

CEMPLY CEILING

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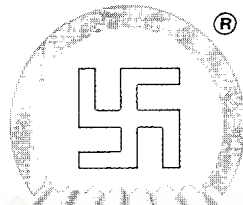
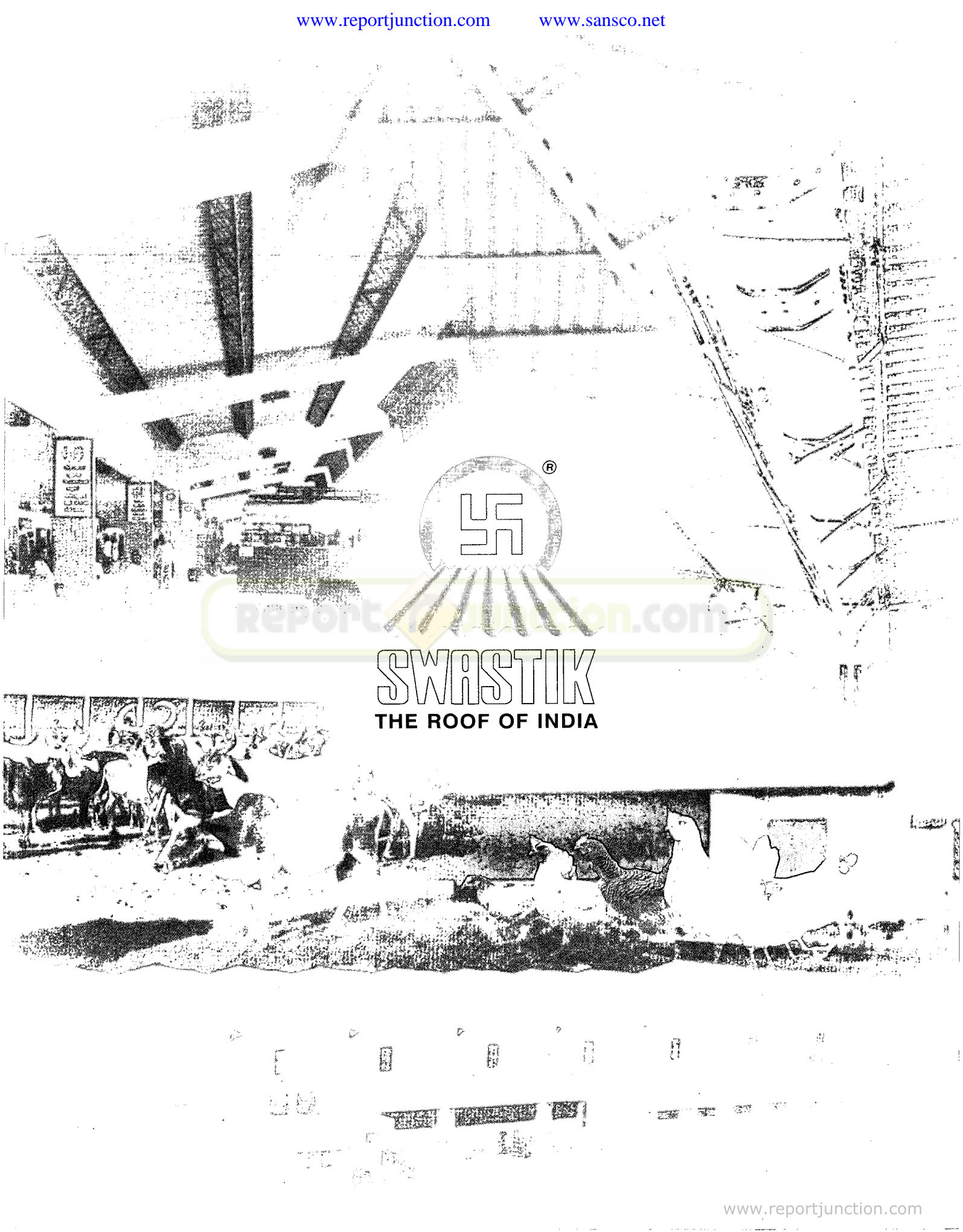
CEMPLY PARTITION

SWASTIK  
CORRUGATED  
ROOFING SHEET

## 13th ANNUAL REPORT 2006-07



# SAHYADRI INDUSTRIES LTD.



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**SWASTIK**  
THE ROOF OF INDIA





# SAHYADRI INDUSTRIES LIMITED

## BOARD OF DIRECTORS:

Mr. P. L. Patel	- Chairman
Mr. V. L. Patel	- Managing Director
Mr. J. P. Patel	- Executive Director
Mr. S. V. Patel	- Director Commercial
Mr. D. B. Kasad	- Wholetime Director
Mr. S. U. Koshti	- Director
Mr. M. P. Kulkarni	- Director
Mr. S. U. Joshi	- Director
Mr. C. P. Shah	- Director
Mr. J. Awate	- Director

## COMPANY SECRETARY:

Mayuresh Vaze

## AUDITORS:

M/s.Parag Patwa & Associates,  
Chartered Accountants,  
Patil Plaza, Parvati,  
Near Mitra Mandal Corner, Pune 411 009

## BANKERS:

1. Cosmos Co-op Bank Ltd,
2. Indian Overseas Bank,
3. Oriental Bank of Commerce,
4. Corporation Bank,
5. IICI Bank Limited
6. Central Bank of India
7. HDFC Bank Ltd.

## R & T AGENT:

M/S Sharex Dynamic (India) Pvt. Ltd.  
Unit 1, Luthra Industrial Premises,  
Safed Pool, Andheri (E)  
Mumbai - 400 072  
Phone No (22) 28515606 /44  
Fax No (022) -28512885

## REGISTERED OFFICE & CONTACT DETAILS:

'Swastik House' 39/D, Gultekadi,  
Jawaharlal Nehru Road, Pune 411037  
Near to Seven Loves Chowk  
Phone No. (020) 26444625/26/27  
Fax No. (020) 2645 8888

**WEBSITE :** [www.silworld.in](http://www.silworld.in)

## PLANTS :

1. Plot No. 39, 44, 46 to 49  
Block No. D III, MIDC, Chinchwad,  
Pune - 411 019
2. Gat No. 322/323, Village Kedgaon,  
Taluka: Daund, District: Pune.
3. Erode, Perundurai, Tamilnadu



# SAHYADRI INDUSTRIES LIMITED

## SAHYADRI INDUSTRIES LIMITED

### ATTENDANCE SLIP

THIRTEENTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON  
MONDAY 24TH SEPTEMBER, 2007

Name of the Member / Proxy : .....  
Registered Folio No. ....  
\*\*DP ID No. & Client ID No. ....  
No. of Shares held: .....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the THIRTEENTH ANNUAL GENERAL MEETING of the Company at Plot No.39, D III Block, MIDC, Chinchwad, Pune- 411019 at 3.30 p.m. on Monday 24th September, 2007.

.....  
\* Member(s)/Proxy signature

\* To be signed at the time of handing over the slip.

Note:

- Member/proxy wishing to attend the meeting must complete this Attendance slip & hand it over at the entrance of the meeting hall.
- Members are requested to bring their copy of the Annual report for the meeting.

## SAHYADRI INDUSTRIES LIMITED

### PROXY FORM

I / We \_\_\_\_\_ of \_\_\_\_\_ being member/s of SAHYADRI INDUSTRIES LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy in my / our absence to attend and vote for me/ us and on my / our behalf at the THIRTEENTH ANNUAL GENERAL MEETING of the Company to be held at 3.30 p.m. on Monday 24th September, 2007 and at any adjournment thereof.

Name of the Shareholder : .....  
Signature(s): .....  
Registered Folio No./ \*\* DP ID & Client ID No.....  
No. of shares held.....

Affix 1 Re.  
Revenue  
stamp

Note: In order to be effective proxy form should be duly stamped, completed and signed & must be deposited at the Registered office of the Company at 'Swastik House' 39/D, J. N. Marg, Gultekdi, Pune 411037 not less than 48 hours before the time of the meeting.

**\*\* Applicable for investors holding Shares in Electronic Form.**



# SAHYADRI INDUSTRIES LIMITED

## NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of the Company will be held on Monday 24th September, 2007 at 3.30 p.m. at Plot No.39, Block No. D-III, MIDC, Chinchwad, Pune - 411 019 to transact the following business: -

### ORDINARY BUSINESS:

1. To adopt the Balance Sheet of the Company as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. S.U.Koshti, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. M.P.Kulkarni, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. S.U.Joshi, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors of the Company.

Place: Pune  
Date: 30.06.2007

### On Behalf of the Board of Directors

P.L.Patel      V.L. Patel  
Chairman      Managing Director

### NOTES:

1. A member entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. Duly filled and signed proxy forms, in order to be effective should reach the Company at least 48 hours before the Annual General Meeting.
2. Members/ Proxies should bring their duly filled up Attendance Slips at the meeting.
3. The Register of members and transfer books of the Company shall remain closed from Thursday 20 September 2007 to Monday 24th September 2007 (both dates inclusive) for recording transfers/ for preparation of the list of members for payment of final dividend, if approved at the Annual General Meeting.
4. Members are requested to communicate change in address, if any, immediately to the Company/ R & T

Agent. Shareholders holding shares in dematerialised form shall inform any change in their details to their respective Depository Participant only.

5. Any query on accounts or any matter as mentioned in this notice can be sent in writing to the Company at least 10 days before the Annual General Meeting.
6. Members are requested to bring the copy of the Annual Report at the meeting, as the same may not be distributed again at the meeting venue.

### ITEMS REQUIRING EXPLANATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

#### Item No. 3, 4 and 5 of the Notice:

It is proposed to re-appoint Mr. S.U.Koshti, Mr. M.P.Kulkarni and Mr. S.U.Joshi, Directors of the Company who are retiring this year and being eligible have offered themselves for re-appointment.

#### A) Mr. S.U.Koshti :

He is the non executive independent director of the company since June 2005. He retired from the services of Indian Revenue Service and is currently working as a management consultant. He is the chairman of the audit committee and a member of the investors grievance committee and remuneration committee of the Company. He does not hold any directorship or committee membership in any other public company.

#### B) M.P.Kulkarni :

He is the non executive independent director of the company since June 2005. He retired from the services of Excise Department and is currently working as an Excise Consultant. He is Chairman of the remuneration committee and a member of the audit committee and investors grievance committee of the Company. He does not hold any directorship or committee membership in any other public company.

#### C) S.U.Joshi :

He is the non executive independent director of the company since June 2005. He is a Chartered Accountant and has 36 years of experience in the field of Accounting, Taxation, Finance and Sales Tax. He is the Chairman of the investors grievance committee and a member of the audit committee and the remuneration committee of the Company. He does not hold any directorship or committee membership in any other public company.

### On behalf of the Board of Directors

Place: Pune      P.L.Patel      V.L.Patel  
Date: 30.6.2007      Chairman      Managing Director



# SAHYADRI INDUSTRIES LIMITED

## DIRECTORS' REPORT

The Shareholders,

Your Directors present before you the 13th Annual Report on the business and operations of the Company along with the Audited Annual Financial Statements for the year ended 31st March, 2007.

### **FINANCIAL RESULTS:**

The comparative financial results with respect to the previous year are: -

Particulars	2006-07 (Rs. in lacs)	2005-06 (Rs. in lacs)
Sales	16787.83	11246.22
Other Income	96.91	96.69
Total of Sales and Other Income	16884.74	11342.91
Profit Before Interest & Depreciation	2367.77	2632.11
Interest	866.45	436.39
Depreciation	829.75	474.47
Profit Before Tax	671.57	1721.26
Adjustment Pertaining to Earlier Year	0.01	0.00
Provision for Taxation including Deferred Tax	288.07	677.65
Profit After Tax	383.51	1043.60
Dividend (including Preference Dividend and Dividend Tax)	111.86	226.60
Transfer to General Reserve	19.24	110.71
Profit carried forward to Balance Sheet	252.39	706.29

### **PERFORMANCE OF THE COMPANY:**

Your Company's Sales increased from Rs.11246.22 Lakhs in the Year 2005-06 to Rs.16787.83 Lakhs in this year 2006-07, i.e. increase by 49% over previous year.

The production of roofing sheets commenced at the plant situated at Perundurai in the month of August 2006.

Two windmills installed at Pachpatta in Nagar/ Nashik

District commenced the power generation in the month of January 2007.

### **MERGER & LISTING ON THE STOCK EXCHANGE ,MUMBAI:**

You must be aware that we have reported in our previous report about the merger of Swastik Roofing Limited (SRL) with Sahyadri Industries Limited (SIL) and the subsequent application made by SIL to the Stock Exchange, Mumbai for listing of the equity shares.

The Stock Exchange Mumbai approved the listing of your company's shares and the trading of your Company's Shares on the Stock Exchange, Mumbai commenced on 30.04.2007.

### **DIVIDEND:**

Your directors recommend payment of dividend of 10% to the equity shareholders.

### **FUTURE PLANS :**

The setting up of new project in the state of Gujarat for production of roofing sheets is in progress.

The four windmills will be further commissioned during the year.

### **MANAGEMENT DISCUSSION AND ANALYSIS:**

The Indian economy recorded a GDP growth at 9.2% in the year 2006-07. This growth was achieved due to the industry and services sector which grew at the rate of 10% and 11% respectively.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

**Your company is mainly engaged in the business of production of cement roofing products.**

The asbestos cement industry is more than 70 years old industry in India and it is currently growing at the rate of around 15%. This high industry growth has resulted in additional capacities and new players entering the market. Currently there are about 16-17 players in the industry throughout the country.

Asbestos cement products are having a continuous demand especially from the rural sector and it is on the rise every year. The asbestos products are user friendly on account of its affordable cost, corrosion resistance and weather and fire proof nature.



# SAHYADRI INDUSTRIES LIMITED

## OPPORTUNITIES AND THREATS :

The Cement roofing sheets have an ever increasing demand in the rural sector and a good monsoon and overall economic growth may give further boost to the rural economy leading to an upward revision in the demand.

The additional capacity installation and entrants of new players in the industry may put further pressure on the margins of your company.

## OUTLOOK:

Fibre Cement sheet is the main product of the company and constitutes a major source of the total revenue of your company.

Fibre Cement sheet is predominantly used for roofing of industrial sheds, warehouses, residential houses. It is the most cost effective roofing material available in the market. In the cement roofing industry your company is having strong brand image with the name "Swastik" in the market. Your company is having plants set up in the state of Maharashtra and Tamilnadu.

## RISKS AND CONCERNS

There has been sudden rise in the prices of major inputs for sheeting like cement which has resulted an increase in input cost and pressure on the margins. Any further increase may have further impact on the margins.

There has been a malafide campaign against asbestos from certain sectors which has given totally erroneous information to the general public and decision makers. There has been no major impact on demand up to now on account of this malafide campaign. The industry associations are making their best efforts to bring the real situation before the public at large.

## FINANCIAL PERFORMANCE :

The sales performance of your company was satisfactory and met the expectation but throughout the year there has been a price pressure. However your company is making its best efforts to maintain the margins by adhering to the strict control and vigilance over the cost on various fronts. Your Company is expected to perform and achieve much better results in coming years.

## BANKS AND FINANCIAL INSTITUTIONS :

Your Company is getting excellent co-operation from all its bankers and financial institutions. The bankers have also

placed faith in the Company by sanctioning fresh term loans and additional working capital facilities. Your Company is also prompt in repayment of its dues and interest. The Board of Directors appreciates the wholehearted support and encouragement extended by the banks.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company's has an internal control system and management information systems which are focused towards achieving efficiency in operations, optimum utilization of resources, safeguarding of assets and compliance with the applicable laws, rules, regulations and policies.

Your Company's operations are audited by a team of qualified internal auditors at Head Office level as well as depots level. The audit committee takes an overlook of the audit systems and internal controls. The Company has strong internal control systems in operation.

## HUMAN RESOURCES :

The relations between the employees and the management continued to be cordial during the year. The Company is always keen to improve the effectiveness and competency of its labour force. Your company considers human resource to be an important valuable asset for the organization and therefore constantly strives to attract and recruit the best talents for the current and future needs. The Directors of the Company wish to place on record their appreciation for the hard work and dedication of its employees at all levels.

## DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm:

That in the preparation of the Annual accounts, the applicable accounting standards have been followed and that no material departure has been made from the same;

That they have selected such accounting policies and applied them consistently and made judgements and estimates 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/ Loss of the Company for that period;

That to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the





# SAHYADRI INDUSTRIES LIMITED

assets of the Company and for preventing and detecting fraud and other irregularities; and

That they have prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE:

Being a listed company necessary measures are taken to comply with the listing agreement of the Stock Exchanges. Pursuant to the listing agreement a report on Corporate Governance is prepared by the Company and duly certified by the Auditors. The Corporate Governance Report and the certificate thereon by the Auditors form a part of this Report as Annexure I.

## DIRECTORS:

Mr. S.U.Koshti, Mr. M.P.Kulkarni and Mr.S.U.Joshi Directors of the Company retire by rotation and being eligible they have offered themselves for re-appointment.

## AUDITORS:

M/s Parag Patwa & Associates, Chartered Accountants, the Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The requisite Certificate pursuant to Section 224 of the Companies Act, 1956 has been received.

## EMPLOYEES:

The Company has no employee whose particulars are required to be disclosed pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details about conservation of energy, technology absorption, foreign exchange earning and outgo as required by section 217 (1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as given below.

### A) CONSERVATION OF ENERGY:

#### A) FORM A - CONSERVATION OF ENERGY - NOT APPLICABLE

#### B) FORM B - RESEARCH AND DEVELOPMENT:

Your Company carries out specific Areas of R & D to

improve favourable usance variance and to improve quality of the goods produced with most economical input mix.

Benefits derived as a result of the above: R & D input mix and strength/ quality of the product are improved.

Future Plan of action: Improve the input mix further.

4) Expenditure on R & D: No expenditure exclusively on R & D has been incurred during the year.

## B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

No technology has been imported. The in-house technology is continuously upgraded to improve the overall performance of the Company.

## C) FOREIGN EXCHANGE EARNINGS & OUT GO:

### (i) Foreign Exchange Earned

Export of Goods (F.O.B. Value) Rs. 24,521,992

### (ii) Foreign Exchange Outgo Rs. 358,131,371

## ACKNOWLEDGEMENT:

Your Directors express their sincere thanks to the Bankers, Dealers, Suppliers for the support and co-operation extended to the Company. Your Directors would further like to record their appreciation of the efforts of every employee for the results achieved during the year.

Place : Pune      On behalf of the Board of Directors  
Date : 30.6.2007

P.L.Patel  
Chairman

V.L.Patel  
Managing Director





# SAHYADRI INDUSTRIES LIMITED

## ANNEXURE I

### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance has been emphasized a lot in the recent past. It becomes imperative that highest levels of transparency, accountability and integrity are achieved and maintained. The Company also strongly feels the need for a code of conduct to regulate the scenario. The Company ensures taking steps all through the year to maintain transparency to satisfy all of its stakeholders. The objective is not only to meet the statutory requirements but also to create and put in place procedures and systems which are in accordance with the best practices for governance.

Corporate Governance to us means being always responsive to its stakeholders be the customer, supplier, lender, an employee or the shareholder apart from the society at large. The Board also supports the principles of Corporate Governance and lays down strong emphasis on trusteeship role to align and direct the actions of the organisation to achieve its objectives. The Company continues to uphold its commitment to high standards of Corporate Governance.

#### 2. COMPOSITION OF BOARD OF DIRECTORS:

The Board of Directors of the Company comprises of optimal composition of independent professionals from various fields as well as Company Executives. The Board consists of 10 Directors and has the right mix of Executive and Independent Directors.

None of the Director is holding a membership/chairmanship in committee of any other listed Company.

Composition of Board of Directors as on 31st March 2007:

Name of Director	Category of Directorship	No. of Other Committees in which Chairman / member	No. of Board Meetings Attended	Attended Last AGM
Mr. P. L. Patel	Chairman	Nil	4	Yes
Mr. V. L. Patel	Managing Director	Nil	4	Yes
Mr. J. P. Patel	Executive Director	Nil	3	No
Mr. S. V. Patel	Director Commercial	Nil	5	Yes
Mr. D. B. Kasad	Whole Time Director	Nil	5	Yes
Mr. S. U. Koshti	Non-Executive Independent Director	Nil	4	Yes
Mr. M. P. Kulkarni	Non-Executive Independent Director	Nil	5	Yes
Mr. S. U. Joshi	Non-Executive Independent Director	Nil	5	Yes
Mr. Jaykumar Awate	Non-Executive Independent Director	Nil	4	Yes
Mr. Chirag P Shah	Non-Executive Independent Director	Nil	3	Yes

Composition of Non-Executive Directors is 50 % and composition of Independent Directors is also 50 %.

During the financial year under review, Five Board Meetings were held on the following dates:

Sr. No.	Dates
1	30.06.2006
2	31.07.2006
3	22.09.2006
4	31.10.2006
5	31.01.2007

#### Code of Conduct:

The Board of Directors has laid down a code of conduct for all Board Members and senior management personnel of the Company. Members have affirmed compliance with the said code of conduct. The code of conduct has been posted on the website of the Company.



# SAHYADRI INDUSTRIES LIMITED

## 3. AUDIT COMMITTEE:

Brief Terms of reference of Audit Committee:

1. Recommending to the Board the appointment, reappointment and removal of the Statutory and Internal Auditors and fixation of their remuneration.
2. Reviewing the annual financial statement before submission of the same to the Board of Directors for their approval
3. Reviewing the quarterly financial statements before submission to the Board for approval.
4. To review the Whistle Blower Policy and its functioning.
5. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function including the structure of the internal audit function, reporting structure coverage and frequency of internal audit.
7. Reviewing the Company's financial and risk management policies.
8. seeking external assistance of professionals, lawyers, accountants etc. wherever necessary.
9. To look into any matter which may be referred to it by the Board.

## Meeting And Attendance:

During the year 4 Audit Committee meetings were held on 30<sup>th</sup> June 2006, 31<sup>st</sup> July 2006, 31<sup>st</sup> October 2006 and 31<sup>st</sup> January 2007.

The composition of the Audit Committee and the details of the meetings attended by the members thereof are as follows:

Name of Committee Member	Designation	Category	No. of Meetings Held	Meetings Attended
Mr. S. U. Koshti	Chairman	Non-executive Independent	4	3
Mr. M. P. Kulkarni	Member	Non-executive Independent	4	4
Mr. S. U. Joshi	Member	Non-executive Independent	4	4

All the members of the Audit Committee Meeting are experts in their fields. All members are well experienced and have in depth knowledge of finance and accounts.

## 4. REMUNERATION COMMITTEE:

A Remuneration Committee, is primarily responsible for determining the remuneration payable to all the Executive Directors of the Company and has been formed in the Meeting of the Board of Directors, held on 06.03.2006.

The Remuneration Committee constitutes the following members:

Name of Committee Member	Designation	Category
Mr. M. P. Kulkarni	Chairman	Non-executive Independent
Mr. S. U. Koshti	Member	Non-executive Independent
Mr. S. U. Joshi	Member	Non-executive Independent

No meeting of this committee was held in the year under review.

Remuneration Policy:

The Executive Directors of the Company are being paid remuneration as approved by the Board of Directors and Shareholders of the Company as per the provisions of the Companies Act, 1956 and other applicable statutes.

The Remuneration Committee approves and recommends the remuneration to the Board of Directors/ Shareholders.

Details of remuneration paid to all the Directors during the year 2006-07 are as follows: