





## Board of Directors

As on 03.05.2011

Mr. M. N. Mehta

Mr. Jay M. Mehta

Mr. Sanat M. Mehta

Mr. S. M. Khanjiwala

Mr. M.S. Gilotra

Mr. S.V. S. Raghavan

Mr. P. K. Behl

Mr. M.L. Tandon

Mr. Bimal Thakkar

Mr. Hemnabh Khatau

Dr. (Ms) Kala S. Pant

Mr. Venkatesh Mysore

*Chairman*

*Executive Vice Chairman*

*Nominee of The Mehta International Limited*

*Nominee of GILC Limited*

*Managing Director*

## DIRECTOR (LEGAL) & COMPANY SECRETARY

Mr. A. M. Fadia

## BANKERS

State Bank of India

State Bank of Bikaner & Jaipur

Union Bank of India

HDFC Bank Ltd.

## AUDITORS

Messrs. Manubhai & Co.

Chartered Accountants

Ahmedabad

## REGISTERED OFFICE & WORKS

"Sidheegram"

Off. Veraval - Kodinar Highway

Pin Code 362 276

Dist. Junagadh (Gujarat)

## CORPORATE OFFICE:

N.K. Mehta International House, 2nd Floor,

178, Backbay Reclamation

Mumbai 400 020

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**GUJARAT SIDHEE CEMENT LIMITED**

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

**NOTICE**

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

**ORDINARY BUSINESS :**

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2011 and the Profit & Loss Account for the financial year ended on that date and Director's and Auditor's Report thereon.
2. To appoint a Director in place of Mr. S. M. Khanjiwala, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P. K. Behl, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Hemnabh Khatau, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. (Ms.) Kala S. Pant, who retires by rotation, and being eligible, offers herself for reappointment.
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Manubhai & Co., Chartered Accountants, the retiring auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company for audit of accounts for the financial year 2011-2012 and they shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of ₹ 4,25,000/- (Rupees Four Lakhs, Twenty Five Thousand Only) per annum, plus Service Tax and reimbursement of travelling and out of pocket expenses actually incurred."

**SPECIAL BUSINESS**

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

By Order of the Board of Directors

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

Place : Mumbai

Dated : May 3, 2011

**Registered Office :**

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



NOTES :

1. **A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself on a poll and that a proxy need not be a member. Proxies in order to be effective must be received by the company at the Registered Office not less than 48 hours before the meeting.**
2. Re-appointment of Directors :  
Pursuant to Clause 49 of the Listing Agreement relating to code of Corporate Governance, the profile of the directors to be re-appointed at the ensuing Annual General Meeting is given in the Corporate Governance Report annexed to the Director's Report.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from Wednesday the 20th July, 2011 to Wednesday, the 27th July, 2011 (both days inclusive) in connection with AGM.
4. The documents referred in the resolutions and explanatory statement are available for inspection by any member at the Registered Office of the Company during 10.00 a.m. to 12.00 noon on any working day upto the date of the Annual General Meeting.
5. Members who have multiple accounts in identical names or joint accounts in same order are requested to send all the share certificates to the Company for consolidation of all such shareholdings into one account to facilitate better service.
6. (a) Members are requested to notify immediately any change of address :
  - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
  - (ii) To the Registrar and Transfer Agents at : M/s. Link Intime India Pvt Ltd, C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West) Mumbai 400 078, in respect of their physical share folios, if any.(b) In case the mailing address mentioned on this Annual Report is without the Pin Code, Members are requested to kindly inform their PINCODE immediately.
7. Members are requested to register their **e-mail ID** with their Depository Participant (in case of shares held in demat mode) and by sending an e-mail to us at [sidhee-mum@mehtagroup.com](mailto:sidhee-mum@mehtagroup.com) ( in case of shares held in physical form). Further, please note, that if there is any change in your e-mail address registered with depository/us, you are requested to update the same with your Depository Participant ( in case of shares held in demat mode) and by sending an e-mail to us at [sidhee-mum@mehtagroup.com](mailto:sidhee-mum@mehtagroup.com) (in case of shares held in physical form)
8. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
9. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Annual General Meeting so as to enable the Management to keep the information ready and replies will be provided only at the Annual General Meeting.

By Order of the Board of Directors

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

Place : Mumbai

Dated : May 3, 2011

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

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

**ITEM NO.6**

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

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

By Order of the Board of Directors

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

Place : Mumbai

Dated : May 3, 2011

Registered Office:

"Sidheegram"

Off Veraval – Kodinar Highway,

Pin 362 276

Dist. Junagadh (Gujarat).



## DIRECTORS' REPORT

Dear Members,

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

## FINANCIAL RESULTS

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

(₹ in Million)

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

## DIVIDEND

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

## INDUSTRY OVERVIEW

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

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

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

## Performance Review

### Production and Despatches

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

## **Exports and Marketing**

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

## **Rehabilitation Scheme**

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

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

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

## **Public Deposits**

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

## **Cash Flow Statement**

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

## **Directors**

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

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

## **Listing of Equity Shares**

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The company has paid listing fees as prescribed.

## **Auditors**

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

## **Cost Auditors**

In pursuance to Order No. 52/58/CAB-98 dated 30<sup>th</sup> October, 1998 issued under Section 233-B of the Companies Act, 1956, M/s. M. Goyal & Co., Cost Auditors, have been appointed by the Board as Cost Auditor of the Company for the financial year 2011-12. Certificate of eligibility under Section 224 (1B) has been received.



## **Particulars of Employees**

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

## **Industrial Relations**

The Company continued to maintain harmonious relations with its workers.

## **Corporate Governance**

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

## **Management Discussion and Analysis**

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

## **Directors' Responsibility Statement**

Your Directors confirm:

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

## **Energy conservation, Technology Absorption and Foreign Exchange Earnings and Outgo.**

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

## **Acknowledgement**

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

On behalf of the Board of Directors

Place : Mumbai  
Dated : May 3, 2011

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

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



## **Annexure – 1**

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

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

#### **A. CONSERVATION OF ENERGY:**

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

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

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

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

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

Increase in kiln output, Reduction on power consumption.

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

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

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

Earning : ₹ 126.99 lacs.

Used : ₹ 697.21 lacs.

## FORM -A (SEE RULE 2)

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

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

\*Net of non productivity of Power