



Gujarat Sidhee Cement  
Limited

**39<sup>TH</sup>**

**ANNUAL  
REPORT**

**2012-2013**



## Board of Directors

As on 30.05.2013

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 Ninth Annual General Meeting of the Members of the Company will be held on **Tuesday the 30th July 2013 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 2013 and Statement of Profit & Loss Account for the financial year ended on that date and Director's and Auditor's Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ashok B. Shah, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sanat M. Mehta, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. S.V.S.Raghavan, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. M. L. Tandon, who retires by rotation, and being eligible, offers himself for reappointment.
7. 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, (Firm Registration No. 106041W) 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 2013-14 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 lacs, Fifty Thousand only) per annum, plus Service Tax and reimbursement of travelling and out of pocket expenses actually incurred."

**SPECIAL BUSINESS :**

8. To consider and, if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force, the Articles of Association of the Company be amended by adding the following sentence at the end of the existing Article No.117(a):  
"The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means or audio in the prescribed manner, as may be permitted by the applicable laws from time to time."  
"RESOLVED FURTHER THAT the existing Article No.119(a) be substituted by the following new Article No.119(a):  
"The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, and the participation of the Directors by video conferencing or by other audio visual means or audio as may be permitted by the applicable laws from time to time, shall also be counted for the purposes of quorum as may be permitted by the applicable laws from time to time. Provided that where at any time the number of interested Directors exceed or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested present at the meeting being not less than two shall be the quorum during such time. The expressions "total strength" and "interested Director" shall have the meanings given in Section 287(1) of the said Act."
9. To consider and, if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:  
"RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting held on 29th December, 1988 and pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby granted to the Board of Directors of the Company borrowing money for the purpose of business of the Company from time to time notwithstanding that the money to be borrowed together with money already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) will or may exceed an aggregate of the paid up capital of the Company and its free-reserves, but so that the total amount upto which money may be borrowed by the Board of Directors shall not at any time exceed ₹ 500,00,00,000 (Rupees five hundred crores only)."

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

“RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting held on 29th December, 1988, the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter referred to as “the Board”) to mortgaging and/or charging on such terms and conditions as the Board may deem fit, all or any part of the movable and/or immovable properties of the Company, wheresoever situate, both present and future, and the whole of the undertaking of the Company (save and except the current assets that are/or may be hypothecated and/or charged in favour of the Company’s bankers/ others for securing borrowings for Working Capital requirements) in favour of one or more banks and/or financial institutions and/or trustees of debentureholders and/or others to secure term loans borrowed / to be borrowed and/or debentures issued / to be issued whether by way of preferential issue or on a rights basis to the shareholders of the Company and/or to the Public and/or to any other person or persons, or for working capital from banks or others or a sum not exceeding ₹ 500,00,00,000 (Rupees five hundred crores only) together with interest at the agreed rates and compound/additional interest, commitment charges, premium or pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in terms of any loan Agreement / Head of Agreement / Letter of Sanction / Memorandum of the terms and conditions / Debenture trust Deed entered into / to be entered into by the Company in respect of such term loans and / or Debentures and / or Guarantees / Counter Guarantees.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to finalise with such banks / financial institutions / Trustees of Debentureholders and/or any other person(s) the documents for creating the aforesaid mortgage and/or charge and to do all such acts, matters, deeds and things as may be necessary, usual or expedient for giving effect to this resolution and also to agree to any amendments thereto from time to time as it may think fit.”
11. To consider and, if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:  

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 314, 316 and 349 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, as amended from time to time and subject to approval of the Central Government and subject to such other consents and permission as may be necessary, approval of the Company be and is hereby accorded for increase in remuneration of Mr. Jay Mehta, Executive Vice Chairman with effect from 1.4.2013 upto 31.12.2013 and thereafter to be decided on annual basis by the Board of Directors/ Committee of the Board, as set out in the explanatory statement annexed herewith.”

“RESOLVED FURTHER THAT pursuant to provisions of Sections 198, 269, 309, 310, 314, 316 and 349 and other applicable provisions, if any, of the Companies Act 1956, as amended from time to time and subject to approval of the Central Government and subject to such other consents and permission as may be necessary, approval of the Company be and is hereby accorded for payment of commission of 2% (two percent) of the Net Profit of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 to Mr. Jay Mehta, Executive Vice Chairman with effect from 1.4.2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company / Committee of the Board, be and is hereby authorized to alter, amend or vary the terms and conditions of remuneration as may be agreed to between the Board of Directors and Mr. Jay Mehta within such guidelines or amendments as may be made to the Companies Act, 1956 or subject to approval, if required, of the Central Government or any other authority and do all such acts, deeds and things as may be necessary or expedient.”
12. To consider and, if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:  

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 314, 316 and 349 and other applicable provisions, if any, of the Companies Act 1956, as amended from time to time and subject to approval of the Central Government and subject to such other consents and permission as may be necessary, approval of the Company be and is hereby accorded for payment of commission of 1% (one percent) of the Net Profit of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 to Mr. M. S. Gilotra, Managing Director with effect from 1.4.2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company / Committee of the Board, be and is hereby authorized to alter, amend or vary the terms and conditions of remuneration as may be agreed to between the Board of Directors and Mr. M. S. Gilotra within such guidelines or amendments as may be made to the Companies Act, 1956 or subject to approval, if required, of the Central Government or any other authority and do all such acts, deeds and things as may be necessary or expedient.”
13. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:  

“RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendments thereto or re-enactment thereof) and subject to such approvals, consents, permissions and sanctions, if any, as may be required from any authority and pursuant to Article 3 of the Articles of Association of the Company, the consent of the members of the company be and is hereby accorded for sub-dividing the equity shares of

the Company, including the paid-up shares, such that each existing equity share of the Company of the face value of ₹ 10/- (Rupees Ten) each be sub-divided into Five equity shares of the face value of ₹ 2/- (Rupees Two) each."

"RESOLVED FURTHER THAT pursuant to the sub-division of the equity shares of the Company, the Authorized, issued, subscribed and paid up equity shares of face value of ₹ 10 /- (Rupees Ten) each, shall stand sub-divided into equity shares of ₹ 2/- (Rupees Two) each, fully paid-up."

"RESOLVED FURTHER THAT the Managing Director, Company Secretary or any other Director of the Company be and are hereby severally authorized to do, perform and execute all such acts, deeds, matters and things as may be considered necessary, expedient, usual or proper to give effect to this resolution including but not limited to fixing of the Record Date as per the requirements of the Listing Agreement, execution of all necessary documents with the Stock Exchanges and the Depositories, Reserve Bank of India and/or any other relevant statutory authority, if any, cancellation or rectification of the existing physical share certificates in lieu of the old certificates and in case of shares held in dematerialized form, the sub-divided equity shares be credited to the respective demat accounts of the beneficiaries in lieu of the existing equity shares held by them and to settle any question or difficulty that may arise with regard to the sub-division of the equity shares as aforesaid or for any matters connected herewith or incidental hereto."

14. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including amendments thereto or re-enactment thereof), the consent of the members of the Company be and is hereby accorded for alteration of the Memorandum of Association of the Company by replacing the existing Clause V with the new Clause V which shall read as follows:

The Authorised Share Capital of the Company is ₹ 500,00,00,000 (Rupees five hundred crores only) divided into 250,00,00,000 (Two hundred fifty crores) Equity Shares of ₹ 2/- (Rupees Two) each with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being to several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to carry, modify, amalgamate, or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

"RESOLVED FURTHER THAT the Managing Director and Company Secretary be and is hereby severally authorized to do perform and execute all such acts, matters, deeds and things as it may consider necessary, expedient, usual or proper to give effect to this resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and for any matters connected herewith or incidental hereto."

15. To consider and, if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by deleting Clause 3 of the Articles of Association and substituting in place and stead thereof the following new Clause 3:

The Authorised Share Capital of the Company is ₹ 500,00,00,000 (Rupees five hundred crores only) divided into 250,00,00,000 (Two hundred fifty crores) Equity Shares of ₹ 2/- (Rupees Two) each. The said Authorised Capital may be divided in any other manner as may be thought expedient by the Company."

"RESOLVED FURTHER THAT the Managing Director and Company Secretary be and is hereby severally authorized to do perform and execute all such acts, matters, deeds and things as it may consider necessary, expedient, usual or proper to give effect to this resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and for any matters connected herewith or incidental hereto."

By Order of the Board of Directors

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

Place : Mumbai  
Dated : May 30, 2013

**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. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business specified above is annexed hereto.
3. 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.
4. The Share Transfer Books and Register of Members of the Company shall remain closed from Friday the 19th July 2013, to Tuesday the 30th July 2013 (both days inclusive) in connection with AGM and for payment of Dividend.
5. The Dividend, after declaration, will be paid to those Members of the Company whose names stand on the Register of Members at closure of business hours on 18th July 2013. The dividend in respect of shares held in dematerialized form in the Depository System will be paid to the beneficial owners of shares at closure of business hours on 18th July 2013 as per the list provided by the Depositories for this purpose. The dividend will be payable on and from 5th August 2013.
6. 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.
7. 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.
8. (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 request to kindly inform their PINCODE immediately.
9. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
10. 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.
11. **Shares of the Company are compulsorily required to be traded in demat form. If you have not demated your shares, you are requested to get the shares dematted at the earliest.**

By Order of the Board of Directors

Place : Mumbai  
Dated : May 30, 2013

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

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

### Invitation to participate in the Green Initiative launched by the Ministry of Corporate Affairs

The Ministry of Corporate Affairs (MCA) has permitted paperless compliances by companies, vide its circulars No.17/2011 and No.18/2011 dated April 21, 2011 and April 29, 2011 respectively. MCA has clarified that services of documents to Members through e-mail will constitute sufficient compliances with Section 53 of the Companies Act, provided the Members are given an advance opportunity to register their Email IDs or changes if any therein with the Company.

Pursuant thereto, we invite our Members to participate in the Green Initiatives by registering their Email IDs with the Company to enable it to send documents required to be sent under Section 219 of the Companies Act viz. Annual Report and Notices of General Meetings

## **EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956 ("THE ACT")**

### **Item No.8**

In view of the changes proposed in the Companies Bill, 2012 certain enabling provisions are sought to be introduced in the Articles of Association of the Company.

Following amendments have been proposed in the Articles of Association of the Company:

- a. Amending Article 117(a) by adding a sentence at the end of the existing Article that participation of Directors in a Board meeting may be either in person or through video conferencing or other audio visual means or audio as may be permitted by law from time to time.
- b. Substituting the existing Article 119(a) with the new Article 119(a) for determining quorum of Directors participating in meeting of the Board through video conferencing or other audio visual means or audio as may be permitted by law from time to time.

None of the Directors of the Company are interested or concerned in the said resolutions.

### **Item No.9**

Various schemes of expansion, diversification and new projects are under consideration of your Board. In order to finance the capital expenditures as also to meet the general corporate purposes including working capital, strategic investments, acquisitions etc., the Company at appropriate time / times may require further borrowings, exceeding the present limit of ₹ 200 crores. It is, therefore, desired to increase the present borrowing powers of the Directors from ₹ 200 crores to ₹ 500 crores and hence the proposed resolution.

None of the Directors of the Company are interested or concerned in the said resolutions.

### **Item No. 10**

With the liberalization of Indian Economy, permission from Government is now easily available for issue of securities convertible and non convertible abroad or in India for long term working capital of the Company and to meet expenditure for various projects, diversification, expansion and modernization programmes. Your Board of Directors may issue various instruments including convertible and / or non convertible securities whether in one or more series as may be decided for an amount so that the total borrowing outstanding at any time does not exceed ₹ 500 crores excluding borrowings for working capital requirements in accordance with the rules and regulations as may be applicable at the relevant time to such issue.

Security may have to be given to the lenders or trustees of the debentureholders or the debentureholders by deeds / mortgage / charge over such fixed assets of the Company as may be decided by the Board of Directors with the lenders and other concerned authorities.

It is proposed to delegate the authority as required under Section 293(1)(a) of the Companies Act, 1956 enabling your Directors to create security in favour of lenders etc. for borrowing upto ₹ 500 crores.

None of the Directors of the Company are interested or concerned in the said resolutions.

### **Item No.11**

The Board of Directors at its meeting held on 29th May, 2013 had revised the remuneration of Mr. Jay Mehta, Executive Vice Chairman of the Company from 1.4.2013 to 31.12.2013 as detailed hereunder and payment of commission of 2% (two per cent) of the Net Profit of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956. The increase in remuneration and payment of commission will be subject to the necessary approval of the Central Government and others as may be required.



#### Remuneration

	Amount (₹) per month
Salary	12,00,000
HRA	6,00,000
Provident Fund @ 12%	1,44,000
Superannuation @ 15%	1,80,000
Electricity & Gas	3,000
Servant Allowance	900
Magazine Allowance	300
Medical Allowance	99,960
Soft Furnishing	583
Leave Travel Allowance	1,50,000
Gratuity	57,692
<b>Total</b>	<b>24,36,435</b>

Further, over and above the above remuneration, Mr. Jay Mehta will be entitled to the following by way of reimbursement, as per Company's rules.

1. Personal Accident Insurance and Mediclaim insurance for self and family.
2. Encashment of unavailed leave at the end of the tenure.

In addition to the above Mr. Jay Mehta will be entitled to the following in the course of discharging the duties and responsibilities and these will not be considered as part of above limits of remuneration".

1. Reimbursement of entertainment expenses incurred for Company's work, subject to maximum of ₹ 33,000 per month on submission of supporting/declaration.
2. Reimbursement of actual expenses incurred for Company's business including travel, hotel and other related expenses for himself and spouse, incurred in India and abroad.
3. Car with driver and communication facilities at residence for the business of the Company.
4. Reimbursement of expenses incurred in respect of books and periodicals at actuals against submission of supporting/s.
5. Entrance Fees / Subscription or reimbursement of Club Fees on actual basis.

The above appointment can be terminated by either side by giving three months' notice in writing. However, the Company can determine the same by giving three months' salary in lieu thereof.

Mr. Jay Mehta is interested in his resolution. Mr. M. N. Mehta being related to Mr. Jay Mehta, may be deemed to be concerned or interested in the resolution of Mr. Jay Mehta, Executive Vice Chairman. Save and except them, none of the other directors are deemed to be concerned or interested in the said resolution.

#### Item No.12

The Board of Directors at its meeting held on 29th May, 2013 had approved payment of commission of 1% (one per cent) of the Net Profit of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 to Mr. M. S. Gilotra, Managing Director with effect from 1.4.2013. The payment of commission will be subject to the necessary approval of the Central Government and others as may be required.

Except Mr. M.S. Gilotra, none of the Director is interested or concerned in the above resolution.

#### Item No. 13

As the members are aware, the equity shares of your Company are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited, (BSE) and are also regularly traded on the said Exchanges.

However, as a measure of further improving the liquidity of Company's shares, it is proposed to sub-divide the nominal value and paid up value of the Equity Shares (Authorized/ Subscribed / Issued and Paid-up) of the Company.

The members may note that presently the nominal and paid up value of the equity shares of the Company is ₹ 10/- per share and consequent upon the proposed sub-division, it shall be ₹ 2/- per share. This implies that each equity share of ₹ 10 each shall be subdivided into 5 equity shares of ₹ 2 each.



The Managing Director, Company Secretary or any other Director of the Company, in consultation with the Stock Exchange(s), as may be required, shall fix the Record Date for the purpose of ascertaining the list of members whose shares shall be subdivided, as proposed above, and the same shall be notified to the members through appropriate medium.

Pursuant to the provisions of Section 94 of the Companies Act, 1956, approval of the members is required for sub-division of shares, by way of passing Ordinary Resolution in their General Meeting.

Hence the said resolution is recommended for your approval.

None of the Directors of the Company is in any way interested or concerned in the said resolution, except to the extent of shares held by him or by his relatives in the Company.

**Item No.14**

The existing Clause V of the Memorandum of Association states the present Authorized Share Capital and division thereof in terms of number of shares and nominal value of each share.

In view of the proposed subdivision of equity shares, the nominal value of each share shall stand reduced from ₹ 10 per share to ₹ 2 per share and the corresponding number of shares shall increase accordingly.

In view of the aforesaid, the existing Clause V of Memorandum of Association needs to be altered accordingly.

A copy of the existing Memorandum and Articles of Association as well as the specimen of the amended Memorandum and Articles of Association of the Company is available for inspection by the members at the registered office of the Company between 10 a.m. to 12 noon on all working days upto the date of AGM.

Pursuant to the provisions of Section 16 read with Section 94 of the Act, any such alteration needs to be approved by the members by passing an Ordinary Resolution.

Hence the said resolution is recommended for your approval.

None of the Directors of the Company is in any way interested or concerned in the said resolution, except to the extent of shares held by him or by his relatives in the Company.

**Item No.15**

The existing Clause 3 of the Articles of Association states the present Authorized Share Capital and division thereof in terms of number of shares and nominal value of each share.

In view of the proposed subdivision of equity shares, the nominal value of each share shall stand reduced from ₹ 10 per share to ₹ 2 per share and the corresponding number of shares shall increase accordingly.

In view of the aforesaid, the existing Clause 3 of Articles of Association needs to be altered accordingly.

A copy of the existing Memorandum and Articles of Association as well as the specimen of the amended Memorandum and Articles of Association of the Company is available for inspection by the members at the registered office of the Company between 10 a.m. to 12 noon on all working days upto the date of AGM.

Pursuant to the provisions of Section 31 read with Section 94 of the Act, any such alteration needs to be approved by the members by passing a Special Resolution.

Hence the said resolution is recommended for your approval.

None of the Directors of the Company is in any way interested or concerned in the said resolution, except to the extent of shares held by him or by his relatives in the Company.

By Order of the Board of Directors

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

Place : Mumbai  
Dated : May 30, 2013

**Registered Office :**

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

## DIRECTORS' REPORT

Dear Members,

The Directors present the 39th Annual Report along with the Audited Accounts and Auditors Report for the financial year ended 31st March, 2013.

### FINANCIAL RESULTS

The highlights of the financial results for the Financial Year ended 31st March 2013 are given below.

(₹ in Million)

	<b>Current Financial Year (2012-2013)</b>	<b>Previous Financial Year (2011-2012)</b>
Sales & Other Receipts (Net of Excise)	<b>4532.83</b>	4439.20
Profit before Interest and Depreciation	<b>575.19</b>	206.93
Interest	<b>17.16</b>	28.61
Profit/(Loss) before Depreciation	<b>558.03</b>	178.32
Depreciation	<b>65.28</b>	61.38
Exceptional Items	<b>85.73</b>	-
Profit/(Loss) before Taxation	<b>578.48</b>	116.94
Net Current Tax after adjustment of MAT Credit entitlement	<b>6.45</b>	-
Deferred Tax Adjustment	<b>168.91</b>	61.78
Profit/(Loss) after tax	<b>403.12</b>	55.16
Carried forward Loss of earlier years	<b>(392.45)</b>	(447.61)
Less: Adjusted against Share Capital	<b>392.45</b>	-
Less: Proposed Dividend	<b>36.15</b>	-
Less: Tax on Proposed Dividend	<b>6.15</b>	-
Balance of Profit/(Loss) carried to Balance Sheet	<b>360.82</b>	(392.45)

### THE YEAR UNDER REVIEW

The slowdown in the economy resulted in an overall average growth rate of the eight core industries (including cement, steel, fertilizer, oil, gas etc.) during April, 2012 to March, 2013 to 2.6 percent from 5 percent for the same period previous year. The cement production still grew at 5.6 percent, even though it was lower than the average growth in the previous years.

Cement consumption in Gujarat registered a 5 percent growth over the previous year, which although lower than the average annual growth rate of around 9 percent during the previous five-year period, is better than many other regions of the country. The consumption growth could have been better, but for delayed & deficient monsoons. The State received only 73 percent of the normal average rainfall and the Saurashtra region is the worst affected with rainfall of 57 percent of the normal.

The abnormal increase in the price of diesel, by around 15 percent, had a cascading effect on the manufacturing cost as well as cost of delivery for cement. The increase in rail freights (varying between 11 to 25 percent) also adversely affected the cost of delivering cement to customers. The increase in excise duty by 2 percent was an additional burden on the industry.

The slow economic growth resulted in better availability of power and the lower prices prevailing in the energy exchange under Open Access gave an opportunity to reduce the cost of power, resulting in better profits.

Better prices in local markets and higher volumes and realisation from exports helped improve profitability.

### PERFORMANCE REVIEW

#### Production and Sales

The production of clinker and cement for the year ended March 2013 was 1.15 million tonnes and 1.25 million tonnes, which is 101 percent and 104 percent of the rated capacity of the plant. However, the clinker and cement production is lower than the previous year, as extended stoppage of kiln was taken for specific modifications in order to improve the long-term reliability of the machinery.

The cost of fuel remained at the last years' levels. The procurement of power from the energy exchange under Open Access has assisted in maintaining the manufacturing cost. The energy efficiency of the plant was affected due to changed characteristics of the available limestone, quality of which is deteriorating.

The total sale of cement & clinker was 1.26 million tonnes as against 1.40 million tonnes in the previous year. Better distribution of available cement in the domestic markets helped in reducing freight cost. This, coupled with better prices contributed to significant improvement in profits. The export volumes and realisations also helped improve profits.