



Gujarat Sidhee Cement
Limited

38th ANNUAL REPORT 2011-2012



Board of Directors

As on 10.05.2012

Mr. M. N. Mehta

Mr. Jay M. Mehta

Mr. Sanat M. Mehta

Mr. A. B. Shah

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 GLIC 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 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:

- Identification of alternate raw material / mineralisers
- Identification & usage of grinding aids for cement grinding. This is continuous activity to improve properties & throughput.
- Test & trial to identify suitable combustion additive for kiln fuel.
- 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:

- Close circuiting of cement mills to improve cement quality
- Installation of Bag House in Kiln system to improve collective efficiency
- Replacement of conventional three channel kiln burner with advanced Pillard Burner
- Replacement of existing Primary Air Fan with High pressure fan to accelerate flame momentous
- Replacement of existing Static Grate in Clinker Cooler with advanced Technology
- 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. |