





Board of Directors

As on 21.04.2011

Mr. M. N. Mehta

Chairman

Mr. Jay M. Mehta

Executive Vice Chairman

Mr. Hemang D. Mehta

Mr. M. N. Rao

Mr. S.V.S. Raghavan

Mr. B. P. Deshmukh

Mr. K.N. Bhandari

Mr. Jayant N. Godbole

Mr. Hemnabh Khatau

Mr. Bimal Thakkar

Mr. Anil Kaul

Special Director - BIFR

Mr. Devang Gandhi

Alternate Director to Mr. Hemang D. Mehta

Mr. Denys Firth

Mr. Alexander Shaik

Nominee - India Debt Management Pvt. Ltd.

Mr. Anish Modi

Mr. Chetan Jain

Alternate Director to Mr. Denys Firth

Mr. M. S. Gilotra

Managing Director

Mr. V. R. Mohnot

Director (Finance) & Company Secretary

BANKERS

Dena Bank

Central Bank of India

Rajkot Nagarik Sahakari Bank Ltd.

AUDITORS

Messrs Bansi S. Mehta & Co.

Chartered Accountants

REGISTERED OFFICE

Near Railway Station

Ranavav 360 560

Gujarat

CORPORATE OFFICE:

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

178, Backbay Reclamation

Mumbai 400 020

SAURASHTRA CEMENT LIMITED

Registered Office: Near Railway Station, Ranavav 360 560 (Gujarat)

NOTICE

Notice is hereby given that the 53rd Annual General Meeting of the Members of the Company will be held on **Thursday**, the **28th July, 2011** at **10.00 a.m.** at the Registered Office of the Company, Near Railway Station, Ranavav 360 560 (Gujarat), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March 2011, the Profit & Loss Account for the financial year ended 31st March 2011 and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Alexander Shaik, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Denys Firth, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mahendra N. Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S.V.S.Raghavan, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. M. N. Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
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. Bansil S. Mehta & Co., Chartered Accountants be and are hereby re-appointed as Statutory Auditors of the Company for audit of accounts for the financial year 2011-2012 and they shall hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.7,00,000/- (Rupees Seven Lacs only) plus service tax and reimbursement of travelling and out of pocket expenses actually incurred."

By Order of the Board of Directors

Place : Mumbai,
Dated : April 21, 2011

V. R. MOHNOT
Director (Fin.) & Company Secretary

Registered Office:
Near Railway Station
Ranavav 360 560 Gujarat.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Re-appointment of Directors.
Pursuant to Clause 49 of the Listing Agreement relating to code of Corporate Governance, the profile of directors proposed to be appointed/ re-appointed at the ensuing Annual General Meeting is given in the Corporate Governance Report annexed to the Directors Report.



3. The documents referred in the resolutions are available for inspection by the members at the Registered Office of the Company during 10.00 a.m. to 12 noon on any working day till the date of the ensuing Annual General meeting.
4. The Share Transfer Books and Register of Members of the Company shall remain closed from Thursday the 21st July, 2011 to Thursday the 28th July, 2011 (both days inclusive) in connection with the Annual General Meeting.
5. Members who have multiple accounts in identical names or joint accounts in same order are requested to send their share certificates to the Registrar and Transfer Agents for consolidation of all such shareholdings into one account to facilitate better service.
6. (a) Members are requested to notify immediately any change of address:
 - i. To their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii. To the Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078, in respect of their physical share folios, if any.(b) In case the mailing address mentioned on this Annual Report is without the pin code, members are requested to kindly inform the Registrars their PIN CODE immediately.
7. Members are requested to register their **e-mail ID** with their Depository Participant (in case of shares held in demat mode) and by sending an e-mail to us at scl-mum@mehtagroup.com (in case of shares held in physical form). Further, please note, that if there is any change in your e-mail address registered with depository/us, you are requested to update the same with your Depository Participant (in case of shares held in demat mode) and by sending an e-mail to us at scl-mum@mehtagroup.com (in case of shares held in physical form)
8. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
9. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Annual General meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
10. **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 : April 21, 2011

V. R. MOHNOT
Director (Fin.) & Company Secretary

Registered Office:
Near Railway Station
Ranavav 360 560 Gujarat.

DIRECTORS' REPORT

Dear Members,

The Directors present the 53rd Annual Report, Audited Accounts and Auditors Report for the financial year ended on the 31st March, 2011.

FINANCIAL RESULTS

The highlights of the financial results for the Financial year (12 months) ended 31st March 2011, are given below. However, they are not comparable with the previous Financial year ended 31st March 2010, which was for 15 months.

(In Million Rupees)

Particulars	Current Financial Year 2010-2011 (12 Months)	Previous Financial Year 2009-2010 (15 Months)
Sales & Other Receipts	3969.04	5940.45
Profit before interest, depreciation and exceptional items.	304.18	1074.76
Interest	418.04	557.89
Profit/(Loss) before depreciation	(113.86)	516.87
Depreciation	303.96	296.58
Profit/(Loss) before exceptional items and deferred tax assets	(417.82)	220.29
Exceptional Item	(3.12)	68.91
Deferred Tax Assets /Provision for Fringe Benefit Tax	(149.62)	(88.39)
Profit/(Loss) after tax	(570.56)	200.81
Liquidated damages for delayed completion of project	-	32.00
Brought forward Profit/(Loss) from earlier years	(2152.49)	(2440.86)
Amount withdrawn from Revaluation Reserve	-	87.56
Transfer to Capital Reserve	-	(32.00)
Balance of Profit/(Loss) carried forward.	(2723.05)	(2152.49)

The performance of the company was adversely affected due to the following reasons :

- Significant drop in exports due to low demand in the Middle-East region.
- Steep increase in the energy cost (coal and pet-coke).
- Increase in transportation cost.
- Increase in excise duty.
- Significant drop in cement price realization due to low growth in the first nine months and excess capacity.

DIVIDEND

In view of the carried forward losses, the Directors have not recommended any dividend for the year.

INDUSTRY OVERVIEW

The all India cement consumption growth was a modest 4.8 percent from around 198 million tonnes to around 208 million tonnes during the year under review. The total installed capacity at the end of the year under review was around 285 million tonnes; an increase of about 10 percent from the previous year.



During the year under review, the cement consumption in Gujarat was 16 million tonnes for the 12 months ended 31.3.2011, compared to 14.3 million tonnes in the previous year, an increase of 12 percent. The current members of CMA exported 2.53 million tonnes of cement and clinker for the 12 months ended 31.3.2011, compared to 3.23 million tonnes in the earlier year.

In Gujarat, capacity has increased by 2.4 million tonnes in the last two years and in the same period by 8.64 million tonnes in Maharashtra and Rajasthan. The total installed capacity in Gujarat at the end of the year under review was around 22.4 million tonnes.

PERFORMANCE REVIEW

Production and Despatches

The production of Clinker and cement in the twelve months ended 31.3.2011 was 1.28 million tonnes and 1.16 million tonnes as against 1.61 million tonnes and 1.61 million tonnes respectively in the earlier period of 15 months ended 31st March 2010. The total sale of cement and clinker was 1.37 million tonnes as compared to 1.87 million tonnes in the earlier period of 15 months ended 31st March 2010.

Exports and Marketing

The Company exported 0.18 million tonnes of cement and clinker in the twelve months ended 31.3.2011 as compared to 0.44 million tonnes in the earlier period of 15 months ended 31st March 2010. The lower consumption coupled with higher local production resulted in reduced exports to the Middle East. The competition from other neighbouring countries also affected the prices and volumes for export. The situation is likely to continue in the short term. The reduction in the volumes exported resulted in increased availability of cement in Gujarat, resulting in lower prices.

BIFR

The Company is a Sick Industrial Company, pursuant to section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and is registered with Board for Industrial and Financial Reconstruction (BIFR).

At the last hearing, BIFR had directed the company to submit revised Draft Rehabilitation Proposal and also directed the Government of Gujarat to expedite its decision on the proposal of One Time Settlement filed by the company. IFCL, the lead financial institution and Operating Agency was asked to submit a duly tied up scheme to BIFR, after conducting a joint meeting of persons from whom the company has sought reliefs.

PUBLIC DEPOSITS

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

CASH FLOW STATEMENT

Cash flow statement pursuant to Clause 32 of the listing agreement is attached herewith. Due to lower sales and steep fall in prices, the cash flow of the company was affected adversely resulting in tight liquidity conditions.

SUBSIDIARY COMPANIES

As per Section 212 of the Companies Act, 1956, the Company is required to attach the directors' report, balance sheet, and profit and loss accounts of the subsidiary companies. The Ministry of Corporate Affairs, Government of India vide its circular no.2/2011 dated 8.2.2011 has granted a general exemption from complying with Section 212 (1) of the said Act.

Accordingly, the Annual Report does not contain the financial statements of the subsidiary companies. The financial information of the subsidiary companies as required by the said circular, is disclosed on page no. 80 of this Annual Report. The statements of Company's interest in the subsidiaries as at March 31, 2011, prepared in accordance with the provisions of Section 212 of the said Act, are also attached on page no. 81 of this Annual Report.

The Company will make available the Annual Accounts of the subsidiary companies to any member on their request and shall also be kept open for inspection by any member at the Registered office of the Company.

CONSOLIDATED FINANCIAL STATEMENT

As required under Clause 32 of the Listing Agreement with the Stock Exchange, the Consolidated Financial Statement has been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by 'The Institute of Chartered Accountants of India'. The Audited Consolidated Financial Statements together with Auditors' Report thereon form part of the Annual Report.

DIRECTORS

During the year under review, Mr. Anil Kaul, was appointed as Special Director by Hon'ble Board for Industrial & Financial Reconstruction (BIFR) w.e.f. 4.2.2011.

Mr. Alexander Shaik, Mr. Denys Firth, Mr. M. N. Mehta, Mr. S.V.S.Raghavan and Mr. M. N. Rao 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 other companies, shareholding and trusteeship is provided in Corporate Governance Report attached to this report.

The directors recommend their re-appointment.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Bombay Stock Exchange Ltd (BSE). Listing fees have been paid upto 31st March 2012.

AUDITORS

M/s. Bansil S. Mehta & Co., Chartered Accountants, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from them that the reappointment, if made, would be within the prescribed limits under Section 224(1)(B) of the Companies Act, 1956.

AUDITORS' OBSERVATIONS

As regards observations in the annexure to the report, the report is self explanatory and gives factual position which does not require further clarifications.

TAX AUDIT

M/s. Bansil S. Mehta & Co., Chartered Accountants have been appointed to carry out the Tax Audit for the Assessment Year 2011-12.

INTERNAL AUDIT

BDO Consulting Private Limited, have been appointed to carry out the Internal Audit of the Company for the Financial Year 2011-12.

COST AUDITORS

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

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.



STAFF RELATIONS

The Company continued to maintain harmonious relations with the staff at all levels.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & 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 in Annexure 1, forming part of the Report.

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 REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place : Mumbai
Dated : April 21, 2011

Jay M. Mehta
Executive Vice Chairman

M. S. Gilotra
Managing Director

ANNEXURE TO DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.11.

A. CONSERVATION OF ENERGY:

- a. ENERGY CONSERVATION MEASURES TAKEN
 1. Variable Frequency Drives (VFD's) installed at:
 - Clinker Cooler fan.
 - TPP Secondary air fan.
 2. Replacement of 18 old motors by high efficiency motors.
 3. Use of energy efficient lamps by replacing GLS clear lamps with CFL in colony.
 4. Installation of solid flow meter for fly ash feeding in cement mill.
- b. ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.
 1. Reengineering of major fans for improvement in efficiency.
 2. Use of VFD's in the plant in a phased manner.
 3. Systematic Replacement of old motors by high efficiency motors.
 4. Bag House fan VVFD drive for power saving.
- c. IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND SUBSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.
 1. Reduction in power consumption
- d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION
Details are given in form A of the annexure

B. TECHNOLOGY ABSORPTION.

Efforts made in Technology are given in prescribed Form B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans:
The company is making efforts to market its products in a new markets like South Africa, Mozambique, Sri Lanka etc., by offering competitive prices and quality of goods and services. The company is also offering modification in the specification as per customer requirements to meet different standards of cement like Sri Lankan standard, South African Business Standards besides BIS.
- (b) Total Foreign Exchange used and earned.

	Current Year 2010-11 (12 months) (₹ in lacs)	Previous Year 2009-10 (15 months) (₹ in lacs)
Foreign Exchange earned	4250.72	13235.48
Foreign Exchange used	392.19	1555.56

FORM A (See Rule 2)

Form for disclosure of particulars with respect to conservation of energy)

	Current Year 2010-11 (12 Months)	Previous Year 2009-10 (15 Months)
(A) Power and Fuel Consumption		
1 ELECTRICITY		
A Purchased		
Units (Kwh)Lakhs	10.79	22.70
Total Amount (₹ In Lakhs) Incl. Fixed Charges	151.48	343.27
Variable Cost Per Unit In Rupees	5.68	6.08
B Own Generation		
i) Through Diesel Generator		
Net Units (Kwh) Lakhs	12.59	39.86
Units /Ltr Of Furnace Oil	3.13	3.59
Variable Total Cost Per Unit In Rupees	8.77	7.54
ii) Through Thermal Power Plant		
Net Units (Kwh) Lakhs	1322.48	1739.28
Total Amount (₹ In Lakhs)	5089.10	4970.62
Variable Total Cost Per Unit In Rupees	3.85	2.86
2 COAL AND OTHER FUELS		
Quantity (Million K.cal)	1026672	1315674
Total Cost (₹ In Lakhs)	10334.87	8946.94
Average Rate /Million Kcl (₹)	1006.64	680.03
3 FURNACE OIL		
Quantity (K.LTRS)	682	1764
Total Amount (₹ In Lakhs)	166.62	339.11
₹ Per Litre	24.44	19.22
(B) CONSUMPTION PER UNIT OF PRODUCTION		
1 ELECTRICITY (Kwh/T of Cement)	102.85	104.77
2 COAL /LIGNITE Usage in %	13.25	13.01

FORM B

A. RESEARCH & DEVELOPMENT

a. Specific areas in which the company carried out R&D

Nil

b. Benefits derived as a result of above R&D

Nil

c. Future plan of action

1. Use of alternative / waste derived fuels for Power generation and Kilns.
2. Use of VFD's in fan applications.
3. Improvement in efficiency of fans by reengineering.
4. Installation of pre-grinder for reducing power consumption.

B. DETAILS OF TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

- i. Replacement of 18 old motors by high efficiency motors.
- ii. Use of energy efficient lamps by replacing GLS clear lamps with CFL in the colony.
- iii. Installation of vvfd drive for packer operation.
- iv. Installation of VFD's for power savings.
- v. Replacement of old DC motors with AC motors in phased manner.
- vi. Induction of mobile vacuum cleaning system for plant house keeping.

2. Benefits derived as a result of above efforts.

- i. Optimization of Kiln process
- ii. Reduction in power consumption.

3. Information regarding technology imported during last 5 years.

Company has not imported any technology during last 5 years.