. Lalit****Shri M.L. Tandon****Shri A.R. Gandhi****Shri S.V.S. Raghavan****Shri R.K. Bhargava***IDBI Nominee***Shri G.A. Bhimnathwala***ICICI Nominee***Shri K.K. Bhatnagar***IFCI Nominee***Shri Manish Bahl***LIC Nominee***Shri A. Datta***SBI Nominee***Shri A. P. Saxena***Special Director, BIFR***Shri I.K. Agarwal***Managing Director***Shri A.K. Joshi***Executive Director (Finance)*

MD	✓		BKC	✓
CS	✓		DPY	MA
RO	✓		DIV	MA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

**COMPANY SECRETARY****Shri Gaurang Shah****BANKERS****State Bank of India****Dena Bank****State Bank of Travancore****State Bank of Bikaner & Jaipur****State Bank of Patiala****Union Bank of India****State Bank of Saurashtra**

**AUDITORS**

Messrs. Manubhai & Co.  
Chartered Accountants  
Ahmedabad.

**REGISTERED OFFICE & WORKS**

"Sidheegram"  
Off. Veraval - Kodinar Highway  
Pin Code 362 276  
District Junagadh  
Gujarat.

**CORPORATE OFFICE & SHARE DEPARTMENT**

Agrima Business Centre  
3rd Floor, N.K. Mehta International House  
178 Backbay Reclamation  
Mumbai - 400 020.

**MEMBERS OF THE MANAGEMENT COMMITTEE****As on 30.4.1998**

Shri M.N. Mehta	<i>Chairman</i>
Shri R.K. Bhargava	
Shri A.P. Saxena	
Shri I.K. Agarwal	<i>Managing Director</i>
Shri A.K. Joshi	<i>Executive Director (Finance)</i>
SBI Representative	<i>Special Invitee</i>
Shri Jay Mehta	<i>Invitee</i>

**MEMBERS OF THE AUDIT COMMITTEE****As on 30.4.1998**

Shri K. Lalit	<i>Chairman of the Committee</i>
Shri R.K. Bhargava	
Shri A.P. Saxena	
Shri G.A. Bhimnathwala	
Shri S.V.S. Raghavan	



## DIRECTORS' REPORT

**Dear Members,**

The Directors have pleasure in presenting the 25th Annual Report along with the audited accounts for the year ended 31st March, 1998.

During the year under review, the demand for cement rose by 8.37 per cent as against 8.13 per cent in the previous year and cement capacity increased by 9 per cent. Prices of cement remained under pressure for a major part of the year. The major inputs such as coal, power and freight also increased considerably during the year.

### HIGHLIGHTS

The company continues to achieve a capacity utilisation of over 100 per cent in the production of clinker for the third consecutive year.

There was a substantial reduction in power consumption. The plant consumed 91 Kwh/ton in the year as against 92.48 Kwh/ton in the previous year.

### FINANCIAL RESULTS

The highlights of the financial results of the corporate Financial Year ended 31.3.1998 are :

	In Million Rupees	
	1997-98	1996-97
Sales & Other Receipts	2085.10	2308.73
Gross Profit/Loss (-)	142.35	254.84
Interest	210.62	223.05
Depreciation	89.06	86.86
Profit/Loss(-) before tax	(-)157.33	(-)55.07
Profit after tax	(-)157.54	(-)55.29

The continued impact of slow down of the national economy during the year 1997-98 affected the industrial activities throughout the country including the Cement Industry. In the Gujarat State this was further compounded by the rapid capacity additions resulting in keen competition and pressure on cement prices. Export markets also suffered because of fiscal crisis in the Far East restraining clinker exports. Because of these factors the productivity improvements achieved by your Company, could not be reflected in the profitability.

Despite all the restraining factors, your Company is regular in servicing the term loans of

Financial Institutions & Banks. The Consortium of Working Capital Banks have approved enhancement of the MPBF from Rs.31.53 Crores to Rs.37 Crores.

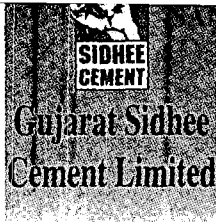
### PERFORMANCE REVIEW

Sales in the year under review were lower by 9.7 per cent over the previous year and reduced from Rs.2308.7 million to Rs.2085.1 million.

Gross Profit for the year reduced from Rs.254.84 million to Rs.142.35 million during the year under review. The cost of power went up by 15 per cent. The cost of freight also increased by 10 per cent. The net loss increased from Rs.55.29 million to Rs.157.54

million. Although cement prices have remained steady during the year, increase in input costs have affected the profitability of the Company.

The Company received "second best performance award" from the National Productivity Council making it a hat-trick of Awards from the National Productivity Council. The Company had received "second best performance award" for 1993-94 and "certificate of merit" for the year 1994-95. The Company was also the first private sector company to receive the Indira Gandhi Memorial National Award in 1996-97 for "Excellence in Indian Industries" from the



Andhra Pradesh Central Public Sector Employees Federation, Hyderabad.

#### **DOMESTIC MARKET**

The demand for cement in Gujarat increased by 9.1 per cent as against 8.3 per cent in the country as a whole. The cement capacity in the state increased by 17 per cent to 9.6 million tonnes, resulting in a surplus in the market. However, Sidhee Cement continued to make inroads in the retail segment of the Gujarat market.

#### **EXPORTS**

During the year the Company has exported 20,805 tons of Cement and 2,72,478 tons of Clinker. The export markets have been hit by the fiscal crisis in the South East Asian region and the devaluations in the currencies have resulted in a substantial drop in the prices of clinker and cement, making it uneconomical for the Company to export in the near future. However, it is expected that both clinker and cement prices will increase once the present stocks held by the South Asian cement majors have reduced.

#### **FUTURE OUTLOOK**

The economic slowdown has continued to affect the cement industry. Substantial new capacities were added during the last two years, with the expectation that spending on infrastructure would increase the rate of growth for cement demand substantially. The lack of this increase in demand has created a surplus in the market. The demand for cement has increased by 5 million tons for the year under review. Capacity

utilisation of cement production is 80 per cent. Very little new capacity is likely to come up in the near future and with an increased emphasis on infrastructure, the growth in demand will increase. This will result in a substantial improvement in the industry's performance. We therefore, look forward to the future with optimism.

#### **FUTURE PLANS**

The Company plans to modernise its plant, with a view to further reducing fuel and power consumption. The Company also plans to install a captive power plant (in the form of diesel generating sets), in order to bring down the cost of power. Captive jetties near the plant site and along the Western Coast of the country have also been planned, in order to reduce handling and transportation costs. These steps will improve the profitability of the Company substantially in the coming years.

#### **CASH FLOW STATEMENT**

Cash flow statement pursuant to Clause 32 of the listing agreement is attached herewith. The funds from internal accruals have been utilised as envisaged in the sanctioned Rehabilitation Scheme.

#### **DIVIDEND**

In the absence of profit during the year, the Directors express their inability to recommend payment of any dividend for the year.

#### **TAXATION**

There being no taxable income, no tax provision has been made in the accounts.

#### **PUBLIC DEPOSITS**

The Company has not invited and/or accepted any deposits.

#### **DIRECTORS**

Shri Anand Sethi ceased to be Alternate Director w.e.f. 14.8.1997.

The Gujarat Industrial Investment Corporation Limited appointed Shri S.K. Shelat, IAS as a Director in place of Shri L. Mansinh, IAS w.e.f. 19.11.97.

The Life Insurance Corporation appointed Shri Manish Bahl as a Director in place of Shri K. R. Rajagopalan w.e.f. 27.2.1998.

Shri Sanat Mehta, Shri Martin M. Kristensen, Shri S.V.S. Raghavan and M.R. Gami retire by rotation and being eligible offer themselves for reappointment. Shri Peter Gorm Christiansen, Shri Rajesh Kishore, IAS, Shri A. Datta, and Shri S.K. Shelat, IAS shall retire at the ensuing general meeting in terms of Section 260/262 of the Companies Act 1956. Notices have been received from the shareholders proposing their names for appointment as Directors.

The Board places on record its appreciation for the valuable services rendered by Shri L. Mansinh, IAS, Shri K.R. Rajagopalan and Shri Anand Sethi during their tenure on the Board of the Company.

#### **AUDITORS**

Messrs. Manubhai & Co., Chartered Accountants, Ahmedabad, the auditors of the Company are due to retire in accordance with the provisions of the Companies Act, 1956 and being eligible, offer themselves for reappointment.

#### **AUDITOR'S OBSERVATIONS**

Notes No.(1) and 3(c) of