



Gujarat Sidhee Cement
Limited

39TH

**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 GIC 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 |
| Total | 24,36,435 |

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)

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

Exports

The direct export of cement for the year ended March 2013 was 4,900 metric tonnes as compared to 9,800 metric tonnes in the previous year. The exports continued to be low on account of unremunerative prices and high cost of transportation to the available port.

Dividend

Your Directors have recommended a dividend of ₹ 1/- (Rupee one only) per equity share of face value of ₹ 10/- each on 3,61,53,852 fully paid up Equity Shares.

Rehabilitation Scheme

Hon'ble AAIFR vide its order dated 23.10.2012 inter-alia held that the company's net worth has turned positive as on 31.3.2010 and consequent thereto, the company has been discharged from BIFR. However, in the same order, Hon'ble AAIFR has reiterated its decision in M/s.Kunal Virenchee Sagar case holding that the BIFR's jurisdiction continues uninterrupted and the BIFR is competent to exercise its jurisdiction under Section 18(5) of SICA, 1985 and remanded the matter to BIFR.

Hon'ble BIFR vide its order dated 6.12.2012 issued on 16.1.2013 sanctioned the Modified Draft Rehabilitation Scheme of the company inter-alia consisting of following main points.

1. Reduction of paid up capital by 75%.
2. Fresh infusion of equity capital of ₹ 50 crores consisting of 5 crore equity shares of ₹ 10/- each at par to the Promoters, associates etc.
3. To complete the jetty at revised cost of ₹ 59.72 crores.

Reduction of capital

Company's paid up Share Capital was reduced by 75% (Seventy five percent) from ₹ 144,61,54,080/- consisting of 14,46,15,408 fully paid up Equity Shares of ₹ 10/- each to ₹ 36,15,38,520/- consisting of 3,61,53,852 fully paid up Equity Shares of ₹ 10/- each in compliance of the order of the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) dated 6.12.2012 issued on 16.1.2013 as on 25.2.2013, being the Record Date.

Government of Gujarat

Government of Gujarat granted Reliefs and Concessions as per Sanctioned Scheme (SS-02) as approved by the Hon'ble AAIFR vide its order dated 21.11.2002 inter-alia includes waiver of past interest on Sales Tax, Electricity Duty and Sales Tax thereon, turnover tax and Royalty dues, moratorium for payments of deferred sales tax, interest free deferment of Electricity duty and sales tax thereon on the power drawn, Exemption of electricity duty on captive power etc.

Public Deposits

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

Directors

Mr. Ashok B.Shah, Mr. Sanat M.Mehta, Mr. S. V. S. Raghavan and Mr. M. L. Tandon, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Brief resume of the directors proposed to be reappointed, nature of their expertise in function of areas and names of directorships / membership held in committees of other companies, shareholding and trusteeship is provided in Corporate Governance Report attached to this report.

The directors recommend their re-appointment.

Listing of New Equity Shares (Post Reduction of Capital)

The Company's new 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 2013-14.

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 2013-14. 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 2013-14.

Tax Audit

M/s. Manubhai & Co., Chartered Accountants, have been appointed to carry out the Tax Audit for the Assessment Year 2013-14.

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. Members 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

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- 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 annual accounts have been prepared 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, Gujarat Industrial & Investment Corporation Limited, 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 30, 2013

M. N. Mehta
Chairman

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 31-03-2013.

A. CONSERVATION OF ENERGY :

a. Energy Conservation Measures Taken:

1. Replacement of GLS and Halogen fittings with LED and Metal halide fittings wherever possible.
2. W1K10 Cooler Fan 75 KW with DOL starter now operating at 60 KW after installing VFD
3. PC fan old impeller efficiency improved by replacing fan inlet cone.
4. Grinding Aid usage has given the advantage of 2 to 3% increase in output.

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

1. Consequent to energy audit VFD / MVD installation for PH, PC Fan and Booster Fan.

c. Impact of the Measurers at (a) & (b) above.

Increase in kiln output, Reduction in 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 currently exporting its products to Sri Lanka, Maldives and African countries and has planned to increase the market share in these countries, as well as exploring opportunities in other countries.

b. Total Foreign exchange used and Outgo

| | 2012-13 | 2011-12 |
|-------------------------|--------------------|-------------|
| | (₹ In Lacs) | (₹ In Lacs) |
| Foreign Exchange Earned | ₹ 146.53 | 291.09 |
| Foreign Exchange Used | ₹ 808.09 | 479.92 |

FORM - A (SEE RULE 2)

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

| Sr. No. | Particulars | 2012-13 | 2011-12 |
|------------|--|-----------------|----------|
| A | POWER & FUEL CONSUMPTION | | |
| 1 | Electricity | | |
| | a) Purchased | | |
| | Unit (Kwh) -Lacs | 1169.75 | 1230.61 |
| | Total Amount (₹ in Lacs) | 7072.25 | 8614.34 |
| | Rate / Unit (₹) | 6.05 | 7.00 |
| | b) Own Generation | | |
| | i Through Diesel generation | 0.00 | 0.00 |
| | ii Fuel Cost /Electricity Duty | 0.00 | 0.00 |
| | iii Through Steam Turbine /Generator | Nil | Nil |
| 2 | Coal & Other Fuel Used as Kiln/Fuel | | |
| | Quantity (in Million K.Cal) | 988303 | 1044590 |
| | Total Cost (₹ in Lacs) | 11582.15 | 12760.15 |
| | Average rate (₹ in Million K.Cal) | 1171.92 | 1221.55 |
| 3 | H.S.D. / L.D.O | | |
| | Quantity in (K.Ltrs) | 296.12 | 256.84 |
| | Total Cost of (₹ in lacs) | 144.74 | 114.43 |
| | Average rate (₹ in K.Ltrs) | 48879.50 | 44551.98 |
| 4 | Other /Internal Generation | Nil | Nil |
| B | CONSUMPTION PER UNIT OF PRODUCTION | | |
| | Electricity (KWH/T.of Cement)* | 91.73 | 89.26 |
| | Diesel (Ltr /T.of Clinker) | 0.26 | 0.20 |
| | Coal /Lignite (K.Cal /Kg.of Clinker) | 859 | 822 |
| | Others | | |

***Net of non productive 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:

- a. Optimisation of raw mix designs.
- b. Identification of suitable fly ash from various sources and improvement in grinding efficiency.

2. FOLLOWING BENEFITS WERE DERIVED OF THE ABOVE R & D:

Improved quality of Clinker & additional Cement Production.

3. FUTURE PLAN OF ACTION:

- a. Close circuiting of cement mills to improve cement quality and increase output
- b. Installation of Bag House in Kiln system to improve collection efficiency and to bring down emission levels
- c. Cement Mill # 2, first chamber liners to be changed to improve performance
- d. Pre-heater cyclone modification to be carried out to improve temperature pressure and velocity profile in kiln and calciner circuit to improve recuperation efficiency and reduce thermal energy consumption
- e. Cooler first and second grate to be replaced by High Efficiency IKN Pendulum Cooler
- f. Raw Mill Dynamic Classifier to increase the production and quality
- g. Coal Mill Classifier Upgradation
- h. Waste Heat Recovery System to be installed
- i. Identification of potential to connect VFD's / MVD's for energy efficiency

4. EXPENDITURE ON R & D:

| | |
|--|--------------|
| | (₹ in Lakhs) |
| a. Capital | 23.70 |
| b. Recurring | 179.74 |
| c. Total | 203.44 |
| d. Total R & D expenditure as a percentage of total turnover | 0.45 |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Information regarding technology imported during the last five years:

- a. Technology Imported
 - 1. Clinker cooling by IKN KIDS stationary grate – IKN, Germany
 - 2. Improved flame characteristics by burner Pipe – Pillard, France
 - 3. Installation of membrane type filter bags - Gore, USA
- b. Year of Import
 - 1. 2012
 - 2. 2012
 - 3. 2012-13
- c. Has Technology been fully absorbed Yes
- d. If not fully absorbed, areas where this has not been taken place, reason thereof and future plan of action.

Item 3 above, the bag house is under construction and the technology will be fully absorbed in 2013-14.

Annexure to Directors' Report (contd.)

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Gujarat Sidhee Cement Limited, (your Company) believes that good Corporate Governance aims at achieving high level of efficiency, transparency, accountability, responsibility and fairness in dealings with all stakeholders.

The company's governance philosophy rests on protection of rights and interests of stakeholders, equity in their treatment, disclosure of timely and accurate information, strategic guidance and effective monitoring by the Board. Your Company continuously strives for excellence by adopting best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details of compliance for the period ended 31st March, 2013 are as follows :

2. BOARD OF DIRECTORS :

(i) Composition (As on 31.3.2013)

The Board of Directors (the Board), directs and guides the activities of the Management towards setting up of goals and seeks the accountability with a view to create long term sustainable growth that translates itself into progress, prosperity and the fulfilment of stakeholders' aspirations. Your Company's Board comprises of 12 (twelve) Directors, which include 7 (seven) Independent Directors. The Executive Vice Chairman and Managing Director looks after the day-to-day business of the Company under the overall supervision and guidance of the Board. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The composition and attendance at the Board Meetings held during the financial year ended 31st March, 2013 are given below. The attendance at the last Annual General Meeting held on 26th June 2012 are given in the last column.

| Sr. No. | Directors | Executive / Non-Executive | No. of Board Meetings held | No. of Board Meetings Attended | Last AGM Attendance (Yes/No) |
|---------|-----------------------|---------------------------------------|----------------------------|--------------------------------|------------------------------|
| 1. | Mr. M.N. Mehta | Non-Executive Chairman | 4 | 1 | No. |
| 2. | Mr. Jay M. Mehta | Executive Vice Chairman | 4 | 4 | No. |
| 3. | Mr. Sanat M. Mehta | Non-Executive Director - TMIL Nominee | 4 | 1 | No. |
| 4. | Mr. M.L. Tandon | Independent Director | 4 | 2 | No. |
| 5. | Mr. S.V.S. Raghavan | Independent Director | 4 | 4 | No. |
| 6. | Mr. P.K. Behl | Independent Director | 4 | 4 | Yes * |
| 7. | Mr. Bimal Thakkar | Independent Director | 4 | 3 | No |
| 8. | Mr. Hemnabh Khatau | Independent Director | 4 | 2 | No |
| 9. | Dr. (Ms) Kala S. Pant | Independent Director | 4 | 4 | No |
| 10. | Mr. Venkatesh Mysore | Independent Director | 4 | 4 | No |
| 11. | Mr. A. B. Shah | Non Executive Director - GIIC Nominee | 4 | 2 | No |
| 12. | Mr. M.S. Gilotra | Managing Director | 4 | 3 | Yes |

* as Alternate Chairman of the Audit Committee.

(ii) MEETINGS OF THE BOARD :

Four Board Meetings were held during the financial year ended 31.3.2013.

| Sr.No. | Date of Board Meeting | Total strength of the Board | No. of Directors Present |
|--------|-----------------------|-----------------------------|--------------------------|
| 1. | 10.05.2012 | 12 | 10 |
| 2. | 09.08.2012 | 12 | 7 |
| 3. | 08.11.2012 | 12 | 9 |
| 4. | 08.02.2013 | 12 | 9 |

(iii) OTHER DIRECTORSHIPS

The details of other directorships etc., held by the Directors of the Company are given below :-

| Name(s) of Directors | No. of other Directorship* (as on 31.3.2013) | Chairman of the Board | Member of Committees | Chairman of Committees |
|-----------------------|--|-----------------------|----------------------|------------------------|
| Mr. M N Mehta | 6 | 6 | - | - |
| Mr. Jay M Mehta | 7 | - | 1 | 1 |
| Mr. Sanat Mehta | - | - | - | - |
| Mr. S V S Raghavan | 1 | - | 1 | - |
| Mr. M L Tandon | 14 | - | - | - |
| Mr. P K Behl | - | - | - | - |
| Mr. Bimal Thakkar | 3 | - | - | - |
| Mr. Hemnabh Khatau | 6 | - | - | - |
| Dr. (Ms) Kala S. Pant | 1 | - | 1 | 1 |
| Mr. Venkatesh Mysore | 2 | - | 1 | - |
| Mr. A. B. Shah | 5 | - | 1 | - |
| Mr. M.S. Gilotra | 1 | - | 1 | - |

* excluding directorship in Private / Foreign Cos. & Cos. incorporated u/s 25 of the Companies Act, 1956.

(iv) Information to the Board of Directors.

The information required to be placed before the Board includes:

- Annual revenue budgets and capital expenditure plans, if any.
- Quarterly and annual financial and operational performance.
- Financing Plans of the Company
- Minutes of the Meetings of Audit, Shareholders/ (Investor) Grievance Committee and Remuneration Committee.
- Fatal or serious accidents or dangerous occurrence, any material effluent or pollution problems.
- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment of goods sold or services rendered, if any.
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgement or Order, which may have passed strictures on the conduct of the Company.
- Developments in respect of Human Resources.
- Compliance or Non-compliance of any Regulatory, Statutory or Listing requirements and Investor service such as non-payment of dividend, delay in share transfer etc. if any.

(v) APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

Re-appointment:

Following four Directors are retiring by rotation, being eligible have offered themselves for re-appointment.

- 1 Mr. Ashok B. Shah, aged 54 years joined the Board of the Company on 14th June 2011 as Nominee Director of GIIC Ltd. Presently, he is working with GIIC Ltd as HOD (Projects). He is Director of the following companies.
 - 1) Gujarat Lease Financing Limited.
 - 2) Gujarat Poly-AVX Electronics Limited.
 - 3) Gujarat State Machine Tools Corporation Limited.
 - 4) Gujarat Themis Biosyn Limited.
 - 5) Gujarat Industrial and Technical Consultancy Organisation Limited. (GITCO)

He is not holding any shares of the company.

2. Mr. Sanat M. Mehta, aged 88 years, was Ex-Chairman of Sardar Sarovar Narmada Nigam Limited and Ex-Finance Minister of Government of Gujarat. He is on the Board since 30.4.1992.

He is not holding any shares of the Company.

3. Mr. S. V. S. Raghavan, aged 83 years, joined the Board of the Company on 28.1.2005. Mr. Raghavan is a retired IAS Officer, and has been conferred Padmashri by Government of India for his excellent services. He is the retired Chairman of MMTC, BHEL and STC reputed Government of India undertakings. He is also Director of Saurashtra Cement Limited.

He is not holding any shares of the Company.

4. Mr. M. L. Tandon, aged 73 years, joined the Board of the Company in the year 1987. He is an Industrialist and Director of the following companies.

- 1) Hybrid Agricultural Ltd.
- 2) Media Electronics Limited.
- 3) Tandon Consultancy Services Ltd.
- 4) Tassel Trading Co. Ltd.
- 5) Veema Agro Products Limited.
- 6) Ebony Agricultural Ltd.
- 7) Ivory Agricultural Ltd.
- 8) Media Agricultural Ltd.
- 9) Tancom Agricultural Limited.
- 10) Vedacom Agricultural Limited.
- 11) Titus Agricultural Limited
- 12) Titus Electronics Limited.
- 13) Titus Trading & Agencies Ltd.
- 14) Tancom Agro Products Ltd.

He is holding 10,000 shares in the Company.

3. **AUDIT COMMITTEE:**

The Audit Committee of the Board comprises of 4 Non-Executive Directors. Viz. Mr. S. V. S. Raghavan, Mr. M. L. Tandon, Mr. P. K. Behl and Mr. Bimal Thakkar, all independent Directors. Mr. S. V. S. Raghavan is the Chairman of the Audit Committee. Mr. M.S. Gilotra, Managing Director is permanent invitee. Mr. A. M. Fadia, Director (Legal) & Company Secretary is Secretary of the Audit Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292 (A) of the Companies Act, 1956. These broadly include reviewing the Company's internal control system, audit procedures, compliance with statutory and regulatory requirements, financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and correct. It also reviews the quarterly, half yearly and annual financial results before submission to the Board. The Audit Committee effectively acts as a link to the Board of Directors, Statutory Auditor and Internal Audit functions.

During the financial year ended 31st March 2013, four Audit Committee Meetings were held on 10.05.2012, 09.08.2012, 08.11.2012 and 08.02.2013. The attendance at the Audit Committee Meetings was as under :

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|---------------------------------|----------------------|--------------------------|
| Mr. S. V. S. Raghavan, Chairman | 4 | 4 |
| Mr. M. L. Tandon, Member | 4 | 2 |
| Mr. P. K. Behl, Member | 4 | 4 |
| Mr. Bimal Thakkar, Member | 4 | 3 |

The Statutory Auditors and Internal Auditors also attended Audit Committee Meetings held during the year. The approved Minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

Mr. P. K. Behl was appointed as Alternate Chairman to Mr. S. V. S. Raghavan, Chairman of the Audit Committee and attended the Annual General Meeting of the Company held on 26th June 2012.

4. REMUNERATION COMMITTEE :

(i) COMPOSITION

The Remuneration Committee comprises of three Independent Directors viz. Mr. S. V. S. Raghavan, Mr. P. K. Behl and Mr. M.L. Tandon. Mr. S. V. S. Raghavan is the Chairman of the Remuneration Committee.

The Remuneration Committee's functions inter-alia includes (a) review and recommend remuneration of Managing / Whole-time Director (b) periodically review of the remuneration package of Managing / Whole-time Director and recommend suitable revision therein to the Board of Directors.

During the year under review, one meeting of Remuneration Committee was held on 8.11.2012, which was attended by all members.

(ii) DETAILS OF REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR 2012-13.

Executive Directors :

| Name | Salary & Allowances (₹) | Contribution to PF/ Superannuation (₹) | Total (₹) |
|--|----------------------------|--|--------------|
| Mr. Jay M Mehta, Executive Vice Chairman | 19,20,000 | 5,18,400 | 24,38,400 |
| Mr. M.S.Gilotra, Managing Director | 99,55,150 | 19,92,600 | 1,19,47,750 |

Non-Executive Directors :

The Directors were paid sitting fees of ₹ 20,000/- per meeting for attending the meeting of the Board, Audit Committee, Remuneration Committee and Shareholders / (Investor) Grievance Committee, Allotment Committee or any other committee of the Board attended by them.

| Director | No. of Board Meetings attended | No. of Committee meetings attended | Total | Amount of sitting fees paid ₹ |
|---|--------------------------------|------------------------------------|-------|----------------------------------|
| Mr. M.N. Mehta, Chairman | 1 | - | 1 | 20,000 |
| Mr. Sanat M Mehta, Non-Executive Director, TMIL Nominee | 1 | - | 1 | 20,000 |
| Mr. M. L. Tandon | 2 | 2 | 4 | 80,000 |
| Mr. S. V. S. Raghavan | 4 | 5 | 9 | 1,80,000 |
| Mr. P. K. Behl | 4 | 5 | 9 | 1,80,000 |
| Mr. Bimal Thakkar | 3 | 3 | 6 | 1,20,000 |
| Mr. Hemnabh Khatau | 2 | - | 2 | 40,000 |
| Dr. (Ms) Kala S. Pant | 4 | - | 4 | 80,000 |
| Mr. Venkatesh Mysore | 4 | - | 4 | 80,000 |
| Mr. A. B. Shah, GIIC Nominee | 2 | - | 2 | 40,000 |
| Total | | | | 8,40,000 |

Note : The Company has not issued any stock options to any Directors.

5. SHAREHOLDERS / INVESTORS' GRIEVANCES COMMITTEE :

The Company has a Share Transfer / Investors' Grievances Committee of Directors (to approve, transfer etc above 1 lakh shares) as well as a Sub-Committee of Working Directors). The scope of the Committee is to approve transfers / transmissions of shares held in physical form / issuance of duplicate certificates, new certificates after split / consolidation and review redressal of investor complaints.

During the year, the Sub-Committee held four meetings on 10.05.2012, 09.08.2012, 08.11.2012 and 18.02.2013.

| Name of the Director | No. of meetings held | No. of meetings attended |
|--|----------------------|--------------------------|
| Mr. Jay Mehta, Executive Vice Chairman | 4 | 4 |
| Mr. M. S. Gilotra, Managing Director | 4 | 4 |

Mr. A. M. Fadia, Director (Legal) & Company Secretary, is the Compliance Officer.

During the year under report, the Company has received 6 complaints / letters from the shareholders which were attended to / resolved satisfactorily. All requests for transfer of shares have been processed normally within the prescribed time.

The approved minutes of the Shareholders /(Investor) Grievances Committee are noted by the Board of Directors at the subsequent Board Meeting.

6. (i) GENERAL BODY MEETINGS:

Location and time where last three Annual General Meetings / Extra ordinary General meetings were held:

| Financial Year | Date | Time | Venue | Dividend declared |
|----------------|-----------|------------|---|-------------------|
| 2011-12 | 26.6.2012 | 10.00 a.m. | Registered Office at "Sidheegram" Off Veraval-Kodinar Highway, Pin Code 362 276, Dist. Junagadh | Nil |
| 2010-11 | 27.7.2011 | 10.00 a.m. | -do- | Nil |
| 2008-10 | 4.9.2010 | 10.45 AM | -do- | Nil |

No resolutions were put through postal ballot.

(ii) EXTRAORDINARY GENERAL MEETINGS:

During the year, an Extraordinary General Meeting was held on 31st January 2013 at the registered office of the Company as mentioned above.

(iii) SPECIAL RESOLUTIONS:

Reappointment of Mr. Jay Mehta as Executive Vice Chairman and Mr. M. S. Gilotra as Managing Director for a further period of three years from 1.1.2013 to 31.12.2015 and their remuneration.

(iv) DISCLOSURES:

i) Related Party Transactions.

During the period there were no transactions of material nature with the Promoters, the Directors, Management or their subsidiaries or relatives of the Directors that had potential conflict with the Company. Suitable disclosures as required by the Accounting Standards (AS 18) has been made in the Annual Report.

ii) Penalties, Strictures by Stock Exchange (s) / SEBI

No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.

7. DISCLOSURE OF ACCOUNTING TREATMENT:

In preparation of financial statements, the Company has followed the Accounting Standards as notified under Companies (Accounting Standards), Rules 2006, as applicable.

8. DISCLOSURE ON RISK MANAGEMENT:

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure which is periodically reviewed.

9. CODE OF CONDUCT:

The Board has formulated a Code of Conduct for the Board Members and Senior Management of the Company. The Board members and senior management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Directors and Senior Executives of the Company was placed before the Board.

10. CEO/CFO CERTIFICATION:

A CEO/CFO certificate on the audited / unaudited financial statements of the Company for each quarter and annual financial results was placed before the Board.

11. MEANS OF COMMUNICATION:

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These results are published in Jaihind in Rajkot and in Financial Express, in Ahmedabad and Mumbai. The Company has not sent the reports to each household of shareholders. The Company has not made any presentation to the Institutional Investors or Analysts. These results are simultaneously posted on the website of the company at <http://www.mehtagroup.com> and Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI.

12. GENERAL SHAREHOLDERS INFORMATION:

| | | | |
|------|---|--|--|
| i) | Audited results for the current Financial period ended 31st March 2013. | 30th May 2013 | |
| ii) | Board Meeting for consideration of unaudited results for | Quarter I (ended 30.6.2012) Quarter II (ending 30.9.2012) Quarter III (ending 31.12.2012) Quarter IV (ending 31.3.2013) | Within the period as stipulated under the Listing Agreement with the Stock Exchange from time to time. |
| iii) | Annual General Meeting is proposed to be held | Tuesday, the 30th July 2013 | |
| iv) | Date of Book closure | Friday, the 19th July 2013 to Tuesday, the 30th July 2013 (both days inclusive) | |

v) Listing of equity shares on Stock Exchange at:

| S. No. | Name(s) of the Stock Exchange | Stock Code |
|--------|--|---|
| a) | The Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. | 518029 Demat ISIN No.INE542A01039 |
| b) | The National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. | GSCLCEMENT |

vi) Listing Fees:

The Company has paid Listing Fees for the financial year 2013-14 to the Bombay Stock Exchange Ltd., (BSE) and National Stock Exchange India Ltd (NSE), where the company's shares are listed.

vii) Registrar & Share Transfer Agent:

The Company has appointed "M/s.Link Intime India Pvt Ltd." as Registrar and Transfer Agent for transfer of physical shares and connectivity lines for demat of shares. The Registrar also accepts and attends to complaints of Investors. Investors complaints are given top priority by them and are replied promptly.

No complaint is pending as on 31.3.2013 from the shareholders / investors relating to transfer of shares.

viii) Share Transfer System

The share transfer in physical form are processed by the Registrars and Transfer Agents and duly transferred share certificates are returned within a period of 15 to 20 days from the date of receipt provided that the documents are found to be in order.

The shares held in demat form are transferred electronically through the depositories, CDSL & NSDL.

ix) Distribution of Shareholding as on 31st March, 2013 – Post Reduction of Capital

| No. of equity shares held | No. of shareholders | % | No. of shares held | % |
|---------------------------|---------------------|---------------|--------------------|---------------|
| 1 – 500 | 76898 | 93.79 | 7855980 | 21.73 |
| 501 – 1000 | 2336 | 2.85 | 1741209 | 4.82 |
| 1001 – 2000 | 1480 | 1.80 | 2042633 | 5.65 |
| 2001 – 3000 | 521 | 0.64 | 1299534 | 3.59 |
| 3001 – 4000 | 191 | 0.23 | 673321 | 1.87 |
| 4001 - 5000 | 130 | 0.16 | 608663 | 1.68 |
| 5001 - 10000 | 193 | 0.24 | 1379010 | 3.81 |
| 10001 – above* | 236 | 0.29 | 20553502 | 56.85 |
| TOTAL | 81985 | 100.00 | 36153852 | 100.00 |

* 200317 forfeited shares pending to be re-issued.

x) Shareholders Profile as on 31st March 2013 – Post Reduction of Capital:

| Category | No. of shareholders | % | No. of shares held | % |
|---------------------------|---------------------|---------------|--------------------|---------------|
| Promoter Group Companies | 18 | 0.02 | 12908613 | 35.71 |
| Bodies Corporate | 936 | 1.15 | 4523395 | 12.51 |
| NRIs | 596 | 0.73 | 489419 | 1.35 |
| FII's | 11 | 0.01 | 23175 | 0.06 |
| Financial Institutions | 2 | - | 625 | - |
| Banks | 7 | 0.01 | 867557 | 2.40 |
| Mutual Fund | 7 | 0.01 | 31256 | 0.09 |
| Overseas Corporate Bodies | 2 | - | 11050 | 0.03 |
| Indian Public | 80406 | 98.07 | 17298762 | 47.85 |
| Total | 81985 | 100.00 | 36153852 | 100.00 |

xi) Dematerialization of shares:

As on 31st March 2013, 3,46,88,128 equity shares constituting 95.94% of the Company's total paid-up share capital were held in dematerialized form with NSDL and CDSL.

xii) Outstanding GDR or Warrants or any Convertible Instruments, Convertible Debentures etc.

The Company's capital comprises only of Equity shares and the Company does not have any outstanding ADRs, GDRs, Warrants or any Convertible instruments. No stock option has been issued by the Company.

xiii) Stock Market price data for the period 2012 – 2013 (Upto 25.2.2013):

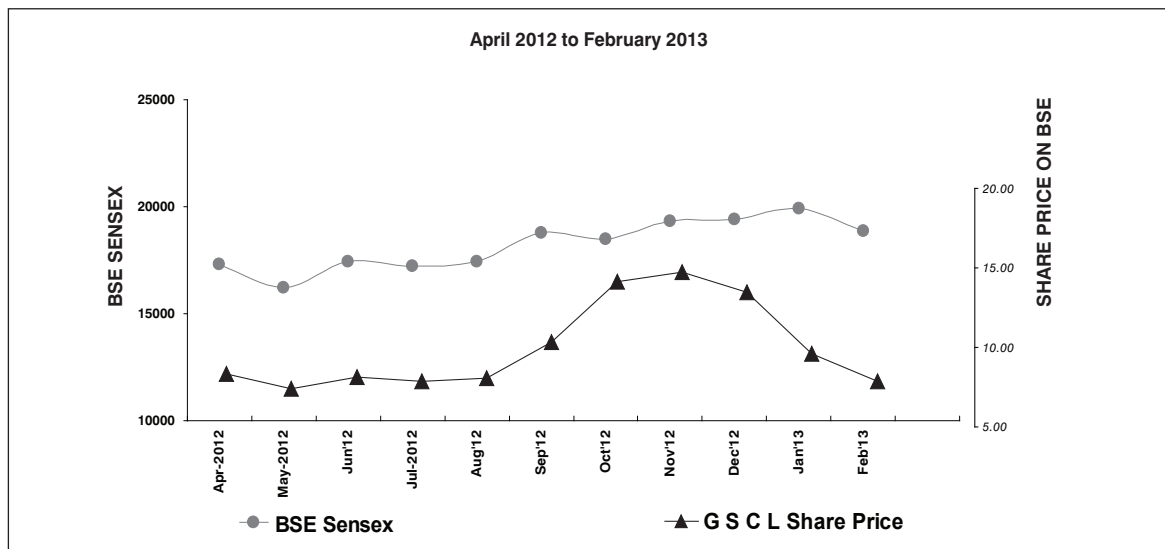
GSCL Price on BSE & NSE

(Rupees)

| Month | BSE | | NSE | |
|----------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| April 2012 | 10.09 | 8.10 | 9.80 | 8.20 |
| May 2012 | 8.59 | 7.33 | 8.55 | 6.35 |
| June 2012 | 8.50 | 7.10 | 8.40 | 7.20 |
| July 2012 | 8.99 | 7.80 | 9.00 | 7.20 |
| August 2012 | 9.74 | 7.86 | 9.70 | 7.70 |
| September 2012 | 10.50 | 7.61 | 10.55 | 7.55 |
| October 2012 | 14.30 | 10.41 | 14.30 | 10.50 |
| November 2012 | 16.60 | 13.55 | 16.65 | 13.60 |
| December 2012 | 15.10 | 13.44 | 15.20 | 13.20 |
| January 2013 | 14.60 | 7.77 | 14.40 | 7.75 |
| February 2013 | 10.10 | 7.51 | 10.40 | 7.45 |

xiv) Stock Performance (Index)

The performance of the Company's shares in relation to Bombay Stock Exchange Sensex is given in the chart below:-



Plant Location :

“Sidheegram” Off Veraval – Kodinar Highway, Dist. Junagadh, Pin Code 362 276.

xv) Address for correspondence :

- Registered Office is situated at “Sidheegram”, off Veraval-Kodinar Highway, Pin Code 362 276, Dist. Junagadh, Gujarat.
Email id : sidhee-mum@mehtagroup.com
- Corporate Office : N. K. Mehta International House, 2nd Floor,
178 Backbay Reclamation, Mumbai 400 020.
E-mail id : sidhee-mum@mehtagroup.com



Shareholder correspondence should be addressed to Registrars & Transfer Agent :

M/s. Link Intime India Pvt Ltd
(Unit) Gujarat Sidhee Cement Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078. Tel.: 022-25963838, Fax: 022-25966969
Contact Person : Mr. Sharad Patkar

A separate E-mail ID : gsclinvestorquery@mehtagroup.com has been created specifically for investor query / complaints.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant (DP) regarding change of address, change of Bank Account / Bank nomination etc.

A) NON MANDATORY REQUIREMENTS :

(a) Chairman's Office :

The Corporate Office of the Company supports the Chairman in discharging the responsibilities.

(b) Shareholders Rights.

As the Company's financial results are published in English Newspaper having circulation all over India and in a Gujarati Newspaper widely circulated in Gujarat, the same are not sent to each Shareholder.

(c) Audit Qualifications.

The company did not have qualifications in the Auditors Report for the financial year ended 31st March 2013. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

(d) Training of Board Members :

The Company's Board of Directors comprise of professionals with expertise in their respective fields and industry. They endeavour to keep themselves abreast with changes in global economy and various legislations. .

(e) Postal Ballot

The provisions relating to Postal Ballot will be complied with in respect of matters, where applicable.

(f) Mechanism for evaluation non-executive Board Members :

The Company does not have a mechanism to evaluate the performance of the Non-Executive Directors of the Company.

(g) Whistle Blower Policy :

The Company, at present, has not adopted any Whistle Blower Policy.

On behalf of the Board of Directors

Place : Mumbai
Dated : May 30, 2013

M. N. Mehta
Chairman

Declaration of Compliance with the code of conduct.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March 2013.

On behalf of the Board of Directors

Place : Mumbai
Dated : May 30, 2013

M. N. Mehta
Chairman

Auditors' Report on Corporate Governance

TO
THE MEMBERS OF
GUJARAT SIDHEE CEMENT LIMITED

We have examined the relevant records of **Gujarat Sidhee Cement Limited (the Company)** for the year ended 31st March, 2013 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we state that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted affairs of the Company.

For MANUBHAI & CO.
CHARTERED ACCOUNTANTS
Registration No.: 106041W

(K.C. PATEL)
PARTNER
MEMBERSHIP NO. 30083

Place : Mumbai
Dated : May 30, 2013



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The all India cement production during the period April, 2012 to March, 2013 registered a cumulative growth of 5.6 percent as against 6.7 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) is 2.6 percent as against 5 percent in the previous year. The capacity addition during the year 2012 is around 35 million tonnes. The surplus capacity available in Gujarat & Rajasthan, coupled with entry of new players in the already fragmented markets result in high price volatility and variations in prices in different regions and different periods of time.

Future Outlook

Though the economic growth is marginally low, the sustained policies on the need of infrastructure facilities and the housing needs of the population will enhance the consumption of cement further in the country. Compared with other core industries, the growth of cement industry is better, though it is lower than the previous year. The long-term future of the cement industry is optimistic and positive. However, due to addition of new plants with large capacities, the capacity utilization would continue to be low. In the state of Gujarat, there is likely to be a large surplus of capacity over demand for the near future, 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

With the sustained economic growth in Maharashtra and Gujarat, the cement consumption in these states is likely to continue at a healthy rate and would therefore give opportunities for growth in the cement industry.

Substantial increase in the prices of diesel and other petroleum products has adversely affected the raw material cost and cost of delivery. The diesel prices are increasing almost on a monthly basis. The fuel surcharge on the power sourced from state grid and the increased excise duty are additional burden on the industry. The steep increase of rail freight rendered the transportation by rail 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.

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 coupled with slow down in the export of cement is leading to tough market conditions and high levels of volatility in the profitability of cement business. The cost escalation of inputs like diesel, fuel, power etc. and the high rates of government levies (excise, sales tax, octroi, local body tax and other miscellaneous levies) continue to be a major concern for our company. The delay in getting the required mining lease for the additional mining areas is a great concern as the availability of good quality 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 internal control system and procedures commensurate with the size of its operation and nature of its business. The independent Internal Auditors continuously reviews the adequacy and effectiveness of the Internal Control systems on the on-going operations of the company, which provides reasonable assurance of adequacy and effectiveness, control, governance and risk management procedures to the Audit Committee. The recommendations of the Internal Auditors and the Audit Committee are followed up effectively for implementation. Following objectives of the Internal Audit is forming part of the audit plan as approved by the Audit Committee.

- Adherence to the operating system and manual.
- Performance of operating activities in efficient and effective manner.
- Compliance with the risk management procedures.
- Compliance with the legislative and regulatory provisions.

The Audit Committee reviews the audit reports and also hold discussions with the Statutory Auditors.

Human Resource Development / Industrial Relations

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 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.

We have embarked up on 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 improved results.

The Company had 443 permanent employees as on 31.3.2013.

Corporate Social Responsibility.

Health Care

GSCL plant 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 programmes, family welfare education, health care, safety as well as various periodical health check up and first aid training programmes for employees and workers.

Education

The Company's plant has a full-fledged secondary school 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 and nearby areas, 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. Many saplings were planted at various places in the plant and mines area. The plant has also carried out rain water harvesting and this has increased ground water resources besides providing greenery.

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, raw material, fuel, transport cost and availability, 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 : May 30, 2013

M. N. Mehta
Chairman



INDEPENDENT AUDITOR'S REPORT

To,

The Members of

Gujarat Sidhee Cement Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gujarat Sidhee Cement Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. (the Act) This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

- note no. 33 (a) regarding reduction of equity share capital from ₹ 14,461.54 lacs consisting of 14,46,15,408 fully paid up Equity Shares of ₹ 10/- each to ₹ 3,615.39/- consisting of 3,61,53,852 fully paid up Equity Shares of ₹ 10/- each as at 25.02.2013, being the Record Date, in compliance with the order of Board of Industrial and Financial Reconstruction (BIFR) vide dated 06.12.2012 issued on 16.01.2013 and
- note no 35 (b) regarding non provision of interest of ₹ 346.02 crores claimed by Gujarat Government with Hon'ble Gujarat High Court for the reason stated in the said note

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For MANUBHAI & CO.
CHARTERED ACCOUNTANTS
Registration No.: 106041W

(K.C. PATEL)
PARTNER

MEMBERSHIP NO. 30083

Place : Mumbai
Dated : May 30, 2013

ANNEXURE TO AUDITOR'S REPORT

The annexure referred to in our report to the members of Gujarat Sidhee Cement Limited (the Company) for the year ended March 31, 2013.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year except the assets at the corporate office at Mumbai, marketing office at Ahmedabad and various branch offices. According to the information and explanation given to us no material discrepancies were noticed on such verification;
- (c) There has not been any significant disposal of fixed assets during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) The Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification as compared to book records.
- 3 The Company has not granted/taken any loans or advances to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, reporting requirements as per clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable in case of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In our opinion and as explained to us, there were no contracts and arrangements referred in Section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
6. The Company has not accepted deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed there under. We are informed that no order has been passed by the Company Law Board ('the CLB') or National Company Law Tribunal ('the NCLT') or Reserve Bank of India ('the RBI') or any Court or any other Tribunal.
7. Internal Audit has been carried out by an external agency. On the basis of reports of internal auditors, in our opinion the internal audit system is commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 related to the manufacture of cement, and are of the opinion that prima facie the prescribed accounts and records has been made and maintained.
9. (a) In our opinion and according to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues with the appropriate authorities in respect of provident fund, employees' state insurance, income tax, wealth tax, investor education and protection fund, profession tax, royalty, cess and other material statutory dues applicable to it except there were some delays on few occasions in payment of Service Tax, Tax Deducted at Source and Excise duty.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax, royalty and cess were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of wealth tax and cess which have not been deposited on account of any dispute. In respect of excise duty, customs duty, sales tax and income tax, details of disputed dues not deposited are given hereunder:

| Name of the Statute | Nature of the Dues | Amount (₹ in Lacs) | Period to which amount relates | Forum where dispute is pending |
|--------------------------|--------------------|-----------------------|-----------------------------------|---|
| Central Excise Act, 1944 | Excise Duty | 36.72 | 1992-93 | Customs, Excise & Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Excise Duty | 1.58 | 2007-08 | Customs, Excise & Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Excise Duty | 8.08 | 2008-09 TO 2010-11 | Commissioner Appeal, Rajkot |
| Central Excise Act, 1944 | Excise Duty | 6.23 | 2011-12 | Commissioner Appeal, Rajkot |
| Central Excise Act, 1944 | Excise Duty | 2.92 | 2012-13 | Commissioner Appeal, Rajkot |
| Customs Act, 1962 | Custom Duty | 35.85 | 1995-96 | Customs, Excise & Service Tax Appellate Tribunal |
| Customs Act, 1962 | Custom Duty | 1.24 | 2008-09 | Customs, Excise & Service Tax Appellate Tribunal |

| Name of the Statute | Nature of the Dues | Amount (₹ in Lacs) | Period to which amount relates | Forum where dispute is pending |
|---|----------------------------------|-----------------------|-----------------------------------|--|
| Central Excise / CENVAT Credit Rules, 2004 | Service Tax | 68.12 | 2005-06 | Custom, Excise & Service Tax Appellate Tribunal |
| Central Excise / CENVAT Credit Rules, 2004 | Service Tax | 6.89 | 2007-08 | Commissioner, Central Excise |
| Central Excise / CENVAT Credit Rules, 2004 | Service Tax | 302.61 | 2009-10 | Commissioner, Central Excise |
| Central Excise / CENVAT Credit Rules, 2004 | Service Tax | 162.70 | 2010-11 | Commissioner, Central Excise |
| Income Tax Act, 1961 | Income Tax Deducted at Source | 1.61 | 2009-10 | Commissioner, Income Tax |
| Income Tax Act, 1961 | Assessment U/S 143 (3) | 1219.05 | 2009-10 | Commissioner, Income Tax |
| Income Tax Act, 1961 | Income Tax Deducted at Source | 26.40 | 2010-11 | Commissioner, Income Tax |
| Rajasthan Sales Tax Act, 1994 | Sales Tax | 24.73 | 1997-98 | Rajasthan High Court |
| Gujarat Sales Tax Act, 1961 | Sales Tax | 1221.21 | 2002-03 to 2004-05 | Joint Commissioner, Rajkot |
| Gujarat Value Added Tax Act, 2003 | Value Added Tax | 257.61 | 2006-07 & 2007-08 | Tribunal, Gujarat Value Added Tax |

10. The accumulated losses of the Company as at the end of the year are not more than fifty percent of its net worth. The Company has not incurred cash loss during the year as well as in the immediately preceding financial year.
11. (a) The company has paid dues to Banks and Financial Institutions under One Time Settlement Scheme except dues of New India Assurance Company Limited (NIAC). In respect of NIAC, according to the company, in terms of Scheme, the dues are repayable over a period of seven years beginning from 1.4.2004, the balance of which is under reconciliation. The company has so far not made any repayment of dues of NIAC. The amount of ₹ 42.53 Lacs towards principal and interest was outstanding as on 31st March, 2013.
- (b) In respect of term loans obtained from banks for purchase of vehicles, the company has not defaulted in repayment of dues to them.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society as per the Chit Fund Act, 1982 and other state legislations. Hence, reporting requirement as per clause 4(xiii) is not applicable.
14. The company is not dealing or trading in shares, securities, debentures and other investments. However in respect of investment in shares and other securities proper records have been maintained. The shares and securities are held by the company in its own name.
15. According to the information and explanation given to us, the company has not provided guarantees for loans taken by others from banks and financial institutions. Hence, reporting requirement as per clause 4(xiv) is not applicable.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have not, prima facie, been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. There are no debentures issued and outstanding during the year.
20. During the year, the Company has not raised money by public issue(s).
21. To the best of our knowledge and belief, and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For MANUBHAI & CO.
CHARTERED ACCOUNTANTS
Registration No.: 106041W

(K.C. PATEL)
PARTNER
MEMBERSHIP NO. 30083

Place : Mumbai
Dated : May 30, 2013

BALANCE SHEET AS AT MARCH 31, 2013

| PARTICULARS | Note No. | (₹ In lacs) | |
|--|----------|-------------------------|-------------------------|
| | | As at March 31, 2013 | As at March 31, 2012 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's funds | | | |
| (a) Share Capital | 2 | 3,620.69 | 14,466.84 |
| (b) Reserves and surplus | 3 | 10,556.81 | (3,897.53) |
| | | <u>14,177.50</u> | <u>10,569.31</u> |
| (2) Non- current liabilities | | | |
| (a) Long-term borrowings | 4 | 128.40 | 266.01 |
| (b) Deferred tax liabilities (Net) | 5 | 385.78 | - |
| (c) Other long-term liabilities | 6 | 499.15 | 485.07 |
| (d) Long- term provisions | 7 | 1,347.79 | 1,597.87 |
| | | <u>2,361.12</u> | <u>2,348.95</u> |
| (3) Current liabilities | | | |
| (a) Short- term borrowings | 8 | 25.00 | 389.91 |
| (b) Trade payables | 9 | 7,847.42 | 7,395.29 |
| (c) Other current liabilities | 10 | 2,621.99 | 2,762.22 |
| (d) Short-term provisions | 11 | 900.57 | 142.05 |
| | | <u>11,394.98</u> | <u>10,689.47</u> |
| TOTAL | | <u>27,933.60</u> | <u>23,607.73</u> |
| II. ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible assets | 12 | 7,866.54 | 7,845.15 |
| (ii) Intangible assets | 12 | 34.34 | - |
| (iii) Capital work-in-progress | 12 | 1,053.61 | 77.03 |
| (b) Non-current investments | 13 | 0.10 | 0.14 |
| (c) Deferred tax assets (Net) | 5 | - | 1,303.37 |
| (d) Long-term loans and advances | 14 | 1,458.47 | 1,068.04 |
| (e) Other non-current assets | 15 | 309.65 | 569.00 |
| | | <u>10,722.71</u> | <u>10,862.73</u> |
| (2) Current Assets | | | |
| (a) Current Investments | 16 | 0.06 | - |
| (b) Inventories | 17 | 6,650.80 | 5,556.79 |
| (c) Trade receivables | 18 | 1,611.17 | 1,604.78 |
| (d) Cash and cash equivalents | 19 | 5,876.85 | 3,131.07 |
| (e) Short-term loans and advances | 20 | 2,800.53 | 2,374.65 |
| (f) Other current assets | 21 | 271.48 | 77.71 |
| | | <u>17,210.89</u> | <u>12,745.00</u> |
| TOTAL | | <u>27,933.60</u> | <u>23,607.73</u> |
| Significant Accounting Policies and Notes to Accounts | 1 to 36 | | |

See accompanying Notes to Financial Statements
As per our Report of even date attached

For MANUBHAI & CO.

Chartered Accountants

Firm Registration No. 106041W

(K.C. PATEL)

Partner

Membership No. 30083

Place : Mumbai

Date : May 30, 2013

For and on behalf of the Board of Directors

M. N. Mehta

Chairman

P. K. Behl

Director

M. S. Gilotra

Managing Director

V. R. Mohnot

CFO

A. M. Fadia

*Director (Legal) and
Company Secretary*

Place : Mumbai

Date : May 30, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

| PARTICULARS | Note No. | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|-------------|--------------------------------------|--------------------------------------|
| (₹ In lacs) | | | |
| 1 | 22 | 50,033.26 | 48,777.72 |
| Revenue from operations | | | |
| Less : Excise Duty | | <u>5,462.14</u> | <u>4,882.01</u> |
| | | 44,571.12 | 43,895.71 |
| 2 | 23 | 757.23 | 496.26 |
| Other income | | | |
| 3 | | <u>45,328.35</u> | <u>44,391.97</u> |
| Total Revenue (1+2) | | | |
| 4 | | | |
| Expenses : | | | |
| a. Cost of material consumed | 24 | 5,327.24 | 5,529.37 |
| b. Changes in inventories of finished goods, work-in-progress and stock-in-trade | 25 | (190.29) | (31.72) |
| c. Employee benefits expenses | 26 | 2,291.99 | 2,080.71 |
| d. Finance cost | 27 | 171.64 | 286.11 |
| e. Depreciation and amortisation expenses | 12 | 652.76 | 613.85 |
| f. Other expenses | 28 | <u>32,147.56</u> | <u>34,744.29</u> |
| Total Expenses | | <u>40,400.90</u> | <u>43,222.61</u> |
| 5 | | 4,927.45 | 1,169.36 |
| Profit before exceptional and extraordinary items and tax (3-4) | | | |
| 6 | 29 | <u>857.33</u> | - |
| Exceptional items | | | |
| 7 | | 5,784.78 | 1,169.36 |
| Profit before tax (5+6) | | | |
| 8 | | | |
| Tax expense: | | | |
| a. Current tax | | 1,157.41 | - |
| b. Mat Credit Entitlement | | (1,092.94) | - |
| c. Deferred Tax | | <u>1,689.15</u> | <u>617.77</u> |
| | | 1,753.62 | 617.77 |
| 9 | | 4,031.16 | 551.59 |
| Profit for the year (7-8) | | | |
| 10 | | | |
| Earnings per equity share: | | | |
| Basic and Diluted - ₹ per share | 30 | 11.15 | 1.53 |
| Significant Accounting Policies and Notes to Accounts | | | |
| | 1 to 36 | | |

See accompanying Notes to Financial Statements
As per our Report of even date attached

For MANUBHAI & CO.
Chartered Accountants
Firm Registration No. 106041W

(K.C. PATEL)
Partner
Membership No. 30083

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board of Directors

| | |
|----------------------|---|
| M. N. Mehta | <i>Chairman</i> |
| P. K. Behl | <i>Director</i> |
| M. S. Gilotra | <i>Managing Director</i> |
| V. R. Mohnot | <i>CFO</i> |
| A. M. Fadia | <i>Director (Legal) and Company Secretary</i> |

Place : Mumbai
Date : May 30, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

| | For the Year ended March 31, 2013 ₹ In lacs | For the Year ended March 31, 2012 ₹ In lacs |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS | 5,784.78 | 1,169.36 |
| Adjustments for | | |
| Depreciation | 652.76 | 613.85 |
| Finance Cost | 171.64 | 286.11 |
| Interest Income | (513.94) | (144.20) |
| Loss of sale / discard of fixed assets | 17.41 | 20.76 |
| Profit on sale of fixed assets | (0.77) | (3.52) |
| Provision for doubtful debtors and advances (Net) | (7.63) | (109.04) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 6,104.25 | 1,833.32 |
| Adjustments for | | |
| Trade and other receivables | 312.60 | 1,387.13 |
| Inventories | (1,094.01) | (815.13) |
| Trade payable | 397.36 | 1,048.76 |
| CASH GENERATED FROM OPERATIONS | 5,720.20 | 3,454.08 |
| Income-tax paid | 801.71 | - |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 4,918.49 | 3,454.08 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (1,726.44) | (621.37) |
| Interest Income | 513.94 | 144.20 |
| Advance to parties for capital expenditure | (390.43) | (316.95) |
| Sale of fixed / discarded assets | 24.71 | 40.98 |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (1,578.22) | (753.14) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long / Short Term Borrowings (Net) | (488.44) | 95.42 |
| Finance Cost | (171.64) | (286.11) |
| Fixed deposits and interest accrued | 65.59 | (582.11) |
| NET CASH FLOW USED IN FINANCING ACTIVITIES | (594.49) | (772.80) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,745.78 | 1,928.14 |
| CASH AND CASH EQUIVALENTS AS ON 01.04.2012 | 3,131.07 | 1,202.93 |
| CASH AND CASH EQUIVALENTS AS ON 31.03.2013 | 5,876.85 | 3,131.07 |
| (Cash Equivalents includes ₹ 5875.72 lacs; Previous period ₹ 3129.69 lacs being Bank Balances and Fixed Deposits with Banks) | | |

See accompanying Notes to Financial Statements
As per our Report of even date attached

For MANUBHAI & CO.
Chartered Accountants
Firm Registration No. 106041W

(K.C. PATEL)
Partner
Membership No. 30083

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board of Directors

M. N. Mehta *Chairman*
P. K. Behl *Director*
M. S. Gilotra *Managing Director*
V. R. Mohnot *CFO*
A. M. Fadia *Director (Legal) and
Company Secretary*

Place : Mumbai
Date : May 30, 2013

Note No. 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

1.1 Basis of Accounting :

The financial statements are prepared as under :

- (a) on the historical cost convention,
- (b) on a going concern basis,
- (c) in accordance with the generally accepted accounting principles,
- (d) on an accrual system of accounting,
- (e) in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 which have been prescribed by the Companies (Accounting Standards) Rules, 2006,

1.2 Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, the reported amounts of assets and liabilities and the disclosures of contingent liabilities as on the date of the financial statements. Examples of such estimates include useful life of Fixed Assets, provision for doubtful debts/ advances, deferred tax, etc. Actual results could differ from those estimates. Such difference is recognised in the year in which the results are known / materialised.

1.3 Revenue Recognition :

The Company generally follows accrual system of accounting as required under Section 209(3) (b) of the Companies Act, 1956. However, considering uncertainties and / or difficulties involved in estimation of liabilities and / or final determination of refund claims filed by the Company, the following items are considered to be accrued and accounted only when settled or agreed to with the party and / or receipts of amount.

- (a) Claim against Railways for shortages / damages for cement in transit
- (b) Insurance Claims
- (c) Scrap Sales
- (d) Octroi Refund Claims

1.4 Fixed Asset and Depreciation :

- (a) Fixed assets include all expenditure of capital nature and are stated at cost (net of Cenvat, wherever applicable) less accumulated depreciation.
- (b) Depreciation on fixed assets is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (c) In respect of addition and sales of assets during the year, depreciation is provided on prorata monthly basis.
- (d) Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment loss, if any. Amortisation is provided over their respective individual estimated useful lives on the straight line basis commencing from the year of assets available for use to the company.

1.5 Impairment of Fixed Assets :

- (a) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- (b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exists or have decreased.

1.6 Inventories :

- (a) Inventories are stated at cost or net realizable value, whichever is lower. For this purpose cost has been arrived at on the basis of moving weighted average. Cost of finished goods include all direct cost, other related factory overheads and excise duty.
- (b) Provision for obsolescence is made wherever considered necessary.



1.7 Sales :

- (a) Sales figures are inclusive of excise duty, but are net of sales tax, sales returns and rate difference adjustment.
- (b) Export sales are accounted on the basis of the rate of foreign exchange prevailing on dates of bills of lading / mate receipts.
- (c) Export benefits on account of entitlement to import duty free materials are recognized in the year of export.

1.8 Foreign Currency Transactions :

Transactions of foreign currency are recorded at the exchange rate as applicable at the date of transaction. Monetary Assets / liabilities outstanding at the close of the financial year are stated at the contracted and / or appropriate exchange rate at the close of the year and the gain / loss is credited / charged to Statement of Profit & Loss.

1.9 Employee Benefits :

- (a) Short term employee benefits are charged off in the year in which the related service is rendered.
- (b) Post employment employee benefits under defined contribution plans are charged off in the year in which the employee has rendered services. In respect of Defined Benefit Plans, the amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit & Loss.

1.10 Provisions, Contingent Liabilities and Contingent Assets :

- (a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.
- (b) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date in accordance with the Accounting Standard AS-29 on "Provisions, Contingent Liabilities And Contingent Assets" notified under the Companies (Accounting Standards) Rules, 2006.

1.11 Borrowing Cost :

Borrowing costs, attributable to the acquisition / construction of qualifying assets, are capitalized. Other borrowing costs are charged to Statement of Profit and Loss.

1.12 Taxation :

- (a) Income tax charge or credit comprises current tax and deferred tax charge or credit.
- (b) Current Income tax is measured at the amount expected to be paid to Tax authorities in accordance with the Income Tax Act, 1961.
- (c) Deferred tax asset or liability on timing difference are recognised using current rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Deferred tax assets and liabilities are reviewed at each Balance Sheet date.
- (d) Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.13 General :

Accounting policies not specifically referred to are consistent with generally accepted accounting practice.

| | As at March 31, 2013 | As at March 31, 2012 |
|-------------------------------|---------------------------------|---------------------------------|
| | ₹ In lacs | ₹ In lacs |
| 4 Long-term Borrowings | | |
| (a) Term loans, Secured | | |
| • from banks | 26.16 | 99.82 |
| • from other parties | 102.24 | 166.19 |
| | 128.40 | 266.01 |

Term loans from HDFC Bank Ltd., Yes Bank and NBFCs in respect of finance availed for purchase of vehicles are secured by hypothecation of vehicles financed by them. The Loans are repayable in monthly equated installments over 3 to 5 years.

5 Deferred Tax Liabilities / Assets

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standards) Rules, 2006, the company has reviewed its Deferred Tax Liabilities (DTL) and Deferred Tax Assets (DTA) upto March 31, 2013.

Accordingly the Company has computed Deferred Tax Assets of ₹ **618.62** Lacs and Deferred Tax Liabilities of ₹ **1004.40** Lacs as on March 31, 2013 on the following items of timing differences :

| | As at March 31, 2013 | As at March 31, 2012 |
|--|---------------------------------|---------------------------------|
| | ₹ In lacs | ₹ In lacs |
| a. Deferred Tax Assets : | | |
| Accrued Expenses deductible on cash basis | 459.14 | 410.81 |
| Provision for Doubtful debts & advances | 159.48 | 155.82 |
| Unabsorbed Depreciation | - | 1,343.95 |
| Accumulated Business Losses | - | 326.94 |
| Total | 618.62 | 2,237.52 |
| b. Deferred Tax Liabilities: | | |
| Difference between WDV of fixed assets as per the Income-tax Act, 1961 and the Companies Act, 1956 | 1,004.40 | 934.15 |
| Total | 1,004.40 | 934.15 |
| c. Net Deferred Tax (Liability)/ Assets (a – b) | (385.78) | 1,303.37 |

| | | |
|--------------------------------------|------------------|------------------|
| 6 Other Long-term Liabilities | ₹ In lacs | ₹ In lacs |
| Deposits | 499.15 | 485.07 |
| | 499.15 | 485.07 |

| | | |
|--------------------------------------|------------------|------------------|
| 7 Long-term provisions | ₹ In lacs | ₹ In lacs |
| (a) Provision for employee benefits. | | |
| (i) Privilege Leave | 165.44 | 148.08 |
| (ii) Gratuity | 515.37 | 443.05 |
| (b) Others | 666.98 | 1,006.74 |
| | 1,347.79 | 1,597.87 |

The Company's gratuity plan and leave encashment are not funded. The following table sets out the status of the gratuity plan and Leave Encashment as required under Accounting Standard 15 "Employee Benefits" and the reconciliation of opening balances of the present value of the defined benefit obligation.

I Changes in Present Value of Obligations:

| Particulars | For the year ended March 31, 2013 | | For the year ended March 31, 2012 | |
|--|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
| | Gratuity ₹ In lacs | PL Encashment ₹ In lacs | Gratuity ₹ In lacs | PL Encashment ₹ In lacs |
| Present Value of Obligation as at the beginning of the year | 493.17 | 231.65 | 410.29 | 166.19 |
| Current Service Cost | 24.67 | 16.12 | 105.19 | 58.05 |
| Interest Cost | 41.92 | 19.69 | 36.12 | 14.98 |
| Actuarial (gain) / Loss on obligations | 42.58 | (17.12) | (31.25) | 19.21 |
| Benefits paid | (27.98) | (30.49) | (27.18) | (26.78) |
| Present value of Obligation as at the end of the year | 574.36 | 219.84 | 493.17 | 231.65 |
| II The amount recognised in Balance Sheet: | | | | |
| Present value of Obligation as at the end of the year | 574.36 | 219.84 | 493.17 | 231.65 |
| Fair Value of Plan Assets at the end of the year | - | - | - | - |
| Net Liability recognized in Balance sheet | 574.36 | 219.84 | 493.17 | 231.65 |
| III Amount recognised in Statement of Profit and Loss : | | | | |
| Current Service Cost | 24.67 | 16.12 | 105.19 | 58.05 |
| Interest Cost | 41.92 | 19.69 | 36.12 | 14.98 |
| Net Actuarial (gain) / Loss recognised in the year | 42.58 | (17.12) | (31.25) | 19.21 |
| Expenses Recognized in the statement of Profit & Loss | 109.17 | 18.69 | 110.06 | 92.24 |
| IV Assumptions: | | | | |
| Mortality Table | 2006-08 | 2006-08 | 1994-96 | 1994-96 |
| Discount Rate | 8.50% | 8.50% | 8.50% | 8.50% |
| Rate of increase in compensation levels | 5.50% | 5.50% | 5.50% | 5.50% |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

| | | As at March 31, 2013 ₹ In lacs | As at March 31, 2012 ₹ In lacs |
|---|--|--------------------------------------|--------------------------------------|
| 8 Short-term borrowings | | | |
| (a) Loans repayable on demand - Secured | | | |
| • from banks | | 25.00 | 389.91 |
| | | 25.00 | 389.91 |

The overdraft from bank is secured against pledge of FDRs of ₹ 3227.71 lacs (previous year ₹ 1074.52 lacs) and repayable on demand.

| | As at March 31, 2013 | As at March 31, 2012 |
|-------------------------|---------------------------------|---------------------------------|
| | ₹ In lacs | ₹ In lacs |
| 9 Trade Payables | | |
| (a) Trade Payable | <u>7,847.42</u> | <u>7,395.29</u> |
| | 7,847.42 | 7,395.29 |

- (i) Trade payables include ₹ 250.12 lacs (Previous year ₹ NIL) due to creditors registered with the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).
- (ii) No interest is paid / payable during the year to Micro, Small and Medium Enterprises.
- (iii) The above information has been determined to the extent such parties could be identified on the basis of information available with the Company regarding the status of suppliers under the MSME.

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---------------------------------|---------------------------------|
| | ₹ In lacs | ₹ In lacs |
| 10 Other current liabilities | | |
| (a) Current maturities of long-term debt | | |
| (i) Financial Institutions | 11.59 | 11.59 |
| (ii) Banks - Book Overdraft | 73.67 | 115.72 |
| (iii) Others | 63.95 | 64.67 |
| (b) Interest accrued and due on borrowings from a Financial Institution | 30.94 | 26.72 |
| (c) Advance from customers | 1,251.69 | 1,660.28 |
| (d) Statutory dues | 767.06 | 683.50 |
| (e) Due to Banks in Current Account | 247.08 | 3.30 |
| (f) Other liabilities | <u>176.01</u> | <u>196.44</u> |
| | 2,621.99 | 2,762.22 |

Term loan of ₹ 11.59 lacs from a Financial Institution shown under Current maturities of long-term debts is secured by first mortgage on all movable and immovable assets of the Company, both present and future. The amount has since been paid.

| | As at March 31, 2013 | As at March 31, 2012 |
|--|---------------------------------|---------------------------------|
| | ₹ In lacs | ₹ In lacs |
| 11 Short-term provisions | | |
| (a) Provision for Gratuity- Current | 58.99 | 50.12 |
| (b) Provision for Leave encashment - Current | 54.40 | 83.57 |
| (c) Provision for Taxation (Net of Advance Tax paid ₹ 801.71 lacs) | 364.20 | 8.36 |
| (d) Proposed Dividend | 361.54 | - |
| (e) Tax on Proposed Dividend | <u>61.44</u> | <u>-</u> |
| | 900.57 | 142.05 |

Note No. 12

(i) Tangible Assets

₹ In Lacs

| | Gross Block at Cost | | Depreciation | | Net Block | |
|--|------------------------|--|------------------------|--|-------------------------|-------------------------|
| | As at April 1, 2012 | As at Additions Deductions March 31, 2013 | As at April 1, 2012 | As at Additions Deductions March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| (a) Land | | | | | | |
| * Freehold | 222.59 | 0.00 | - | - | 222.59 | 222.59 |
| * Leasehold | 5.45 | 0.00 | - | - | 5.45 | 5.45 |
| (b) Buildings | 3,657.40 | 43.99 | 1,961.27 | 101.05 | 1,639.07 | 1,696.13 |
| (c) Plant and Equipment | 18,835.44 | 217.31 | 14,754.39 | 323.63 | 3,974.73 | 4,081.05 |
| (d) Furniture and Fixtures | 921.82 | 75.48 | 401.30 | 45.63 | 549.12 | 520.52 |
| (e) Vehicles | 1,191.50 | 229.91 | 227.45 | 114.89 | 1,039.72 | 964.05 |
| (f) Computers | 379.70 | 40.98 | 299.06 | 26.89 | 94.81 | 80.64 |
| (g) Office equipment | 496.73 | 90.70 | 222.02 | 23.51 | 341.05 | 274.71 |
| (h) Railway Sidings | 70.61 | - | 70.61 | - | - | - |
| Total | 25,781.24 | 698.36 | 17,936.10 | 635.60 | 7,866.54 | 7,845.15 |
| Previous Year | 23,539.84 | 1,866.82 | 16,956.15 | 550.82 | 7,845.15 | 7,845.15 |
| (ii) Intangible Assets | | | | | | |
| | Gross Block at Cost | | Amortisation | | Net Block | |
| | As at April 1, 2012 | As at Additions Deductions March 31, 2013 | As at April 1, 2012 | As at Additions Deductions March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| Computer Software including Licence Fees | - | 51.50 | - | 17.16 | 34.34 | - |
| Previous Year | - | - | - | - | - | - |
| (iii) Capital Work in Progress | | | | | | |
| | Gross Block at Cost | | Impairment | | Net Block | |
| | As at April 1, 2012 | As at Additions Deductions March 31, 2013 | As at April 1, 2012 | As at Additions Deductions March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| Capital Work in progress | 324.26 | 976.58 | 247.23 | - | 1,053.61 | 77.03 |
| Previous Year | 484.66 | 123.29 | 247.23 | - | 77.03 | 77.03 |

| | As at March 31, 2013 ₹ In lacs | As at March 31, 2012 ₹ In lacs |
|---|--------------------------------------|--------------------------------------|
| 13 Non-current investments | | |
| Long Term (At Cost) | | |
| (a) Investment in Equity Instrument (Quoted) : 100 Shares in Saurashtra Cement Ltd. of ₹ 10/- each | 0.02 | - |
| (b) Other Investment 6 Years National Savings Certificates (Kept as security deposit with Government authorities) | 0.08 | 0.14 |
| | <u>0.10</u> | <u>0.14</u> |
| Aggregate Market Value of Quoted Investments | 0.02 | - |
| 14 Long-term loans and advances | ₹ In lacs | ₹ In lacs |
| (a) Capital Advances, considered good | 143.37 | 110.76 |
| (b) Security Deposits, considered good | 1,289.25 | 893.81 |
| (c) Other loans and advances | | |
| (i) Considered Good | 25.85 | 63.46 |
| (ii) Considered Doubtful | 323.92 | 323.92 |
| Less : Provision for Doubtful Advance | <u>(323.92)</u> | <u>(323.92)</u> |
| | <u>1,458.47</u> | <u>1,068.04</u> |
| 15 Other non-current assets | ₹ In lacs | ₹ In lacs |
| (a) Fixed deposits with bank maturing after 12 months Of the above fixed deposits of ₹ 109.65 lacs (Previous year ₹ 468.65 lacs) kept as margin money against guarantees issued by the banks. | 309.65 | 569.00 |
| | <u>309.65</u> | <u>569.00</u> |
| 16 Current Investments | ₹ In lacs | ₹ In lacs |
| Investments in Government securities 6 Years National Savings Certificates (Kept as security deposit with Government authorities) | 0.06 | - |
| | <u>0.06</u> | <u>-</u> |
| 17 Inventories | ₹ In lacs | ₹ In lacs |
| (a) Raw materials | 374.13 | 266.71 |
| (b) Work-in-progress | 1,422.95 | 1,165.74 |
| (c) Finished goods | 677.11 | 744.03 |
| (d) Stores and spares | 4,176.61 | 3,380.31 |
| | <u>6,650.80</u> | <u>5,556.79</u> |
| 18 Trade Receivables (unsecured) | ₹ In lacs | ₹ In lacs |
| (a) Outstanding for a period exceeding six months - considered good | 470.92 | 379.11 |
| (b) Others - considered good | 1,140.25 | 1,225.67 |
| (c) Doubtful | 143.69 | 148.78 |
| | <u>1,754.86</u> | <u>1,753.56</u> |
| Less : Provision for Doubtful Debts | <u>(143.69)</u> | <u>(148.78)</u> |
| | <u>1,611.17</u> | <u>1,604.78</u> |

| | As at March 31, 2013 ₹ In lacs | As at March 31, 2012 ₹ In lacs |
|---|--|--|
| 19 Cash and Bank Balances | | |
| (a) Cash and cash equivalent | | |
| (i) Balances with banks in current and fixed deposits | 5,358.19 | 3,029.45 |
| (ii) Cash on hand | <u>1.13</u> | <u>1.38</u> |
| | <u>5,359.32</u> | <u>3,030.83</u> |
| (b) Other Bank Balances | | |
| Fixed Deposits with Banks held as margin money against guarantees | <u>517.53</u> | <u>100.24</u> |
| | <u>5,876.85</u> | <u>3,131.07</u> |
| 20 Short-term loans and advances | ₹ In lacs | ₹ In lacs |
| (a) Unsecured, Considered Good | | |
| (i) Taxes paid in advance | - | 97.66 |
| (ii) Advance against purchase of Stores and Spare | 109.66 | 132.70 |
| (iii) Security Deposit with Gujarat State Financial Services Ltd | - | 1,000.00 |
| (iv) Inter-corporate Deposit | - | 30.00 |
| (v) Advance Excise Duty | - | 0.21 |
| (vi) MAT Credit Entitlement | 1,092.94 | - |
| (vii) Cenvat and Service Tax Receivable | 661.99 | 327.45 |
| (viii) Others | 935.94 | 786.63 |
| (b) Unsecured, Considered Doubtful | | |
| (i) Advance against purchase of Stores and Spare | <u>1.60</u> | <u>4.14</u> |
| | <u>2,802.13</u> | <u>2,378.79</u> |
| Less : Provision for Doubtful Advance | <u>(1.60)</u> | <u>(4.14)</u> |
| | <u>2,800.53</u> | <u>2,374.65</u> |
| 21 Other current assets | ₹ In lacs | ₹ In lacs |
| Interest accrued but not due on Fixed Deposits | <u>271.48</u> | <u>77.71</u> |
| | <u>271.48</u> | <u>77.71</u> |
| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
| 22 Revenue from Operations : | ₹ In lacs | ₹ In lacs |
| (a) Sale of products; | | |
| (i) Cement | 49,514.20 | 47,268.86 |
| (ii) Clinker | 333.00 | 1,271.93 |
| (b) Other operating revenues | | |
| (i) Sale of other products / scrap | 160.69 | 226.01 |
| (ii) Railway Claim for Cement Shortage | 16.89 | - |
| (iii) Export Entitlement | <u>8.48</u> | <u>10.92</u> |
| | <u>50,033.26</u> | <u>48,777.72</u> |
| Less: | | |
| (c) Excise duty | <u>5,462.14</u> | <u>4,882.01</u> |
| | <u>44,571.12</u> | <u>43,895.71</u> |

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|--------------------------------------|--------------------------------------|
| | ₹ In lacs | ₹ In lacs |
| 23 Other Income | | |
| (a) Interest Income | 513.94 | 144.20 |
| (b) Insurance claim | 19.99 | 16.39 |
| (c) Profit on sale of fixed assets | 0.77 | 3.52 |
| (d) Excess provision written back | 150.09 | 161.09 |
| (e) Sundry creditors written back | 36.67 | 24.25 |
| (f) Provision for doubtful debts written back | 11.51 | 105.61 |
| (g) Miscellaneous Income | 24.26 | 41.20 |
| | <u>757.23</u> | <u>496.26</u> |
| 24 Cost of material consumed | ₹ In lacs | ₹ In lacs |
| (a) Raw materials consumed | | |
| (i) Limestone and Marl excavated by the Company | - | - |
| (ii) Gypsum | 902.96 | 861.46 |
| (iii) Flyash | 530.66 | 484.95 |
| (iv) Purchase of Clinker | 170.78 | - |
| (v) Others | 399.47 | 392.52 |
| | <u>2,003.87</u> | <u>1,738.93</u> |
| (b) Royalty, Cess and Limestone raising cost | | |
| (i) Limestone raising and Transportation | 906.55 | 1,013.95 |
| (ii) Royalty | 805.65 | 919.76 |
| (iii) Welfare cess | 16.08 | 18.35 |
| | <u>1,728.28</u> | <u>1,952.06</u> |
| (c) Packing material consumed | 1,595.09 | 1,838.38 |
| Total material consumed | <u>5,327.24</u> | <u>5,529.37</u> |
| 25 Change in inventories of finished goods, work-in-progress and stock in trade | ₹ In lacs | ₹ In lacs |
| (a) Opening stock of inventories | 1,909.77 | 1,878.05 |
| (b) Closing Stock of inventories | 2,100.06 | 1,909.77 |
| (Increase) in inventories | <u>(190.29)</u> | <u>(31.72)</u> |
| 26 Employee Benefits Expense | ₹ In lacs | ₹ In lacs |
| (a) Salaries and wages | 2,003.16 | 1,849.93 |
| (b) Contribution to provident and other funds | 161.58 | 144.90 |
| (c) Staff welfare expense | 127.25 | 85.88 |
| | <u>2,291.99</u> | <u>2,080.71</u> |
| 27 Finance Cost | ₹ In lacs | ₹ In lacs |
| (a) Interest on Borrowings | 21.96 | 23.63 |
| (b) Interest on Others | 149.68 | 262.48 |
| | <u>171.64</u> | <u>286.11</u> |

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|--|--|
| | ₹ In lacs | ₹ In lacs |
| 28 Other expenses | | |
| (a) Power and fuel | 18,654.42 | 21,374.48 |
| (b) Stores and spares consumed | 2,780.38 | 1,960.61 |
| (c) Repair and maintenance* | 1,063.12 | 733.09 |
| (d) Insurance | 102.32 | 106.61 |
| (e) Rent | 129.39 | 156.09 |
| (f) Rates and taxes | 30.86 | 26.41 |
| (g) Payment to auditors** | 9.20 | 5.15 |
| (h) Directors' sitting fees | 8.80 | 7.40 |
| (i) Loss on sale/discard of assets | 17.41 | 20.76 |
| (j) Bad Debts written off | 5.39 | 98.01 |
| (k) Wealth Tax | 8.50 | 7.50 |
| (l) Travelling and conveyance expenses | 493.85 | 334.22 |
| (m) Exchange rate fluctuation | 119.38 | 189.38 |
| (n) Legal and professional expenses | 162.73 | 219.14 |
| (o) Freight | 5,519.35 | 7,398.91 |
| (p) Commission and discounts | 825.85 | 736.06 |
| (q) Selling expenses | 1,457.07 | 870.36 |
| (r) Miscellaneous Expenses | 759.54 | 500.11 |
| | 32,147.56 | 34,744.29 |
| *Repairs and maintenance | | |
| (a) Repairs to buildings. | 64.67 | 17.19 |
| (b) Repairs to machinery. | 635.92 | 464.84 |
| (c) Others | 362.53 | 251.06 |
| | 1,063.12 | 733.09 |
| ** Payments to the auditors | | |
| (a) For Statutory Audit | 5.50 | 4.25 |
| (b) For Tax Audit | 2.00 | - |
| (c) For Other services | 1.70 | 0.90 |
| | 9.20 | 5.15 |
| 29 Exceptional Items | ₹ In lacs | ₹ In lacs |
| Interest on Deposit with GSFS Ltd. | 857.33 | - |
| | 857.33 | - |
| 30 Earning Per Share: | | |
| (a) Net Profit after Tax (₹ in lacs) | 4,031.16 | 551.59 |
| (b) Total Weighted Average Number of Shares for Basic and Diluted Earning after Capital Reduction - see note 33 (a) below. | 36,153,852 | 36,153,852 |
| (c) Basic and Diluted Earning per share in rupees | 11.15 | 1.53 |

| | | For the year ended March 31, 2013 | | For the year ended March 31, 2012 |
|--------------|---|--------------------------------------|-------------------|--------------------------------------|
| 31 a) | Value of imports calculated on C.I.F. basis by the company during the financial year in respect of | ₹ In lacs | | ₹ In lacs |
| | (i) Components and spare parts | 411.89 | | 319.22 |
| | (ii) Capital goods | 131.51 | | 57.69 |
| b) | Expenditure in foreign currency during the financial year on account of | | | |
| | (i) Professional and Consultation fees | 4.42 | | 20.67 |
| | (ii) Others | 260.27 | | 82.34 |
| c) | Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption. | | | |
| | | ₹ In lacs | Percentage | ₹ In lacs |
| | (i) Imported | 381.58 | 13.72 | 289.09 |
| | (ii) Indigenous | 2,398.80 | 86.28 | 1,671.52 |
| | | <u>2,780.38</u> | <u>100.00</u> | <u>1,960.61</u> |
| | | | | <u>100.00</u> |
| d) | Earnings in foreign exchange | ₹ In lacs | | ₹ In lacs |
| | Export of goods calculated on F.O.B. basis | 146.53 | | 291.09 |
| 32 | Contingent liabilities and commitments | ₹ In lacs | | ₹ In lacs |
| | (to the extent not provided for) | | | |
| (a) | Contingent liabilities | | | |
| | (i) Claims against the company not acknowledged as debt | 896.27 | | 974.97 |
| | (ii) Other money for which the company is contingently liable - Matter under dispute | | | |
| | - Excise duty | 55.53 | | 38.00 |
| | - Customs | 37.09 | | 37.09 |
| | - Service Tax | 540.32 | | 75.08 |
| | - Rajasthan Sales Tax | 24.73 | | 24.73 |
| | - Gujarat Sales Tax | 112.94 | | 138.55 |
| | - Gujarat VAT | 311.84 | | 311.84 |
| | - Income-tax | 1,247.06 | | 29.31 |
| | - Octroi | 53.49 | | 53.49 |
| (b) | Commitments | | | |
| | (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 84.54 lacs; previous year ₹ 18.99 lacs) | 1,816.04 | | 166.72 |
| | (ii) Other commitments | Nil | | Nil |

- 33 (a)** Hon'ble Appellate Authority for Industrial and Financial Reconstruction (AAIFR) vide its order dated 23.10.2012 inter-alia held that the company's net worth has turned positive as on 31.3.2010 and consequent thereto, the company has been discharged from Board of Industrial and Financial Reconstruction (BIFR). However, in the same order, Hon'ble AAIFR has reiterated its decision in M/s.Kunal Virenchee Sagar case holding that the BIFR's jurisdiction continues un-interrupted and the BIFR is competent to exercise its jurisdiction under Section 18(5) of Sick Industrial Companies Act (SICA) and remanded the matter to BIFR.

Hon'ble BIFR vide its order dated 6.12.2012 issued on 16.1.2013 sanctioned the Modified Draft Rehabilitation Scheme of the company inter-alia consisting of following main points :

- (i) Reduction of paid up capital by 75%.
- (ii) Fresh infusion of equity capital of ₹ 50 crores consisting of 5 crore equity shares of ₹ 10/- each at par to the Promoters, associates etc.
- (iii) To complete the jetty at revised cost of ₹ 59.72 crores.

In compliance with the aforesaid order, the Company's paid up Share Capital was reduced by 75% (Seventy five percent) from ₹ 144,61,54,080/- consisting of 14,46,15,408 fully paid up Equity Shares of ₹ 10/- each to ₹ 36,15,38,520/- consisting of 3,61,53,852 fully paid up Equity Shares of ₹ 10/- each as at 25.2.2013, being the Record Date. The amount of reduction in capital of ₹ 10846.16 lacs has been adjusted towards accumulated losses of ₹ 3924.48 lacs as on 31.3.2012 and balance amount of ₹ 6921.68 lacs is credited to Capital Reserve account.

- (b)** The Government of Gujarat filed the Letters Patent Appeal (LPA) before the Hon'ble High Court of Gujarat and have claimed an amount of ₹ 346.02 crores in respect of interest and penal interest on dues to them. The decision is still pending and no interim relief has been granted by the Hon'ble High Court. In view of this, no provision has been made in respect thereof. Subsequently, the Industries & Mines Department, Government of Gujarat, vide Government Resolution dated 25th June 2012 conveyed that HPC meeting held on 3.1.2012 has decided to withdraw the LPA filed before the High Court of Gujarat against the company. However, the same has not been formally withdrawn.

34 Related Parties Disclosure:

- (a)** Promoter companies together with its subsidiaries and associate companies holding more than 20% of the Equity Capital :

- 1) Ria Holding Ltd.*
- 2) Pranay Holding Ltd.*
- 3) Reeti Investment Ltd.*
- 4) Prachit Holding Ltd.*
- 5) Sumaraj Holding Pvt. Ltd.*
- 6) Villa Trading Company Pvt. Ltd.
- 7) Sunnidhi Trading Pvt. Ltd.
- 8) Shree Anandeya Investment Pvt. Ltd.
- 9) Sameta Export Pvt. Ltd.
- 10) Pallor Trading Company Pvt. Ltd.
- 11) The Mehta International Ltd.
- 12) The Arj Investments Limited
- 13) Hopgood Investments Ltd.
- 14) Treasurer's Trading Limited
- 15) Gujarat Industrial Investment Corp. Ltd.
- 16) Industrial Construction Limited (holding company of Sr. No. 9)
- 17) Sampson Limited (holding company of Sr. No. 6)
- 18) Clarence Investments Limited (subsidiary of Sr. No. 11)
- 19) Glenn Investments Limited (subsidiary of Sr. No. 11)
- 20) Aber Investment Limited (subsidiary of Sr. No. 11)
- 21) Monza Limited (subsidiary of Sr. No. 11)
- 22) Samja Mauritius Limited (holding company of Sr. No. 12)

*10,35,912 shares held as security by a bank in bank's name for financial assistance granted.



(b) Name of Key Management Personnel :

| | | |
|---|-------------------|-------------------------|
| 1 | Mr. Jay Mehta | Executive Vice Chairman |
| 2 | Mr. M. S. Gilotra | Managing Director |

(c) Name of a company in which policies are controlled by common key management personnel:
Saurashtra Cement Limited

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|--------------------------------------|
| | ₹ In lacs | ₹ In lacs |
| 1 | 24.38 | 24.38 |
| 2 | 119.48 | 54.51 |
| 3 | Particulars of transactions with Saurashtra Cement Ltd. The transactions are disclosed in aggregate value for the year: | |

| Particulars | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--------------------------------------|--|--------------------------------------|
| | ₹ In lacs | ₹ In lacs |
| Purchase of Goods & materials | 203.49 | 83.90 |
| Sale of Goods & materials | 2,948.45 | 1,912.20 |
| Services received / (rendered) [Net] | 32.39 | (2.05) |
| Outstanding Receivable/(Payable) | 29.92 | 28.05 |

35 The Company has only one business segment 'Cement / Clinker' as primary segment.

36 The previous year's figures have been regrouped / rearranged so as to conform to the current year's figures.

See accompanying Notes to Financial Statements
As per our Report of even date attached

For MANUBHAI & CO.
Chartered Accountants
Firm Registration No. 106041W

(K.C. PATEL)
Partner
Membership No. 30083

Place : Mumbai
Date : May 30, 2013

For and on behalf of the Board of Directors

| | |
|----------------------|---|
| M. N. Mehta | Chairman |
| P. K. Behl | Director |
| M. S. Gilotra | Managing Director |
| V. R. Mohnot | CFO |
| A. M. Fadia | Director (Legal) and Company Secretary |

Place : Mumbai
Date : May 30, 2013

FORM OF PROXY



GUJARAT SIDHEE CEMENT LIMITED

Registered Office: "Sidheegram", Off Veraval-Kodinar Highway – 362276 Dist. Junagadh (Gujarat)
 Share Department : N.K. Mehta International House, 178, Backbay Reclamation, Mumbai – 400 020

| | |
|------------|--|
| D. P. Id* | |
| Client Id* | |

| | |
|---------------|--|
| L.F. No. | |
| No. of Shares | |

ATTENDANCE SLIP

I/We hereby record my/our presence at the 39th Annual General Meeting of the Company held at the Registered Office of the Company, "Sidheegram", Off Veraval-Kodinar Highway – 362276 Dist. Junagadh (Gujarat) at **10.00 a.m.** on **Tuesday**, the **30th July, 2013** and at any adjournment thereof.

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

* Applicable for investors holding shares in Electronic form.

NOTES:

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

Tear Here

Tear Here



GUJARAT SIDHEE CEMENT LIMITED

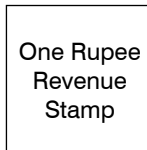
Registered Office: "Sidheegram", Off Veraval-Kodinar Highway – 362276 Dist. Junagadh (Gujarat)
 Share Department : N.K. Mehta International House, 178, Backbay Reclamation, Mumbai – 400 020

| | |
|------------|--|
| D. P. Id* | |
| Client Id* | |

| | |
|---------------|--|
| L.F. No. | |
| No. of Shares | |

I/We of
 in the district of being a Member/Members of Gujarat Sidhee Cement Limited hereby
 appoint of
 in the district of or failing him.....of
 in the district of
 as my/our proxy to attend and vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company
 to be held at **10.00 a.m.** on **Tuesday**, the **30th July, 2013** and at any adjournment thereof.

Signed this day of, 2013



Signature

* Applicable for investors holding shares in Electronic form

BOOK-POST

If undelivered please return to:

Gujarat Sidhee Cement Limited, Off Veraval-Kodinar Highway, Sidheegram 362 276,
Tal: Sutrapada, District: Junagadh, Gujarat.