



20th Annual Report 2006-2007



Sanghi
INDUSTRIES LIMITED

VISION

" To be the business leader, delivering superior value to all our stakeholders "

VALUES (Five Cs)

- Care for all stakeholders
- Continuous learning and growth
- Commitment to excellence
- Corporate Governance based on Trust and Integrity
- Concern for society

MISSION

"Achieve profitable growth and customer delight through innovation, operational excellence, leadership and teamwork to add value for all stakeholders and society."



NOTICE FOR CONVENING TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS

Notice is hereby given that the Twentieth Annual General Meeting of the members of M/s. Sanghi Industries Limited will be held on Thursday, 6th September 2007 at 10.30 a.m. at the Registered Office of the Company at Sanghinagar P.O., Hayatnagar Mandal, Ranga Reddy District, Andhra Pradesh - 501 511 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Directors' Report, Audited Profit and Loss Account for the year ended 31st March 2007 and the Balance Sheet as on that date together with the Auditor's Report thereon.
2. To appoint a Director in place of Shri T M Jagan Mohan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Sadashiv Sawrikar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S C Kuchhal, who retires by rotation and being eligible, offers himself for reappointment and if appointed, to further ratify his appointment as the Chairman of the Company
5. To appoint Joint Auditors and to fix their remuneration.
6. To appoint Joint Auditors and to fix their remuneration.

Special Business

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**

"Resolved that Shri Aditya Sanghi, who holds office as an Additional Director up to the date of this meeting as per the provisions of Section 260 of the Companies act 1956 be and is hereby appointed as a Wholetime Director of the Company for a period of five years".

"Resolved further that the remuneration of Shri Aditya Sanghi in his capacity as Wholetime Director be decided from time to time by the Remuneration Committee of the Board of Directors within the applicable provision of Companies Act, 1956"

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**

"Resolved that Shri Alok Sanghi, who holds office as an Additional Director up to the date of this meeting as per the provisions of Section 260 of the Companies act 1956 be and is hereby appointed as a Wholetime Director of the Company for a period of five years".

"Resolved further that the remuneration of Shri Alok Sanghi in his capacity as Wholetime Director be decided from time to time by the Remuneration Committee of the Board of Directors within the applicable provision of Companies Act, 1956"

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution

"Resolved that Smt. Bina Engineer, who holds office as an Additional Director up to the date of this meeting as per the provisions of Section 260 of the Companies act 1956 be and is hereby appointed as a Wholetime Director of the Company liable to retire by rotation"

"Resolved further that the remuneration of Smt. Bina Engineer in her capacity as Wholetime Director be decided from time to time by the Remuneration Committee of the Board of Directors within the applicable provision of Companies Act, 1956"

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 and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'); and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999; the Securities and Exchange Board of India guidelines, the Reserve Bank of India guidelines, the relevant provisions of the Memorandum & Articles of Association of the Company and the provisions of the Listing Agreement(s) with the stock exchanges on which the securities of the Company are listed or may hereafter be listed (including any amendment to or re-enactment of all or any of the aforesaid) and subject to all such approvals, permissions, sanctions and consents, if any, as may be required under applicable laws and regulations and of concerned authorities, bodies and agencies and subject to such conditions and modifications as may be prescribed by any of the aforesaid authorities, bodies and agencies and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which shall be deemed to include any committee thereof which the Board may have or may hereafter constitute, to which all or any of the powers hereby conferred on the Board by this resolution, have been or may hereafter at any time be delegated), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot, from time to time, in one or more tranches, in consultation with Lead Manager(s), and/or underwriter(s), and/or other advisor(s), (i) equity shares at the option of the Company or of the holders thereof and/or securities linked to equity shares; and/or (ii) securities convertible into or exchangeable with or linked to equity shares; and/or (iii) Foreign Currency Convertible Bonds and/or other securities convertible, at the option of the Company and/or entitling the holders thereof to apply and convert at their option into equity shares; and/or (iv) non-convertible securities with or without detachable warrants; and/or (v) warrants with a rights exercisable by the warrant holders to convert or subscribe to equity shares; and/or (vi) any shares, instruments or securities of the Company through Global Depository Receipts, American Depositories Receipts or otherwise (hereinafter collectively referred to as "the Securities") to such foreign/non-resident(s)



and/or domestic institution(s), Foreign Institutional Investor(s) / Off Shore Fund(s) / Bank(s) / Multilateral and Bilateral Financial Institution(s) / Indian Mutual Fund(s) / Company(ies) / Individual(s) / Promoters / Employees of the Company / other investor(s), whether or not members of the Company, as may be deemed appropriate by the Board and permitted under applicable laws, within and under the limits permitted under law, for an aggregate amount not exceeding Rs.1500 Crores or equivalent thereof in one or more foreign currency and/or rupees (inclusive of such premium as may be fixed on the securities) by offering the securities in one or more countries through public offer and/or offer Letter and/or Circular and/or on private placement basis as may be deemed appropriate by the Board, and such offers, issue and allotment to be made at such time or times at such price or prices, and at market price(s) or at a discount or premium to market price(s) and in such manner and on such terms and conditions as the Board may in its absolute discretion think fit with powers to settle details as to the form and terms of the issue of the securities, and all other terms, conditions and matters connected therewith and to accept any modifications in the proposal as may be required by the authorities / parties involved in such issues but subject to such conditions as the Reserve Bank of India, Securities and Exchange Board of India or such other appropriate authorities may impose at the time according/granting their approvals, consent, permissions and sanctions and as agreed by the Board".

"Resolved further that, in the event of any of the aforesaid securities are issued in international/foreign capital market, the issue of such securities shall be deemed to have been made abroad in the market and/or at the place of issue of such securities in the international market and shall be governed under English Law or such other foreign law as the Board of Directors may in its absolute discretion decide".

"Resolved further that, the Board of Directors of the Company be and is hereby authorized to issue and allot equity shares pursuant hereto and/or as may be required to be issued and allotted upon conversion of any of the convertible securities referred to above or as may be necessary in accordance with the terms of offering thereof and all equity shares so issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company, except that they shall be entitled to dividend, if any declared, with effect from the date of allotment on pro rata basis, for the financial year in which they are allotted and on the capital for the time being paid up thereon".

"Resolved further that the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India, Securities and Exchange Board of India or such other appropriate authorities may impose at the time of their approval and as agreed by the Board".

"Resolved further that without prejudice to the generality of the above, issue of securities mentioned hereinabove may have all or any term or combination of terms in accordance with international practice including but not limited to conditions in relation to payment of interest, additional interest, premium or redemption, prepayment or any other debt services payment, voting rights and dividend and all such terms as are provided in offering of this nature including terms for issue of additional Equity Shares or variation of the conversation prices of securities during the durations of the securities".

"Resolved further that the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and attached upon conversion of any securities referred to hereinabove as may be necessary in accordance with the terms of the offering, all such shares to have such rights as may be provided under the terms of the issue and offering department".

"Resolved further that for the purpose of giving effect to the above resolution and any offer, issue and allotment of securities, the Board be and is hereby authorized to take all such acts, deeds, and things as may be necessary, desirable or incidental thereto and matter connected therewith including without limitation the entering into of arrangements for underwriting, marketing, listing, trading, appointment of Lead Manager(s), Advisor(s), Registrar(s), paying any conversion agent(s) and to issue and sign all deeds, documents, instruments, and writings and to pay any fees, commission, costs, charges and other outgoings in relation thereto and to settle all questions, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of securities and utilization of the issue proceeds, as it may, in its absolute discretion, deem fit and any such action, decision or direction of the Board shall be binding on all members of the Company.

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

"Resolved that in accordance with the applicable laws and subject to the approval of the Central Government, Reserve Bank of India and other competent authorities, if required and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company and/or a duly authorized committee thereof for the time being exercising powers conferred by the Board of Directors (hereinafter referred to as 'Board') the consent of the Company be and is hereby accorded to the Board to incorporate a wholly or partly held subsidiary company within or outside India engaged in related business and/or in any international business ventures as may be approved by the Board of Directors",



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"Resolved further that the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings on behalf of the Company by affixing the Common Seal according to the provisions of Articles of Association of the Company, as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for the matters connected therewith or incidental thereto."

**By Order of the Board
for Sanghi Industries Limited**

Place : Sanghinagar

Date : 26th July, 2007

Managing Director



NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective must be deposited with the Company at its Corporate Office duly completed and signed not less than 48 hours before the meeting.
2. An explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed hereto regarding the Special Business to be transacted.
3. The Register of Members and Share Transfer Registers of the Company will remain closed from 3rd September 2007 to 6th September 2007 (both days inclusive) in connection with the ensuing Annual General Meeting of the Company.
4. Members are requested to notify immediately any change in their address to the Company quoting their folio numbers.
5. Members are requested to bring their copies of the Annual Report to the meeting for their reference.
6. Members desiring any information as regards the Accounts are requested to write to the Company at an early date i.e. on or before 31st August, 2007 so as to enable the Management to keep the information ready.
7. For the convenience of members and for proper conduct of the members, entry to the place of meeting will be regulated by attendance slips. Members are requested to affix their signatures at the place provided on the attendance slip and hand it over at the registration counters.

Annexure to the Notice

Explanatory Statement

(Pursuant to the provisions of Section 173(2) of the Companies Act, 1956)

Item No. : 2

Shri T.M. Jagan Mohan, an Engineering Graduate and holds Post Graduate Diploma in Management from The Indian Institute of Management, Ahmedabad. He is a Non- Executive Independent Director of the Company. At the ensuing Annual General Meeting, Shri T.M. Jagan Mohan is retiring by rotation and being eligible offers himself for reappointment as a Director liable to retire by rotation. The company has also received a certificate from him conforming that his reappointment if made shall be in accordance with the provisions of Section 274(1) (g) of the Companies Act, 1956.

Shri Jagan Mohan was earlier associated with M/s. IDPL and other reputed business associates and has more than 25 years of experience and has handled various assignments successfully and during his tenure as a Director, your Company has also immensely benefited by his mature advice. Shri Jagan Mohan does not hold any other Directorships of Companies.

Except Shri Jagan Mohan, none of the Directors of the Company are concerned or interested in the resolution and your Directors commend the resolution for your approval.

**Item No. 3**

Shri Sadashiv Sawrikar is a Chartered Accountant in practice at Hyderabad. He is a Non- Executive Independent Director of the Company. At the ensuing Annual General Meeting, Shri Sadashiv Sawrikar is retiring by rotation and being eligible offers himself for reappointment as a Director liable to retire by rotation. The company has also received a certificate from him conforming that his reappointment if made shall be in accordance with the provisions of Section 274(1) (g) of the Companies Act, 1956.

Shri Sadashiv has more than 25 years of experience and has handled various assignments successfully and during his tenure as a Director, your Company has also immensely benefited by his mature advice. Shri Sadashiv Sawrikar holds Directorships of M/s. L. N. Polyester Ltd., Microbex India Ltd.

Except Shri Sadashiv Sawrikar, none of the Directors of the Company are concerned or interested in the resolution and your Directors commend the resolution for your approval.

Item No. 4

Shri Suresh Chandra Kuchhal, an eminent academician, who was earlier, associated with M/s. Indian Institute of Management, Ahmedabad, Delhi University and Allahabad University and a consultant to the World Bank and various other organizations both in the Public Sector and Private Sector is a Non Executive Independent Director. At the ensuing Annual General Meeting, Shri Suresh Chandra Kuchhal is retiring by rotation and being eligible offers himself for reappointment as a Director liable to retire by rotation. The Company has also received a certificate from him conforming that his reappointment if made shall be in accordance with the provision of Section 274(1) (g) of the Companies Act, 1956.

Shri Suresh Chandra Kuchhal holds Directorships in M/s. Orissa Industries Limited, M/s. Sanghi Spinners India Limited, M/s. Escorts Asset Management Co. Limited, M/s. Shree Rajasthan Syntex Limited and M/s. Shree Rajasthan Texchem Limited. He is also a member of the Audit Committee of the Directors of all the above Companies.

Except Shri Suresh Chandra Kuchhal, none of the Directors of the Company are concerned or interested in the resolution and your Directors commend the resolution for your approval.

Shri Ramsharan Sanghi was the Chairman of the company up to 27.1.2007. However, due to his ailing health, he has retired from the company. With great reluctance and deep appreciation of his guidance and leadership of the company over years, the Board had accepted his resignation on 27.1.2007. The Board of Directors had elected Shri S. C. Kuchhal, the senior most director of the company as Non-executive Chairman of the company. Your directors recommend the resolution to confirm his appointment as the Chairman of the Company.

Item No. 7

Shri Aditya Sanghi was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 at the Board Meeting held on 27th January, 2007 and he holds office upto the date of this Annual General Meeting. Notice under the provision of section 257 of the Companies Act, 1956 alongwith requisite fees has been received from a member proposing the appointment of Shri Aditya Sanghi as a Wholetime Director of the Company whose period of office shall be for five years from the date of appointment. Shri Aditya Sanghi has filed his consent to act as a Director, if



appointed. The Company has also received a certificate from him conforming that his reappointment if made shall be in accordance with the provisions of Section 274(1)(g) of the Companies Act, 1956.

The said appointment is subject to the approval of the members at the General Meeting.

Shri Aditya Sanghi is a Master of Engineering (Industrial and Systems Engineering) and Bachelor of Science, Industrial Engineering from Rochester Institute of Technology, New York. Shri Aditya Sanghi has worked as Team Leader of Senior Design Project in SPX Lightin Corp., Rochester, New York. Prior to this, he was engaged as an Industrial Engineer (Internship) in TRW Automotive and Electronics Group, New York and Parker Hannifin Corporation, RAC Division, Lyons, New York. Based on his qualifications and work experience, his engineering skills covers Project Management, Production and Quality Control whereas he has business skills of Strategic Policies and Management, amongst others.

Presently, Shri Aditya Sanghi heads the Company's cement manufacturing operations and is overall responsible for the corporate strategy at Sanghipuram, Kutch.

Except Shri Aditya Sanghi, Shri Ravi Sanghi, Shri Anand Prakash Sanghi, Shri Sudhir Sanghi and Shri Alok Sanghi, none of the Directors of the Company are concerned or interested in the resolution and your Directors commend the resolution for your approval.

Item No. 8

Shri Alok Sanghi was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 at the Board Meeting held on 27th January, 2007 and he holds office upto the date of this Annual General Meeting. Notice under the provision of section 257 of the Companies Act, 1956 alongwith requisite fees has been received from a member proposing the appointment of Shri Alok Sanghi as a Wholetime Director of the Company whose period of office shall be for five years. Shri Alok Sanghi has filed his consent to act as a Director, if appointed. The Company has also received a certificate from him conforming that his reappointment if made shall be in accordance with the provisions of Section 274(1)(g) of the Companies Act, 1956.

The said appointment is subject to the approval of the members at the General Meeting.

Shri Alok Sanghi has done MBA in Finance and Management from the Indiana University, Kelley School of Business, Bloomington, USA. His course work encompassed Corporate Financial Strategy, International Finance, Marketing Strategy and Planning, Venture Capital, Micro Economic Theory etc., at the same time sharpening his technical skills at Bloomberg in Risk Stimulation Modeling, HTML, Microsoft Office and 'C' programming language.

Presently, Shri Alok Sanghi is responsible for the marketing strategies and corporate affairs of the Company.

Except Shri Alok Sanghi, Shri Ravi Sanghi, Shri Anand Prakash Sanghi, Shri Sudhir Sanghi and Shri Aditya Sanghi, none of the Directors of the Company are concerned or interested in the resolution and your Directors commend the resolution for your approval.