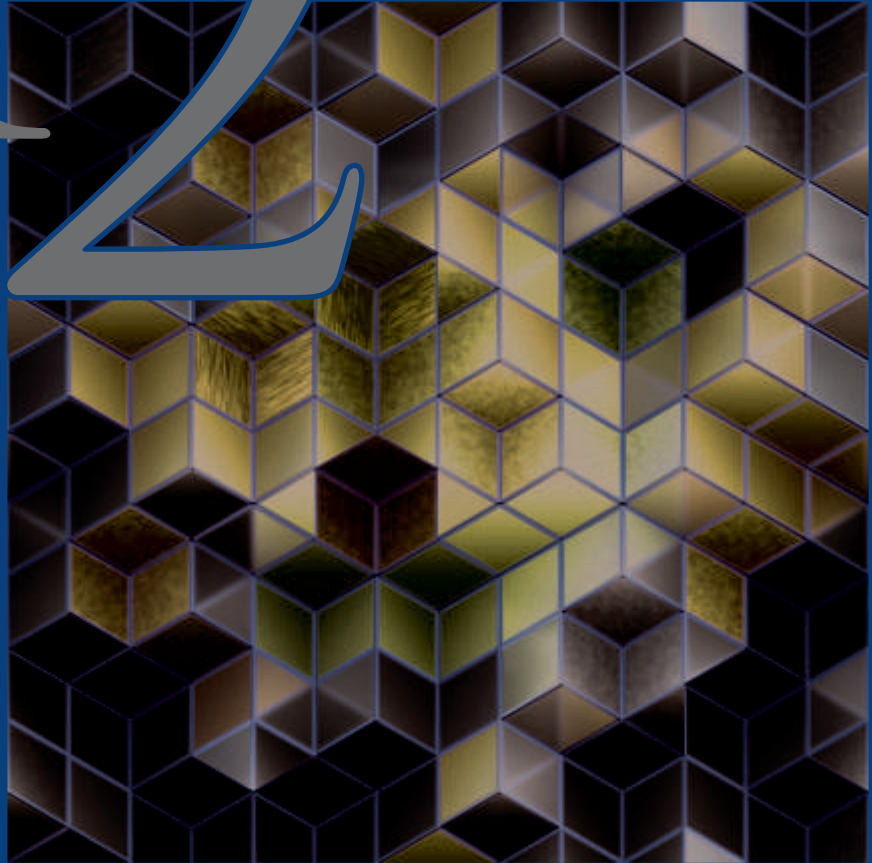


42nd



ANNUAL REPORT
2015 - 2016



Gujarat Sidhee Cement Limited



BOARD OF DIRECTORS

As on 27.05.2016

Mr. M. N. Mehta	Chairman
Mr. Jay M. Mehta	Executive Vice Chairman
Mr. Y. K. Vyas	Nominee of GIIC Limited
Mr. M. S. Gilotra	Managing Director
Mr. S. V. S. Raghavan	
Mr. P. K. Behl	
Mr. M. L. Tandon	
Mr. Bimal Thakkar	
Mr. Hemnabh Khatau	
Mr. Venkatesh Mysore	
Mrs. Juhi Chawla Mehta	
Mr. M. N. Rao	
Mr. K. N. Bhandari	
Mrs. Bhagyam Ramani	

CFO & Company Secretary

Mr. V. R. Mohnot

Bankers

HDFC Bank Ltd.
State Bank of India
State Bank of Bikaner & Jaipur

Auditors

M/s. Manubhai & Shah LLP
Chartered Accountants
Ahmedabad

Registered Office & Works

Off. Veraval - Kodinar Highway
Sidheeagram 362 276
Dist. Gir Somnath (Gujarat)
Tel. 02876 - 268200, Fax: 02876 - 286540
CIN: L26940GJ1973PLC002245

Corporate Office

N. K. Mehta International House, 2nd Floor,
178, Backbay Reclamation, Mumbai 400 020.
Tel. 022- 66365444, Fax : 022-66365445

Registrar & Share Transfer Agent:

M/s. Link Intime India Pvt Ltd
(Unit: Gujarat Sidhee Cement Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.
Tel. 022- 25963838, Fax : 022-25946969

Website: www.gujaratsidheecementlimited.com

DIRECTORS' REPORT

Dear Members,

The Directors present the 42nd Annual Report along with the Audited Accounts and Auditors Report for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS

The highlights of the financial results for the Financial Year ended 31st March 2016 are given below.

(₹ in Million)

Particulars	Standalone		Consolidated	
	Current F.Y. (2015-16)	Previous F.Y. (2014-15)	Current F.Y. (2015-16)	Previous F.Y. (2014-15)
Revenue from Operation & Other Income (Net of Excise)	4758.82	4917.86	4759.06	4917.86
Profit before Interest, Depreciation & Exceptional Items	11.87	159.58	11.90	158.97
Finance Cost	42.80	47.21	53.03	48.81
Profit / (Loss) before Depreciation	(30.93)	112.37	(41.13)	110.16
Depreciation & Impairment	88.07	114.82	88.07	114.82
Exceptional Items	0.00	(65.57)	0.00	(65.57)
Profit / (Loss) before Tax	(119.00)	(68.02)	(129.19)	(70.23)
Tax Expense	0.00	0.00	0.00	0.00
Deferred Tax Adjustment	(46.76)	(23.13)	(46.76)	(23.13)
Profit / (Loss) before share in profits of Associate of Subsidiary	0.00	0.00	(82.43)	(47.10)
Share in Profit of Associate of Subsidiary	0.00	0.00	89.82	103.64
Profit / (Loss) after Tax	(72.24)	(44.89)	7.39	56.55
Brought forward Profit / (Loss) from earlier years	288.69	333.58	390.13	333.58
Balance of Profit / (Loss) carried to Balance Sheet	216.45	288.69	397.52	390.13

THE YEAR UNDER REVIEW

The Indian economy and Cement Industry witnessed a slower growth in the last year. The cement production registered 4.6 percent growth during 2015-16 as compared to 5.6 percent during the previous year.

Consumption of cement in our home market Gujarat increased nominally by about 2.4 percent. Inadequate investments in infrastructural projects as well as poor rural demand due to poor monsoons affected cement consumption.

The global coal prices as well as the petcoke prices were lower than the previous year. Restrictions imposed in the energy exchange under Open Access, resulted in power cost escalations and increased the cost of manufacturing. The inordinate delay in the statutory approvals for the new lease area for captive mining of raw materials resulted in procurement of limestone from distant sources, which has further increased the manufacturing cost. The lower cement prices coupled with higher cost of production resulted in losses during the year.

PERFORMANCE REVIEW

Production and Sales

The production of clinker for the year ended March 2016 was 1.37 million tonnes, 8 percent more than the clinker production of 1.27 million tonnes for the previous year ended March 2015.

The cement production for the year ended March 2016 was 1.28 million tonnes and is same as previous year ended March 2015.

Additionally, clinker was sold in the local and export market and the overall sales (cement and clinker) was 1.47 million tonnes during the year ended March 2016, around 7 percent higher than the overall sale of 1.37 million tonnes in the previous year ended March 2015.

The plant production and sales were satisfactory as far as volumes go. However, higher cost of raw materials, electricity and transportation and lower cement prices caused poor financial performance.

Export

The export of cement for the year ended March 2016 was 0.025 million tonnes as compared to 0.064 million tonnes in the previous year. The export market remained less viable with un-remunerative prices and high cost of transportation to the available port.

CHANGES IN SHARE CAPITAL

The Paid up Equity Share Capital of the Company as on 1st April 2015 was ₹ 3615.39 lacs. During the year under review and in compliance with the order dated 6.12.2012 issued on 16.1.2013 by Hon'ble BIFR sanctioning rehabilitation scheme of the Company, M/s. Bhadra Textiles & Trading Private Limited, a Promoter company further infused ₹ 20 crores in the equity of the Company. Accordingly, M/s. Bhadra Textiles & Trading Private Limited is holding 58% of the Paid-up Equity Capital of the Company (including the forfeited shares) as on 31st March 2016 and has become Holding Company of the Company.

The paid up Equity Share Capital of the Company (including the forfeited shares) as on 31st March 2016 is ₹ 8620.69 lacs.

DIVIDEND

In view of the loss for the year, the Directors have not recommended any dividend for the Financial Year ended March 31, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis on the operations of the Company is provided in a separate section and forms a part of this Report as **Annexure A**.

INDIAN ACCOUNTING STANDARD (INDAS) – IFRS CONVERGED STANDARDS

The Ministry of Corporate Affairs pursuant to its notification dated February 16, 2015 has notified the Companies (Indian Accounting Standard) Rules, 2015.

In pursuance of this notification the company and its subsidiaries will adopt the same with effect from April 01, 2017.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Section 136 of the Companies Act 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by 'The Institute of Chartered Accountants of India'. The Audited Consolidated Financial Statements together with Auditors' Report thereon form part of the Annual Report.

The Consolidated Profit of the Company (after the share in profit of the Associate of the Subsidiary) amounted to ₹ 73.90 lacs for the Financial year ended 31st March 2016 as compared to a Profit of ₹ 565.45 lacs in the previous year.

SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has one subsidiary company.

Section 136 of the Companies Act 2013 has exempted listed companies from attaching the financial statements of their Subsidiaries to the Annual Report of the Company.

In accordance with Section 129(3) of the Companies Act, 2013 read with the rules made thereunder; a statement containing the salient features of the Financial Statement of the Company's subsidiary is disclosed separately in this Annual Report under Form AOC 1.

The Company will make available the Annual Accounts of the subsidiary company to any member on their request and shall also be kept open for inspection by any member at the Registered office of the Company. The statements also available at the website of the Company at <http://gscl.mehtagroup.com/investors/financials>.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013.

- (a) that in the preparation of the annual financial statements for the year ended 31st March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures; if any;

- (b) that the accounting policies as mentioned in Note No. 1 to the Financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

CORPORATE GOVERNANCE

A separate report in compliance with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 on Corporate Governance along with a Certificate of Compliance from the Statutory Auditors form part of this Report as **Annexure B**.

The Company is committed to maintain the highest standards of Corporate Governance and adhere to Corporate Governance requirements set out by SEBI. The report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 forms an integral part of this Report. Also a certificate of Compliance from the Auditors of the Company confirming compliance with the conditions of Corporate Governance forms a part of this Report. A declaration by CEO and CFO that Board and senior members have complied with the Code of Conduct of the Company also forms a part of the Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto is Annexed herewith at **Annexure C** in Form No. AOC-2.

CORPORATE SOCIAL RESPONSIBILITY

The Company has been committed towards various social measures and has taken initiatives to cater to the needs of the society.

The Board of Directors have based on the recommendation of the committee, formulated a Corporate Social Responsibility Policy for welfare of the society. The policy is available at the following link : <http://gscl.mehtagroup.com/policy/csr-policy>.

The constitution and functions of the Corporate Social Responsibility Committee are provided under the Corporate Governance Report.

The CSR Projects of the Company mainly focus on the following activities. These projects fall under Schedule VII of the Act.

Community Welfare Activities and Environment friendly initiatives

The Company strives to positively impact the lives of the communities around its areas of operation, minimize impact on the environment and address concerns of communities in a mutually beneficial manner. During the year under review, the Company has undertaken following activities in this regard.

- Installation of 10 units of solar street light in Vavdi village.
- Construction of bridge over Nala in Morasa village.
- Deepening & desalting of Pond in Chagiya village.
- Construction of boundary wall for crematorium in Vavdi village.
- Construction activity at Bhutada dada temple in Padhruka village.
- Plantation drive at Morasa Primary School with free supply of saplings to the school.

Health Care

The factory has a Health Care Center providing medical aid to the Company's employees and the family members, workers as well as patients from the nearby areas. During the year under review, the Company has undertaken following activities in this regard.

- Donation of new Ambulance for services to all the nearby villages.
- Gynecology & dental screening camp at Sidhee health center for nearby villagers.

- Medical camp for children of Padhruka village.
- Providing medical service for nearby villagers.
- Providing Emergency medical Ambulance for nearby villagers.

Education

The Company has a full fledged school affiliated with CBSE for the children of the employees and local people staying in nearby areas.

The total amount required to be spent under CSR for the Financial Year 2015-16 was ₹ 35.00 lacs against which the Company has spent ₹ 29.98 lacs. ₹ 5.02 lacs has been carried forward to be spent during the Financial Year 2016-17. The shortfall was due to certain projects under execution.

The CSR Policy statement and Report on the activities undertaken during the year is annexed to this Report as **Annexure D**.

RISK MANAGEMENT

A formal Risk Management System has been implemented on an Enterprise Risk Management (ERM) as a part of strengthening and institutionalizing the decision making process and monitoring the exposures that are faced by the Company.

Managing risk is a skill that is sought to be strengthened through this process and an effort at making decisions more consistent in a way that the business objectives are met most of the times. The ERM process seeks to provide greater confidence to the decision maker and thus enhance achievement of Objectives.

Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee and has also adopted a Risk Management Policy. The constitution of the committee along with principles pertaining to the management of risk are set out in the Corporate Governance Report of the Company.

INTERNAL FINANCIAL CONTROLS

The Company has an internal control system commensurate with the size, scale and complexity of its operations. In order to enhance controls and governance standards, the Company has adopted Standard Operating Procedures, which ensure that robust internal financial controls exist in relation to operations, financial reporting and compliance. In addition, the Internal Audit function monitors and evaluates the efficiency and adequacy of the internal control system in the Company, its compliance and operating systems, accounting procedures and policies at all locations. Periodical reports on the same are also presented to the Audit Committee.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Reappointment of Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. M. N. Mehta (DIN: 00632865) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Brief resume of the Director seeking re-appointment along with other details as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in the Notice for convening the Annual General Meeting.

The Board recommends there appointment.

Appointment / Change in Key Managerial Personnel :

During the year under review, Mr. Jay Mehta was reappointed as Executive Vice Chairman and Mr. M. S. Gilotra was reappointed as Managing Director for a further period of 5 years effective from 1.1.2016.

Board Evaluation

In accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors evaluated the performance of the Board as a whole, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of the Board as a whole based on various criteria. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

Declaration by Independent Directors

All Independent Directors have furnished declarations stating that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDITORS

Statutory Auditors

M/s. Manubhai & Shah LLP, Chartered Accountants (formerly M/s. Manubhai & Shah, Chartered Accountants), Ahmedabad, the Statutory Auditors of the Company, who hold office upto the conclusion of the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 2013, who are eligible for re-appointment are recommended for re-appointment to audit the Accounts of the Company for the Financial Year 2016-17. As required under the provisions of the Companies Act, 2013, the Company has received written confirmation from M/s. Manubhai & Shah LLP, Chartered Accountants that their appointment, if made, will be in conformity with the limits specified in the Section 141(3)(g) of the Companies Act, 2013.

Secretarial Auditors

M/s Ragini Chokshi & Co, Company Secretaries were appointed by the Board of Directors as the Secretarial Auditor of the Company to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the Financial Year 2015 – 16. The report of the Secretarial Auditor is annexed as **Annexure E** to this report.

The Board of Directors of the Company on the recommendation of the Audit Committee appointed M/s. Ragini Chokshi & Co, Company Secretaries as Secretarial Auditor of the Company for the Financial Year 2016-17.

Tax Auditors

The Board of Directors on the recommendation of the Audit Committee appointed M/s. Manubhai & Shah LLP, Chartered Accountants to carry out the Tax Audit for the Assessment Year 2016-17.

Internal Auditors

The Board of Directors on the recommendation of the Audit Committee appointed M/s. Haribhakti & Co. LLP, Chartered Accountants, to carry out the Internal Audit of the Company for the Financial Year 2016-17.

Cost Auditors

In accordance with the provisions of Section 148 of the Companies Act 2013, on the recommendation of Audit Committee, M/s. M. Goyal & Co. Cost Accountants, have been appointed by the Board as Cost Auditor of the Company for the Financial Year 2016-17. A certificate of eligibility under Section 148 of the Companies Act, 2013 has been received. As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution for seeking Members ratification for the remuneration payable to M/s. M. Goyal & Co., Cost Auditor, is included at item no.4 of the Notice convening the Annual General Meeting.

OTHER DISCLOSURES UNDER COMPANIES ACT, 2013 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Audit Committee

The Company has an Audit Committee and details of its constitution, terms of reference are set out in the Corporate Governance Report.

Nomination & Remuneration Committee & Policy

The Company has a Nomination & Remuneration Committee and has also adopted a Nomination & Remuneration Charter and Remuneration / Compensation Policy. The constitution of the committee along with the terms of reference to the committee are set out in the Corporate Governance Report.

Vigil Mechanism

The Company has established a Vigil Mechanism / Whistle Blower Policy and the directors and employees of the Company can approach the Audit Committee when they suspect or observe unethical practices, malpractices, non-compliances of policies.

Number of Board Meetings

During the year under review five meetings of the Board of Directors were held on the 15th May, 2015, 10th August, 2015, 26th October, 2015, 1st February, 2016 and 7th March 2016.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo.

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134 (3) of the Companies Act, 2013 are provided in **Annexure F** forming a part of this Report.

Extract of the Annual Return

The extract of the Annual Return in Form No. MGT – 9 forms a part of this report and is annexed as **Annexure G**.

Particulars of Employees

The disclosures in terms of the provisions of Section 197 read with rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms a part of this report as **Annexure H**.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place, a formal policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace. Detailed note is set out in the Corporate Governance report.

During the financial year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company.

Related Party Transactions

All related party transactions are on arms length basis at prevailing market prices. The other details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 134 (3) of the Companies Act, 2013 are mentioned in the Corporate Governance Report.

Reporting of Fraud

The Auditors of the Company have not reported any fraud to Audit Committee as stipulated under the second proviso of Section 143(12) of the Companies Act, 2013.

GENERAL**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 2016-17.

Staff Relations

Industrial relations at our factory and offices remained cordial.

Deposits

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

There are no deposits unpaid or unclaimed as at the end of the year.

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, Gujarat Industrial & Investment Corporation Limited, 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 : 27.5.2016

M.S. Gilotra

Managing Director

Jay Mehta

Executive Vice Chairman

ANNEXURE A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

Cement industry in India has registered a cumulative growth in production at 4.6 percent during the period April 2015 to March 2016 as against 5.6 percent during the corresponding period of last year. The cumulative growth for the eight core industries (coal, crude oil, natural gas, refinery products, fertilisers, steel, cement & electricity, which comprise nearly 38 percent of the weight of items in the Index of Industrial Production) is 2.7 percent during the period April 2015 to March 2016 as against 3.5 percent during the corresponding period of last year.

The Indian Cement Industry has an installed capacity of around 372 million tonnes. The overall capacity utilization continued to be on the lower side. The cement market in the state of Gujarat remained very fragmented and margins remained under pressure due to the surplus capacity available in the states of Gujarat & Rajasthan and the lower export volumes due to unremunerative prices.

Future Outlook

The robust growth of Indian economy and the stable political scenario is likely to revive the cement industry with a faster growth rate than the preceding year. Surge in cement demand is expected on account of Government's initiatives in concrete roads, freight corridors, Smart Cities Mission, construction of toilets under "Swachh Bharat Abhiyan", Atal Mission for Rejuvenation & Urban Transformation (AMRUT) etc. Demand in the housing sector is poised for higher growth with the Government's initiative of "Housing for All", with gradual reduction in interest rates, tax benefits and wider acceptance of low cost housing.

The medium term to long term future of the cement industry is optimistic and positive. However, due to addition of new plants with large capacities, the capacity utilization is likely to be on the lower side.

In the state of Gujarat, there is a large surplus capacity over demand, which may affect the stability of cement prices. A large part of production therefore will need to be exported or transported to longer distances, in other states like Maharashtra, Karnataka and Kerala.

Opportunities & Threats

The cement consumption growth in the state of Gujarat is likely to be maintained and is expected to give ample opportunities for growth in the cement industry.

With the international price of crude remained low, the cost of fuel, diesel etc. is favorable now. The rail freights continued to be high and the transportation by rail by using the nearest rail siding is unviable. The infrastructural constraints and high cost of handling of cement at public ports continue to pose threats to the sustainability and stability of the industry in Gujarat.

The environment regulations are already amended, where the emission levels are drastically reduced in line with the norms achieved in the equipment with latest technology and design. This calls for substantial additional investments in a short span of time to upgrade the pollution control equipment with that of latest design and technology.

The Government has passed the Mines and Minerals (Development and Regulation) Ordinance, 2015 that has amended certain provisions of Mines and Mineral (Development and Regulation) Act, 1957. The amended act stipulates auction as the basis for allotment of mineral concessions and is silent on the status of the applications, which are pending for various approvals since long.

Although, Gujarat state is likely to continue to be surplus in cement production, the Company can access coastal markets economically being close to the sea.

Segment Review and Analysis

During the year, the Company has produced and sold mainly cement of different varieties like Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC). The Company also sold clinker, which is intermediate product for the manufacture of cement. The bulk of the revenue and profitability comes from the sale of cement.

Risks and Concerns

Over capacity of cement versus the demand is resulting in very volatile market conditions is impacting the profitability of cement business. The escalation of input costs, higher cost of power, restrictions imposed in buying power from energy exchange under Open Access, cost of delivery and the high rates of government levies (royalty of limestone, statutory contribution to the district mineral foundation, excise duty, VAT, octroi, local body tax and other miscellaneous levies) continue to be a major concern for our Company. The Company proposes to set up a Waste Heat Recovery Plant to improve the energy efficiency and to reduce the power cost.

The delay in getting the required mining lease for the additional mining areas is a great concern as the availability of limestone has substantially reduced in the existing limestone mines.

Absence of railway siding and a port near the factory results in increase in cost of transportation to farther markets of Gujarat as well as the markets outside Gujarat. The Company proposes to set up a captive jetty to mitigate the risk.

Internal Control systems and their adequacy

Your Company has adequate systems of internal controls commensurate with the size and nature of its operations. The internal audit team continuously monitors the effectiveness of internal control systems. The Management periodically reviews the Reports of the Internal Auditor highlighting suggested improvements, cost control measures and need of policy modification and assuring its adherence. The Audit Committee reviews the financial results, adequacy of disclosures and adherence of accounting principles. The

corrective steps and suggestions of the Audit Committee are implemented and the Internal Auditor reviews the same and reports of any deviations and other recommendations to formulate management policies, risk management procedures, etc.

Human Resource Development / Industrial Relations

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

In order to enhance Managerial Capabilities, we have been providing continual training to internal talent and recruiting and nurturing fresh talent from premier Engineering and Management Institutions.

In view of people development as a key focus, the Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business and employee aspirations.

We continue to invest in our employee engagement as a tool to create conducive working environment that will facilitate employee commitment.

The Industrial relations at the plant were cordial.

The Management places on record the contribution of employees at all levels during the year and their whole-hearted co-operation, which has resulted in achieving continuous production exceeding 100% of rated capacity.

The Company had 445 permanent employees as on 31.3.2016.

Corporate Social Responsibility (CSR)

Community Welfare Activities

Sustainability and Community Welfare Activities have been core values at the Company since its inception. The Company strives to positively impact the lives of the communities around its areas of operation, minimize impact on the environment and address concerns of communities in a mutually beneficial manner. Therefore, your Company lay emphasis on understanding the requirements of the local community and embark on initiatives, investing considerable resources, which create long-term social benefits.

Your Company takes utmost care in the community development. The prime endeavor is to remain focused on creating long-term wealth creation for all local community members irrespective of their gender, ethnic and religious backgrounds.

Health Care

Your Company is committed to ensuring zero harm to its employees, contractors and the communities in which it operates. This is integral to the business process and is laid down in the health and safety (H&S) policies, standards and working procedures. The factory has a health care center providing medical aid to the Company's employees and the family members, workers as well as patients from the nearby areas. The Company conducts various immunization programs, blood donation camp, family welfare education, health care, safety as well as various periodical health checkup and first aid training programmers for employees and workers. Your Company continues to contribute towards the Medical Centre and occupational health service. Company has provided an Ambulance to Prashnawada Grampanchayat for getting timely medical facilities to the nearby Villages.

Education

The Company has a full-fledged School up to 10th Standard affiliated with CBSE for the children of the employees and local people staying in nearby areas. In order to enable the children studying in English medium schools or Colleges in Veraval, the Company provides school bus facility.

Afforestation

The Company is committed to the protection of environment and maintenance of bio diversity. A green belt has been developed in the plant and nearby areas.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. The Statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply position, availability of raw material, energy cost, logistics cost, changes in Government regulations and tax structure, economic development in India.

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

On behalf of the Board of Directors

Place : Mumbai
Dated : 27.5.2016

M.S. Gilotra
Managing Director

Jay Mehta
Executive Vice Chairman