



Saurashtra Cement  
Limited

57th  
ANNUAL  
REPORT  
2014-15



## BOARD OF DIRECTORS

**As on 14.05.2015**

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. P. K. Behl	
Mrs. Bhagyam Ramani	
Mr. Anil Kaul	<i>Special Director - BIFR</i>
Mr. M. S. Gilotra	Managing Director

### Chief Financial Officer

Mr. Rakesh H. Mehta

### Vice President (Legal) & Company Secretary

Mrs. Sonali Sanas

### Bankers

Central Bank of India  
Dena Bank  
Bank of India  
Rajkot Nagarik Sahakari Bank Ltd.  
HDFC Bank Ltd.

### Auditors

Messers. Bansi S. Mehta & Co.  
Chartered Accountants

### Registered Office & Works

Near Railway Station,  
Ranavav 360 560 (Gujarat)  
Tel. 02801 - 235001/7, 02801 - 304200  
Fax: 02801 - 304376, 304384  
CIN: L26941GJ1956PLC000840

### Corporate Office

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

### Registrars & Transfer Agent:

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

**Website:** [www.saurashtracementlimited.com](http://www.saurashtracementlimited.com)

## DIRECTORS' REPORT

### DEAR MEMBERS,

The Directors present the 57th Annual Report, Audited Accounts and Auditors Report for the Financial Year ended on the 31st of March, 2015.

### FINANCIAL RESULTS

The highlights of the financial results for the Financial year ended 31st of March 2015 are given below.

(₹ in Million)

Particulars	Standalone		Consolidated	
	Current Financial Year 2014-2015	Previous Financial Year 2013-14	Current Financial Year 2014-2015	Previous Financial Year 2013-14
Revenue from Operation and Other Income (Net of Excise)	5699.14	5359.69	5700.37	5364.57
Profit before interest, depreciation and exceptional items.	965.76	628.82	966.06	631.58
Finance Cost	133.76	163.70	133.76	163.70
Profit/(Loss) before depreciation	832.00	465.12	832.30	467.88
Depreciation & Impairment	348.62	258.62	348.79	258.84
Profit/(Loss) before exceptional items and Deferred Tax Assets	483.38	206.50	483.51	209.04
Exceptional Item	308.96	Nil	308.96	Nil
Tax Expense	(208.52)	Nil	(208.57)	0.06
Deferred Tax Adjustment	92.18	Nil	92.18	Nil
Profit/(Loss) after tax	676.00	206.50	676.08	208.98
Brought forward Profit/(Loss) from earlier years	(867.03)	(1073.53)	(887.04)	(1096.02)
Balance of Profit / (Loss) carried to Balance Sheet	(191.03)	(867.03)	(210.96)	(887.04)

### THE YEAR UNDER REVIEW

The economy and cement production showed signs of improvement. The cement production during 2014-15 grew by about 5.6 percent as against less than 4 percent during the previous year.

Similarly, consumption of cement in our home market of Gujarat increased by about 6 percent resulting in improved sales and prices, profitability as compared to the previous year. The international prices of coal were lower than previous year. However the taxes by way of Royalties on minerals, excise duties and sales tax continued to be high and further increased in the budget of 2014-15. Additional Customs duty and CVD was also imposed on coal imports.

### PERFORMANCE REVIEW

#### Production and Sales

The production of clinker for the year ended March 2015 was 1.32 million tonnes, which is 107 percent of the rated capacity of the production unit and is also more than clinker production of 1.31 million tonnes for the year ended in March, 2014. The cement production for the year ended March, 2015 was 1.47 million tonnes, which is higher by 11 percent than the cement production of 1.33 million tonnes in the previous year ended in March 2014.

The overall sale (cement and clinker) during the year ended March 2015 was 1.48 million tonnes, which is higher than the overall sale of 1.46 million tonnes in the previous year ended in March 2014.

#### Exports

The export of cement for the year ended March 2015 was 0.207 million tonnes, which is almost similar to 0.213 million tonnes during the previous year ended in March 2014. However, the export of clinker was nil as compared to the previous year of 0.193 million tonnes.

### DIVIDEND

In view of the carry forward losses, your Directors do not recommend any Dividend for the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### Consolidated Financial Statements

As required under Clause 32 of the Listing Agreement with the Stock Exchange and Section 136 of the Companies Act, 2013, 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 forms a part of the Annual Report.

The Consolidated Net Profits of the Company and its subsidiaries amounted to ₹ 6760.82 lacs for the Financial year ending 31st March, 2015.

### SUBSIDIARY COMPANIES

The Company has five subsidiaries.

Section 136 of the Companies Act 2013 has exempted the listed companies from attaching the financial statements of the Subsidiary companies to the Annual Report of the company.

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

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. The statements are also available at the website of the company at <http://scl-mehtagroup.com/investors/financials>.

### Directors' Responsibility Statement

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

- (a) that in the preparation of the annual financial statements for the year ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures; if any;
- (b) that the accounting policies as mentioned in Note No.1 to the Financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### Corporate Governance

A separate report on the Compliance with Clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance along with a Certificate of Compliance from the Statutory Auditors forms a part of this Report as **Annexure B**.

The Company is committed to maintain the highest standards of Corporate Governance and adhere to Corporate Governance requirements set out by SEBI. The report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms an integral part of this Report. Also a certificate of Compliance from the Auditors of the Company confirming compliance with the conditions of Corporate Governance forms a part of this Report. A declaration by CEO and CFO that Board and senior members have complied with the Code of Conduct of the Company also forms a part of this Report.

### RELATED PARTY TRANSACTIONS

All related party transactions are on arms length basis at prevailing market prices. The other details as required under Clause 49 of the Listing Agreement and Section 134 (3) of the Companies Act, 2013 as detailed in the Corporate Governance report.

## Particulars of Contracts or Arrangements with Related Parties:

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

## CORPORATE SOCIAL RESPONSIBILITY

The Company has been committed towards various social measures and has taken initiatives to cater to the needs of the society. Pursuant to introduction of Section 135 of the Companies Act, 2013 and the rules made thereunder the Company has constituted a CSR committee.

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

In view of the carry forward losses, the Company was not required to spend on the Corporate Social Responsibility activities under Section 135 of the Companies Act, 2013.

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

Company has taken certain initiatives under Corporate Social responsibility (though not required under Section 135 of the Companies Act, 2013) and the same have been detailed under the Management Discussion and Analysis Report.

## RISK MANAGEMENT

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

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

Pursuant to the requirements of Clause 49 of the Listing Agreement the Company has constituted a Risk Management Committee and has also adopted a Risk Management Policy, the constitution of the committee along with principles pertaining to the management of risk are set out in the Corporate Governance Report of the Company.

## DIRECTORS AND KEY MANAGEMENT PERSONNEL

### Appointment

During the year, India Debt Management Private Limited nominated Mr. Navin Sambtani (DIN: 01811472) as their Nominee on the Board of the Company who was appointed as a Nominee Director with effect from 6.11.2014.

### Cessation of Directors

Mr. Denys Firth (DIN: 00031942) and Mr. Susheel Kak (DIN:03612592) Nominee Directors of India Debt Management Private Limited (IDM) resigned from the Board of the Company as IDM had withdrawn their nomination during the year and ceases to be the Directors.

Mr. Alexander Shaik (DIN: 00031975) and Mr. Navin Sambtani (DIN:01811472) Nominee Directors of India Debt Management Private Limited (IDM) resigned from the Board of the Company as IDM had withdrawn their nomination with effect from 12th May, 2015 and ceases to be the Directors as the Company has repaid all outstanding dues to IDM under various loans and other debt instruments.

The Board has placed on record its appreciation for the contribution made by the above Directors.

### Reappointment of Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Hemnabh Khatau (DIN: 02390064), will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. Brief resume of Director seeking re-appointment along with other details as stipulated under Clause 49 of the Listing Agreement, are provided in the Notice for convening the Annual General Meeting.

The Board of Directors at its meeting held on 14th May, 2015, has reappointed Mr. Jay Mehta as Executive Vice Chairman and Mr. M. S. Gilotra as Managing Director for a further period of five years from 1st January, 2016 to 31st December, 2020 and remuneration payable over a period of 3 years from 1st January, 2016 to 31st December, 2018, subject to the approval of the Members and the Central Government.

The resolutions seeking approval of the Members for the appointment and remuneration of Mr. Jay Mehta and Mr. M. S. Gilotra have been incorporated in the Notice of the forthcoming Annual General Meeting of the Company along with brief details about them.

The Board recommends their re appointments.

#### **Board Evaluation :**

In accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of the Board as a whole based on various criteria. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

#### **Declaration by Independent directors**

All the Independent Directors have furnished declarations stating that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### **Appointment / Change in Key Management Personnel :**

Mr. M. S. Gilotra, Managing Director of the Company was also designated as Key Managerial Personnel with effect from 1st October, 2014.

Mr. Rakesh Mehta was appointed as Chief Financial Officer of the Company with effect from 1st October, 2014.

Ms. Anupama Pai was appointed as Vice President (Legal) and Company Secretary of the Company with effect from 1st October, 2014 and resigned with effect from 30th November, 2014.

Ms. Sonali Sanas was appointed as Vice President (Legal) and Company Secretary of the Company with effect from 2nd March, 2015.

#### **AUDITORS AND AUDITORS REPORT**

##### **Statutory Auditors:**

M/s. Banshi S. Mehta & Co, Chartered Accountants, the Statutory Auditors of the Company, who hold office upto the conclusion of the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 2013 who are eligible for re-appointment are recommended for re-appointment to audit the Accounts of the Company for the Financial Year 2015-16. As required under the provisions of the Companies Act, 2013, the Company has received written confirmation from M/s. Banshi S. Mehta & Co, Chartered Accountants that their appointment, if made, will be in conformity with the limits specified in the Section 143(1)(g) of the Companies Act, 2013.

##### **Secretarial Auditors**

M/s Ragini Chokshi & Company, Practicing Company Secretaries were appointed by the Board of Directors as the Secretarial Auditor of the Company to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the Financial Year 2014-15. The report of the Secretarial Auditor is annexed as **Annexure D** to this report.

The Board of Directors of the Company on the recommendation of the Audit Committee appointed M/s. Ragini Chokshi & Company, Practicing Company Secretaries as Secretarial Auditor of the Company for the Financial Year 2015-16.

##### **Tax Auditors**

The Board of Directors on the recommendation of the Audit Committee appointed M/s. Banshi S. Mehta & Co, Chartered Accountants to carry out the Tax Audit for the Assessment Year 2015-16.

##### **Internal Auditors:**

The Board of Directors on the recommendation of the Audit Committee appointed M/s. Haribhakti & Co. LLP, Chartered Accountants, to carry out the Internal Audit of the Company for the Financial Year 2015-16.

##### **Cost Auditors**

In accordance with the provisions of Section 148 of the Companies Act, 2013, M/s. V. J. Talati & Co, Cost Accountants, have been appointed by the Board as Cost Auditor of the Company for the Financial Year 2015-16 and a certificate of eligibility under Section 148 of the Companies Act, 2013 has been received.

#### **DISCLOSURES:**

##### **Audit Committee**

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

## **Nomination & Remuneration Committee and Policy**

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

## **Vigil Mechanism**

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

## **Number of Board Meetings**

During the year under review, four meetings of the Board of Directors were held on 30th May, 2014, 4th August, 2014, 6th November, 2014 and 9th February, 2015.

## **Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Outgo**

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

## **Extract of the Annual Return**

The extract of the Annual Return in Form No. MGT - 9 forms a part of this report as **Annexure F**.

## **Particulars of Employees**

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

## **Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013**

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

There were no cases filed under this act during this financial year.

## **GENERAL**

### **Listing of Equity Shares**

The Company's equity shares are listed on the Bombay Stock Exchange Ltd (BSE). Listing fees have been paid up to 31st March, 2016.

### **Staff Relations**

Industrial relations at our Factory and Offices remained cordial.

### **Deposits**

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

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

There has been no default in repayment of deposits or payment of interest thereon during the year.

### **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, particularly India Debt Management Pvt. Ltd., 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 : 14th May, 2015

**M. S. Gilotra**

Managing Director

**Jay Mehta**

Executive Vice Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Development**

The Indian Cement Industry with an installed capacity of around 360 million tonnes has registered a cumulative growth in production at around 6 percent during the period April 2014 to March 2015 as against around 3 percent during the corresponding period of last year. The cumulative growth for the eight core industries, which comprise nearly 38 percent of the weight of items in the IIP (coal, crude oil, natural gas, refinery products, fertilisers, steel, cement & electricity) is 3.5 percent during the period April 2014 to March 2015 as against 2.6 percent during the corresponding period of last year. The surplus capacity available in the states of Gujarat & Rajasthan and the lower export volumes due to unrenumerative prices are the two major factors affecting the sustained profitability of cement companies in the state of Gujarat. The entry of new manufactures and consolidation of existing players is resulting in high price volatility and variations in prices are experienced very frequently in different regions and different periods of time.

### **Future Outlook**

With the stable political scenario and the Government's determination to bring in reforms, gradual increase in economic activity is expected with major infrastructure projects. Cement and construction materials are critical for the housing need of the population and for the basic infrastructure like roads, bridges, schools, hospitals, airports and many other facilities. The medium term to long term future of the cement industry is optimistic and positive. However, due to addition of new plants with large capacities, the capacity utilization is likely to be on the lower side and old plants with less efficient process and machinery is likely to experience fierce competition in the market places. 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**

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

With the government policy of deregulating the sale of diesel oil is likely to affect the cost delivery, though it is favorable as of now due to the fall in international price of crude. The rail freight continued to be high and the transportation by rail is unviable. The infrastructural constraints and high cost of handling of cement at public ports continue to pose threats to the sustainability and stability of the industry in Gujarat.

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

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 small quantities clinker, which is the intermediate product for the manufacture of cement. The bulk of the revenue and profitability comes from the sale of cement.

### **Risks and Concerns**

Over capacity of cement versus the demand is resulting in very volatile market conditions and profitability of cement business. The escalation of input costs, cost of delivery and the high rates of government levies (royalty of limestone, excise, sales tax, octroi, local body tax and other miscellaneous levies) continue to be a major concern for our company.

### **Internal Control systems and their adequacy**

Your Company has adequate systems of internal controls commensurate with the size and nature of its operations. The internal audit team continuously monitors the effectiveness of internal control systems. The Management periodically reviews the Reports of the Internal Auditor highlighting suggested improvements, cost control measures and need of policy modification and assuring its adherence. The Audit Committee reviews the financial results, adequacy of disclosures and adherence of accounting principles. The corrective steps and suggestions of the Audit Committee are implemented and the Internal Auditor reviews the same and reports of any deviations and other recommendations to formulate management policies, risk management procedures.



## Human Resource Development / Industrial Relations

Your Company recognizes people as the primary source of its competitiveness and continues to focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfill their aspirations.

The business environment is rapidly changing, bringing in its own set of opportunities and challenges. The shifting environments of the businesses demand the need to prepare our current and future leaders to face and overcome such business adversities and opportunities.

In view of manpower development as a key focus, it continues to take new initiatives to further align its HR policies to meet the growing needs of its business.

We have embarked upon 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.

## Corporate Social Responsibility

Your Company firmly believe in commitment to all stakeholders and is aware of its commitment to local communities for ensuring sustainable development. Therefore, your company lay high emphasis on understanding the requirements of the local community and embark on initiatives, expending considerable resources, which create long-term societal benefits.

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

## Health Care

The factory has a health care center providing medical aid to the Company's employees and the family members, workers as well as patients from the near by 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. Your company continues to contribute towards the Medical Centre and occupational health services.

## Education

The Company has a full-fledged primary 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 Porbandar, the company provides school bus facility. Your company also provides extra coaching classes to the under – privileged students near and around Ranavav.

## 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. Your company has planted more than one lac trees in last one decade with survival rate of more than 80%. The team at the plant has made lot of efforts in conservation and propagation of rare species of trees, increasing forest cover and fruit garden.

## 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

**M. S. Gilotra**  
Managing Director

**Jay Mehta**  
Executive Vice Chairman

Place : Mumbai  
Dated: 14th May, 2015

## **CORPORATE GOVERNANCE**

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, the Company's policies on the Corporate Governance and due Compliance report on specific areas wherever applicable for the financial year ended 31st March 2015 is given hereunder:

### **1 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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 this context, your Company has been making significant disclosures on the Board composition and functioning, management thoughts on the performance and outlook from time to time.

Securities and Exchange Board of India (SEBI) have amended the equity listing agreement to bring in additional corporate norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including treatment for minority shareholders.

The amended norms are aligned with the provisions of the Companies Act, 2013, and are aimed to encourage companies to 'adopt best practices on Corporate Governance'.

We believe that an active, well-informed and independent board is necessary to ensure the highest standards of Corporate Governance. It is well recognized that an effective Board is a pre-requisite for strong and effective Corporate Governance. At SCL, the Board of Directors ("the Board") is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long term interests of our stakeholders.

Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company. Your Company has complied with the requirements of Corporate Governance as laid down under Clause 49 of the Listing Agreement with the Stock Exchange/s.

### **1.1 GOVERNANCE STRUCTURE:**

Your Company's governance structure broadly comprises the Board of Directors and the Committees of the Board and the Management structure.

#### **(a) Board of Directors:**

The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The Board plays a primary role to protect the interest of the Company and enhance value of all the stakeholders.

#### **(b) Committees of Directors:**

With a view to have more transparency on various areas of the business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship & Grievances Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. These Committees are focused on financial reporting, audit & internal controls, resolving the grievances of stakeholders, appointment and remuneration of Directors and Senior Management Personnel, implementation and monitoring of CSR activities and the risk management framework.

#### **(c) Executive Management:**

The business and compliances is overseen by the Executive management of the company. The Executive Vice Chairman (EVC) and Managing Director (MD) look after the day-to-day business of the Company under the overall supervision and guidance of the Board. The EVC and MD are supported by business head and department heads in achieving overall performance / growth of the company.

### **2 BOARD OF DIRECTORS:**

#### **(i) Composition (as on 31.3.2015)**

Your Company's Board comprises of 16 (Sixteen) Directors, which include 8 (Eight) Independent Directors. 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 of the Board as on 31st March 2015 is as under: