



Turning Dreams into Concrete Reality



SANGHI INDUSTRIES LIMITED
23rd ANNUAL REPORT 2009-10



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.”

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Size Matters



670 TPH Raw Mill



40000 MT CF Silo



84 Mtrs. Long Rotary Kiln

We Care





SURFACE MINERS



RESERVOIR AT MINES



60 MW THERMAL POWER PLANT



60 MW THERMAL POWER PLANT



Board of Directors

Shri S.C. Kuchhal	Chairman
Shri Ravi Sanghi	Managing Director
Shri Anand Prakash Sanghi	Director
Shri Sudhir Sanghi	Director
Shri Gireesh Kumar Sanghi	Director
Shri Sadashiv Sawrikar	Director
Shri T. M. Jagan Mohan	Director
Shri R. K. Pandey	Director
Shri V. Jayananthan	Nominee - IDBI
Shri Aditya Sanghi	Wholetime Director
Shri Alok Sanghi	Wholetime Director
Smt. Bina Engineer	Wholetime Director

Company Secretary

Shri Kairav Trivedi

Joint Statutory Auditors

M/s. Ankit & Company
Chartered Accountants

M/s. Haribhakti & Co.
Chartered Accountants

Registered Office

Sanghinagar P.O.
Hayatnagar Mandal, R R District,
Andhra Pradesh - 501 511
Tel Nos. 08415 - 242217-21
Fax Nos. 08415 - 242239/41

Cement Works

Village Motiber,
Taluka Abdasa, Kutch District,
Sanghipuram - 370 511, Gujarat
Tel Nos. 02831 - 274131/32/35/36
Fax Nos. 02831 - 274106/15/23

Corporate Office

President House, 1st Floor,
Opp. C.N. Vidyalaya,
Ambawadi Circle,
Ahmedabad - 380 006
Tel Nos. 079 - 2656 4535 / 9939
Fax Nos. 079 - 2656 0408

Mumbai Office

110, B Wing, Krishna Commercial Centre,
6, Udyog Nagar, Near Kamath Club,
S.V. Road, Goregaon (West), Mumbai - 400 062
Tel Nos. 022 - 2871 3120/21
Fax Nos. 022 - 2871 3126

Email: communication@sanghicement.com

Website: www.sanghicement.com



DIRECTORS' REPORT

To

**The Members of
Sanghi Industries Limited**

Your Directors take pleasure in presenting the 23rd Annual Report together with the Audited Financial Statements for the year ended 31st March, 2010.

Financial Results

(₹ Crore)

	2009-2010	2008-2009
Net Income	674.51	828.02
Profit before Interest, Depreciation and Taxes	182.96	220.15
Financial Charges	83.40	77.12
Operating Profit	99.56	143.04
Depreciation and Amortisation	81.28	80.48
Profit/(Loss) before Tax	18.28	62.56
Less Provision for Tax		
Current Income tax	3.11	7.09
Fringe benefit tax	-	0.31
Deferred Tax (net)	(39.66)	2.62
MAT Credit Entitlement	(34.20)	-
Profit after Tax	89.03	52.54
Profit carried to Balance Sheet	471.93	382.90

Review of the performance for the current year and comparison with the previous year has been given in the Management Discussion and Analysis annexed to the report.

A. CRISIL Research ranked our Company 1st in operational efficiency in the mid size category.

CRISIL has published a CRISIL Research Report in November 2009 on cement industry in India, wherein CRISIL has benchmarked the Indian cement companies. CRISIL in its report has ranked our Company as 1st in the midsize players category and 2nd in overall category (all India) for its operational efficiency, stating that Sanghi enjoys one of the highest operating profit per bag due to higher net realization and lower raw material costs.

B. Dividend

It is proposed to retain and plough back the profits. Thus, no dividend payment has been recommended for the current year under review.

C. Board of Directors

Shri Sadashiv Sawrikar and Shri S C Kuchhal, Directors, retire by rotation and being eligible offer themselves for re-appointment.

D. Particulars of Employees

Information about employees as per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all the shareholders of the Company excluding the above said information. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary at the Registered Office of the Company.



E. Foreign Exchange Earnings and Outgo

During the year under review, the Company has earned ₹108.08 crore and used ₹6.68 crore equivalent in foreign exchange.

F. Social Responsibilities

Your Company is one of the first cement companies in India to be awarded SA 8000:2001 i.e. Social Accountability certification for its plant at Sanghipuram from last year onwards. Social accounting is a process of ongoing monitoring, evaluation and accountability which helps an organisation to measure its performance against social, environmental and economic objectives and ensures that its working is in accordance with its values.

This certification is a result of the restless efforts put in by the management on fulfilling its Corporate Social responsibility in letter and spirit over the last decade which includes:

1. Providing drinking water to nearby 83 villages.
2. Creating green revolution in the desert-like Kutch region by cultivating the arid land for growing trees, fruits, vegetables and flowers.
3. Providing educational facilities in the form of a CBSE affiliated school.
4. Providing hospitals and first aid facilities within few hundred kilometers.

G. Environment and Pollution Control

The plant is certified for Environment Management System ISO 14001:2004. Stringent internal environmental norms are maintained to run the plant operations in an eco-efficient manner as follows:

- Designing processes which minimize the environmental impact.
- Adoption of cleaner technologies.
- Optimizing resource efficiency in plant operations to minimize waste while maximizing treatment of inevitable waste in an environmentally compatible manner.
- Optimum use of resources including mineral, chemical, water, energy and other non-renewable resources.
- Continually increasing the green cover.
- Conservation of bio-diversity and natural environment.
- Adopting sound Emergency Preparedness and resources programme.
- Encouraging the recycling of inevitable waste.
- Surface mining at our captive mines reducing the environmental impact
- Entire sewage generated from the residential colony, administrative building, guesthouse and other places being collected and treated through Root Zone Technology System (RZTS). The sewage treatment plant helps in augmenting the supply of water for gardening, plantation and green belt development within the premises.

In order to maintain and improve the environmental standards, environmental audit is being conducted by Det Norske Veritas (DNV), (Authorized, Independent Management System Auditors) since the last few years.

The Company is developing a very large green belt where multi-purpose trees including mango grafts are planted and nurtured in face of the natural adversity of the local environment such as scarcity of water, saline land, falling short of minerals etc.

Efforts to reduce the green house effect on environment are continuously being undertaken by the Clean Development Mechanism Cell (CDM).



Over the years, the Company has developed rain water harvesting and already developed five check dams including water conservation at Limestone Mines. The Company has developed environment friendly and safe mining practices and has received the various awards for its mining practices in 2009-10 as follows:-

- Noise, Vibration, and Aesthetic Beauty for Limestone Mines.
- Overall Best Performance for all Captive Mines.
- Best Safety Practices in Mines.

H. Conservation of Energy

The MIS cell and Energy Steering Committee analyses the energy consumption parameters on daily basis. Their aim is to constantly monitor/ review and reduce the high and ever rising cost of energy in the manufacturing process, as well as its adverse impact on the environment. The committee constantly updated itself of the new development in the field of energy including test use of alternative resources and its viability for the use in our plant.

Energy Conservation Measures:

Already Implemented:-

- Installation of third string of pre-heater in pyro process.
- Installation of VFD in all Cooler Fans.
- Replacement of HPSV Lamps with Energy Efficient Metal Halide Lamps
- Arresting false air ingress in kiln, raw mill and coal mill circuit
- Pyro process optimization
- Cement mill optimization
- Voltage optimization
- Installed water spray system in ILC top stage cyclones.
- Star Delta Star starting arrangement done in less running KW LT motors.

Under Implementation:-

- Modification of Raw mill cyclone.
- Installations of water spray system in SLC top stage cyclones.
- Installation of VFD drives in process ID fans.
- Power generation through waste heat recovery system.
- Use of alternate fuel in pyro process.

I. Technology Absorption, Adaptation and Innovation

Your Company aims to improve its productivity and cost effectiveness by use of value engineering techniques. The in-house tools department aim to replace certain imported parts of machineries with Indian made parts so as to reduce the cost and make them available in time thereby also reducing the level of inventory.

The Company has successfully implemented its 60 MW captive thermal power plant which is aimed at reducing the overall cost of power by using coal as a source of fuel compared to the furnace oil being used in the DG sets for generation of power.

The Company continues to make conscious efforts to look up for technological innovation and improvement in its operations leading to savings in cost and improvement in efficiencies.



J. Auditors

M/s. Ankit & Company, Chartered Accountants, Hyderabad and M/s Haribhakti & Company, Chartered Accountants, Mumbai, are proposed to be re-appointed as the Joint Statutory Auditors of the Company. The Company has also received certificates from them stating that their re-appointment, if made, would be in accordance with the provisions of Section 224 of the Companies Act, 1956.

K. Corporate Governance

The Company has complied with the Corporate Governance Code as stipulated under the Listing Agreement with the Stock Exchanges. A separate section on the Corporate Governance Practices followed by the Company, together with the certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

The Company has also received confirmations from Board Members and its Senior Management Personnel about compliance with Code of Conduct, as laid down by the Company.

L. Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them and pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, your Directors hereby confirm that :

- (a) in the preparation of the accounts for the financial year ended 31st March, 2010 the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any.
- (b) the Directors have selected such appropriate accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

M. Industrial Relations

The Industrial Relations continued to be cordial throughout the year under review. Your Directors wish to place on record their appreciation for the excellent team work with which the workers and officers of the Company at all levels have contributed individually and collectively to the performance of the Company.

N. Acknowledgements

Your Directors would like to take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Central Government, the State Government(s) and the Consortium of Banks and Financial Institutions.

Your Directors thank the Shareholders, Customers, Suppliers, State and Central Government agencies for the support they had given to the Company and the confidence which they have reposed in its management.

For and on behalf of the Board of Directors

S C KUCHHAL

Chairman

Place : New Delhi

Date : 13th August, 2010