

20th ANNUAL REPORT 2013-14



**A new era dawns!**



**We have changed the face of many businesses.  
Time, we chose to change our own.**

The face of an identity determines amongst other things

vision, attitude and urge for action.

It defines your purpose and passion in your way forward.

**Just like it does in the new face of Sahyadri.**



"In the realm of sustainability resides the little universe of Sahyadri wherein it has carved a niche for itself as a competent player. A dynamic company led by young leaders, it radiates the energy that walks a new direction and talks innovation, in the expanding world of green. A grounded enterprise true to its values and discipline in structure & function, Sahyadri drives the steady foundation set by its founders, the bond it shares with people and high regard for processes to provide answers that take you further and farther"

# Message to the Shareholders

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## Dear Shareholders,

Sahyadri Industries Ltd (SIL) has embarked on the journey towards sustainability in building a formidable business organisation while generating long-term value for its stakeholders.

The journey towards enduring sustainability : Providing lasting answers in building solutions...

To grow, prosper, and remain sustainable, we must embrace change and transformation. Change requires leadership, courage and open culture. Transformation demands candour, trust and collaboration as we engage with many different stakeholders to find the best solutions. Above all, sustainability requires shared commitment, clear intent and a potent plan of action.

Our sustainability journey has already carried us far. Our accomplishments include significant solutions and innovations to the customer; improved employee safety and health; improved system reliability, investments in technologies and innovations that will shape the future of production, sales, the growth of our business, and dividends for our shareholders, a stronger balance sheet, new partnerships with many stakeholders, and improved service to our customers.

But in the previous financial year the road was paved with significant challenges for our company and our customers. A combination of factors have forced us to look at our business in a new light. Key reasons included eroding tolerance by customers for price increases; market dynamic, collective effect of rupee weakening on market, slow economic recovery in most of our states; the rising fiber cost to operate; the cost-effectiveness of our products compared with probable substitutes.

During the year, the world economy struggled on a path to uniform and widespread economic stability. Most emerging markets and developing economies showed moderate growth. The Indian economy slowed down in the last financial year and some of the sectors including the capital goods, automotive and construction were faced with demand erosion that is unlikely to turn around quicker.

Our business is build - in with a little flavour of seasonality that makes results vary from one quarter to another. We have discussions with the fiber suppliers and impressed upon them for stability in fibre prices.

A clear industrial policy with special emphasis on manufacturing competitiveness and infrastructure spending will be the key requirement for revival of demand in markets. We are developing a transition plan that shall offer innovative solutions to provide opportunity to the youth and women to become entrepreneurs and generate regular income, sustainable job creation; innovative solutions in building applications, faster and speedy construction. This will also transform the way in which we interact with our customers. All options are being analyzed.

This year we are specially focusing on furthering and strengthening export markets. Despite several challenges, the management team is currently working very hard to ensure successful take of various planned initiatives and projects that are expected to enhance SIL's market positioning and generate life cycle returns for its shareholders. This trend is likely to continue. With the election verdict in the form of a stable government at the centre, business confidence has grown and money will start flowing in the market. Rupee has also stabilized. It is expected that the new government will be decisive in its actions. This will bring in more opportunities for all of us. We shall gear up to face the expected increase in demand for our products and applications. We expect a good business year ahead.

We continue to engage and partner with stakeholders. We will work to strengthen these relationships. We trust that our stakeholders will be moving ahead in collaboration with us in our efforts.

Responsible businesses are increasingly seen as corporate citizens who must set examples, actively contribute to the well-being of society, not just in economic terms, but also through actions that are aimed at conserving the environment and contributing to the growth of the society. CSR initiative of SIL is in consonance with the corporate business philosophy

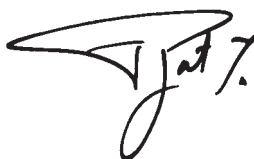
followed for undertaking socially useful programs for welfare & sustainable development of the society - this initiative is called SWASTIK DISHA. The objective of the SIL CSR Initiative is to directly and indirectly take up programs that benefit the society over a period of time ensure an increased commitment at all levels in the organization. Through our CSR activities, we further an opportunity to serve in growth of education, health care and wide cultural programs. A special focus area is the development of the country's youth, where programs for technical skills, personality development and communication training are given along with employment scope in the industry.

We believe, we will emerge on a stronger footing, through a series of management initiatives targeted at strengthening our core operations including investment in select facilities, new innovative initiatives, product rationalizations and right-sizing of manufacturing assets. We would like to place on record our appreciation to all employees, shareholders and other stakeholders, for their dedication and support. SIL is committed to improving the efficiencies in its operations and differentiating itself in the marketplace through customer focused innovation in products and services, so as to build a stronger and sustainable future for our company.

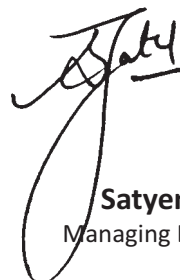
It is our constant endeavor to stay in tune with the evolving needs and expectations of society and stakeholders. We have taken several steps to respond positively to the challenges of the future and intend to build on them. We welcome your observations and suggestions to provide added impetus to our journey in providing solutions that are sustainable.

We have adopted corporate identity just to convey that, "we are at it"...

Truly yours,



**Jayesh Patel**  
Chairman



**Satyen Patel**  
Managing Director

# SAHYADRI INDUSTRIES LIMITED

## Board Of Directors

Mr. J. P. Patel	Chairman
Mr. S. V. Patel	Managing Director
Mr. P. L. Patel	Whole time Director
Mr. V. L. Patel	Whole time Director
Mr. D. B. Kasad	Director
Mr. S. U. Joshi	Director
Mr. S. U. Koshti	Director
Mr. J. G. Awate	Director
Mr. S. Y. Mestry	Director

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## Company Secretary

Jaiwant Rege

## Auditor

M/s. Parag Patwa & Associates,  
Chartered Accountants, Pune

## Registered Office

39/D, Swastik House, Gultekdi, J. N. Road,  
Pune - 411037

## Bankers:

Cosmos Co-Op Bank Limited  
Central Bank of India  
Corporation Bank  
HDFC Bank Limited  
Indian Overseas Bank  
Standard Chartered Bank  
ICICI Bank Ltd.

## Registrar & Share Transfer Agent

M/S Sharex Dynamic (India) Pvt. Ltd.  
Unit No. 1, Luthra Industrial Premises, Safed Pool,  
Andheri (E), Mumbai - 400 072  
Phone No (022) – 28515606/44  
Fax No (022) 28512885  
[www.sharexindia.com](http://www.sharexindia.com)

## Plants:

### Chinchwad

Plot No. 39, 44, 46 to 49, Block No. D III, MIDC,  
Chinchwad, Pune 411019.

### Kedgaon

Gat No. 14 & 15 (1), Village Kedgaon,  
Tal. Daund, District Pune.

### Perundurai

Plot No. KK2(N) and KK2(S), SIPCOT Industrial  
Growth, Centre, Perundurai 638052 ,Erode  
District, Tamilnadu.

### Mahuvej

S. No. 127, 128,129,186,187, 129/1/1,  
Block No. 88, 89, Village Mahuvej, Tal. Mangrol,  
Dist. Surat, Gujarat

## Website

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



## NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of Sahyadri Industries Limited will be held on **Friday, 8th August 2014 at 3.30 PM at Plot No. 39, Block No. D-III, MIDC, Chinchwad, Pune - 411 019**, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March 2014 and the Profit & Loss Account and the Cash Flow Statement for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To declare dividend for the Financial Year ended 31st March 2014.
3. To re-appoint Mr. V.L.Patel as a director, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Mr. P.L.Patel as a director, who retires by rotation and being eligible offer himself for re-appointment.
5. To re-appoint Mr. S. V. Patel as a director, who retires by rotation and being eligible offer himself for re-appointment.
6. To appoint Auditor of the Company to hold office from conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting and fix their remuneration.

### SPECIAL BUSINESS:

7. 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 Ordinary Resolution passed by the Members at the Annual General Meeting of the Company held on 23rd August 2010 and pursuant to the provisions to Section 180 (1) (c) of the Companies Act, 2013 and rules made thereunder (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (Board) which shall be deemed to include any

Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or person (s) to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.300 Crores/- (Rupees Three Hundred Crores only) over and above the aggregate of the paid-up Capital and free reserves (that is, reserves not set apart for any specific purpose) of the Company.”

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things which it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard, to finalise and execute all such deeds, documents and writings as it may deem necessary, desirable or expedient and to delegate all or any of its powers to any Committee of Director(s) or Whole Time Director or Director or Non Executive Director of the Company ”

8. 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 Ordinary Resolution passed at the Annual General Meeting held on 23rd August 2010 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall also include the Finance Committee of Directors)

- (a) for mortgaging, hypothecating, charging and pledging and / or creating a floating charge and / or liens, charges and encumbrances of whatsoever nature on all or any of the Company's assets and properties whether immovable, movable, current assets,

receivables or stock in trade (including raw materials, stores, spare parts and components, in stock or in transit) and work in process and the whole or substantially whole of all or any of the undertakings of the Company, wheresoever situate, present and future, on such terms and conditions and in such form and manner as the Board may think fit and proper, in favour of banks / financial institutions / other lenders / trustees of the holders of debentures / securities, for securing loans (including foreign currency loans) / debentures / securities, aggregating to a nominal value not exceeding Rs.300 Crores (Rupees Three Hundred Crores only) to be availed / issued from time-to-time in one or more tranches under its borrowing powers, together with interest, compound interest and all costs, charges and expenses and all other monies as may become due and payable by the Company in that behalf and to vary or modify existing securities, from time-to-time, in such manner and in such form on all or any of the properties or part of any of the property and the undertakings of the Company, both present and future, as may be decided by the Board and as agreed to by the said banks / financial institutions / other lenders / trustees of the holders of debentures / securities.

(b) to the Board of Directors of the Company agreeing with the said banks / financial institutions / other lenders / trustees of the holders of debentures / securities in terms of the facility agreement to reserve a right to take over the management of the business and/or the management of the concern of the Company in certain events."

9. 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 recommendation of the Nomination and Remuneration Committee and in accordance with the provisions of section 196, 197 and all other applicable provisions, if any, and Schedule V to the Companies Act, 2013, approval of members be and is hereby accorded for the reappointment of Mr. P. L. Patel as a Whole Time Director of the Company for a period three years with effect from July 1, 2014 and he be paid the following remuneration:

#### Remuneration

- a) Basic Salary : Rs. 3,50,000/- (Rs. Three Lakh Fifty Thousand only) per month (in the grade Rs 3,50,000-75,000-7,25,000)
- b) Allowances:
  - 1) House rent : House rent allowance of Rs.80,000/- (Eighty thousand only) per month.
  - 2) Leave travel allowance : Once in a year for self & family in accordance with Rules of the Company not exceeding one month's salary.
  - 3) Medical expenses : At Actuals
- c) Perquisites:
  - i. Payment of Bonus/ex-gratia amount as may be declared by the Company.
  - ii. Contribution to Provident Fund and Superannuation fund or Annuity fund in accordance with the Rules of the Company.
  - iii. Free use of car with driver for business of the Company.
  - iv. Free telephone facility at residence for official purpose.
  - v. Gratuity in accordance with the Rules of the Company.
  - vi. Mediclaim Insurance coverage for self and family as per the Rules of the Company.
  - vii. Group Personal Accident Insurance cover as per the Rules of the Company.
  - viii. Entitlement to Leave and Leave encashment in accordance with the Rules of the Company.
  - ix. Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.
- d) Commission:
 

Such remuneration by way of commission not exceeding 1%, in addition to the salary, allowances and perquisites payable, calculated with reference to the net profits of the Company in a financial year, as may be determined by the Board of Directors of the Company at the end of each financial year. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the said Act in force.
- e) Minimum Remuneration:
 

Notwithstanding anything to the contrary herein contained, where in any financial year,



during the currency of tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, after ensuring compliance with the requirements of Section II of Part II of Schedule V appended to the Companies Act, 2013.

f) Other terms and conditions:

- I. The Whole-Time Director will perform his duties as such with regard to work of the Company allocated to him and he will also attend to such other business and carry out such other order and directions given by the Board from time to time as becomes necessary and shall comply with rules and regulations made by the Company. The Whole Time Director will be under the overall authority of the Board of Directors.
- II. The Whole Time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act 2013 with regard to the duties of directors.
- III. The Whole Time Director shall adhere to the Company's Code of Conduct for the Directors.
- IV. The office of the Whole Time Director may be terminated by the Company or the concerned Whole Time Director by giving other 6 (Six) months' prior notice in writing to the other party.

**RESOLVED FURTHER THAT** on the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall have discretion and authority to modify the foregoing terms of remuneration if agreeable to Mr. P. L. Patel within, however, the maximum limit prescribed under Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to these resolutions."

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

**"RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and in accordance with the provisions of sections 196, 197 and all other applicable provisions, if any, and Schedule V to the Companies Act, 2013, approval of members be and is hereby accorded for the reappointment of Mr. V. L. Patel as a Whole Time Director of the Company for a period Three years with effect from July 1, 2014 and he be paid the following remuneration:

Remuneration

a) Basic Salary : Rs. 3,50,000/- (Rs. Three Lakh Fifty Thousand Only) per month.

(in the grade Rs 3,50,000-75,000-7,25,000)

b) Allowances:

1) House rent : House rent allowance of Rs.80,000/- (Rs. Eighty thousand only) per month.

2) Leave travel allowance : Once in a year for self & family in accordance with Rules of the Company not exceeding one month's salary.

3) Medical expenses : At actuals

c) Perquisites:

i. Payment of bonus/ex-gratia amount as may be declared by the Company.

ii. Contribution to Provident fund and Superannuation fund or Annuity fund in accordance with Rules of the Company.

iii. Free use of car with driver for business of the Company.

iv. Free telephone facility at residence for official purpose.

v. Gratuity in accordance with the Rules of the Company.

vi. Mediciam Insurance coverage for self and family as per the Rules of the Company.

vii. Group Personal Accident Insurance cover as per the Rules of the Company.

viii. Entitlement to Leave and Leave encashment in accordance with the Rules of the Company.

ix. Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.

d) Commission:

Such remuneration by way of commission not exceeding 1%, in addition to the salary, allowances and perquisites payable, calculated with reference to the net profits of

the Company in a financial year, as may be determined by the Board of Directors of the Company at the end of each financial year. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the said Act in force.

e) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, after ensuring compliance with the requirements of Section II of Part II of Schedule V appended to the Companies Act, 2013.

f) Other Terms and Condition

- 1) The Whole-Time Director will perform his duties as such with regard to work of the Company allocated to him and he will also attend to such other business and carry out such other order and directions given by the Board from time to time as becomes necessary and shall comply with rules and regulations made by the Company. The Whole Time Director will be under the overall authority of the Board of Directors.
- 2) The Whole Time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provision contained in Section 166 of the Companies Act 2013 with regard to the duties of directors.
- 3) The Whole Time Director shall adhere to the Company's Code of Conduct for the Directors.
- 4) The office of the Whole Time Director may be terminated by the Company or the concerned Whole Time Director by giving other 6 (Six) months prior notice in writing to the other party.

**RESOLVED FURTHER THAT** on the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall have discretion and authority to modify the foregoing terms of remuneration if agreeable to Mr. V. L. Patel within, however, the

maximum limit prescribed under Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to these resolutions."

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 recommendation of the Nomination and Remuneration Committee and in accordance with the provisions of sections 196, 197 and all other applicable provisions, if any, and Schedule V to the Companies Act, 2013, approval of members be and is hereby accorded for the reappointment of Mr. J.P. Patel as a Executive Chairman of the Company for a period 3 years with effect from July 1, 2014 and he be paid the following remuneration:

**Remuneration**

- a) Basic Salary : Rs. 5,00,000/- (Rs. Five lac only) per month. (in the grade Rs 5,00,000-1,00,000-10,00,000)
- b) Allowances:
  - 1) House rent : House rent allowance of Rs.80,000/- (Rs. Eighty thousand only) per month.
  - 2) Leave travel allowance : Once in a year for self & family in accordance with Rules of the Company not exceeding one month's salary.
  - 3) Medical expenses : At actuals
- c) Perquisites:
  - i. Payment of bonus/ex-gratia amount as may be declared by the Company.
  - ii. Contribution to Provident fund and Superannuation fund or Annuity fund in accordance with Rules of the Company.
  - iii. Free use of car with driver for business of the Company.
  - iv. Free telephone facility at residence for official purpose.
  - v. Gratuity in accordance with the Rules of the Company.
  - vi. Mediclaim Insurance coverage for self and family as per the Rules of the Company.
  - vii. Group Personal Accident Insurance cover as per the Rules of the Company.