



Turning Dreams into Concrete Reality

ANNUAL REPORT

2010-11





Vision

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

Mission

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

Values (Five Cs)

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

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New Initiatives



Pozzolona Portland Cement Bag



Terminal at Navlakhi

Social



Mango Farm



Lush Green Surroundings

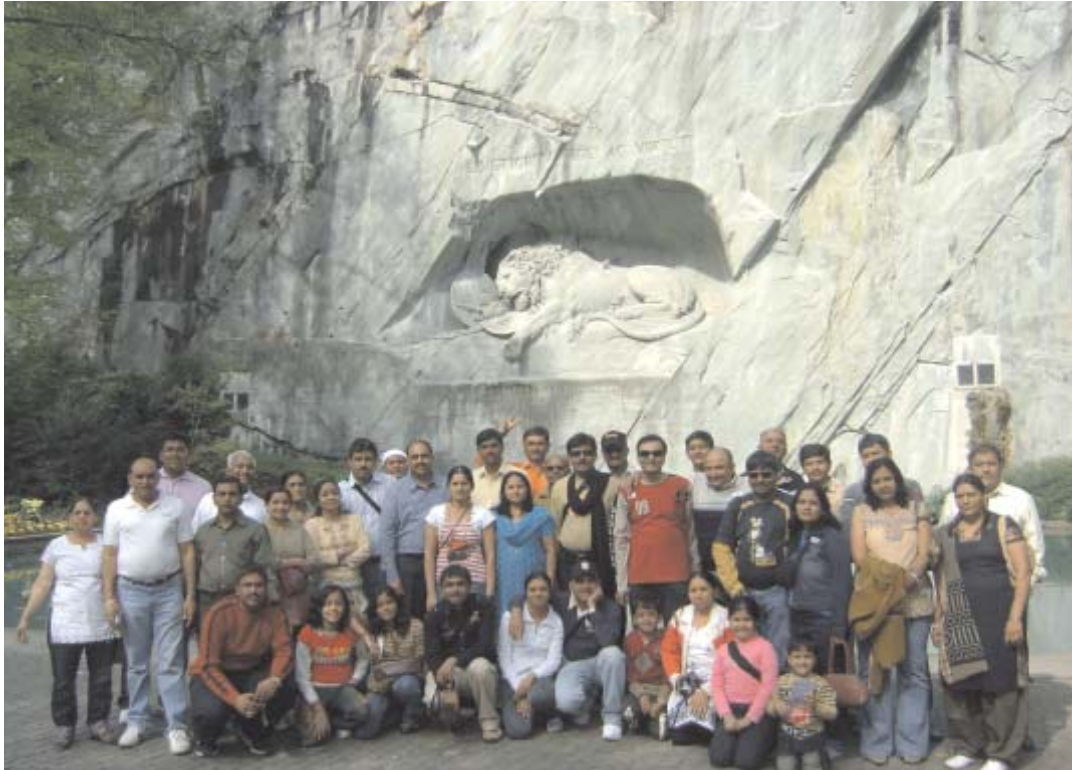


Blood Donation Camp



Check Dam For Water Conservation

Promotional



Dealers Trip to Malaysia



CCC Meet - Hongkong

Board of Directors

Shri S. C. Kuchhal	Chairman (Upto 27th June, 2011)
Shri Ravi Sanghi	Vice-Chairman & 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 C. S. V. Rao	Nominee - IDBI
Shri Aditya Sanghi	Executive Director
Shri Alok Sanghi	Executive Director
Smt. Bina Engineer	Executive Director
Shri D. K. Kambale	Director (from 12th August, 2011)

Company Secretary

Shri V. Sesha Sayee

Joint Statutory Auditors

M/s. Ankit & Company
Chartered Accountants
Hyderabad

M/s. Haribhakti & Co.
Chartered Accountants
Ahmedabad

Registered Office

Sanghinagar P. O.
Hayatnagar Mandal, R R District,
Andhra Pradesh - 501 511
Tel Nos. 08415 - 242240
Fax Nos. 08415 - 242239

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

10th Floor, Kataria Arcade,
Off. S-G Highway,
Post : Makaraba,
District : Ahmedabad - 380 051
Tel Nos. 079 - 2683 8000
Fax Nos. 079 - 2683 8111

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: companysecretary@sanghiment.com
Website: www.sanghiment.com



DIRECTORS' REPORT

To
The Members of
M/s. Sanghi Industries Limited

Your Directors take pleasure in presenting the 24th Annual Report together with the audited financial statements for the fifteen month period ended 30th June, 2011.

Financial Results

(₹ in crore)

	2010-2011 (15 months)	2009-2010
Net Income	908.45	674.51
Profit before Interest, Depreciation and Taxation	158.02	182.96
Interest	97.64	83.40
Operating Profit	60.37	99.56
Depreciation and Amortisation	107.42	81.28
Profit / (Loss) Before Tax (PBT)	(47.05)	18.28
Less : Provision for Tax		
a) Current Income Tax	-	3.10
b) Fringe Benefit Tax	-	-
c) Deferred Tax (net)	(14.40)	(39.66)
d) MAT Credit Entitlement	(3.10)	(34.20)
Profit / (Loss) After Tax (PAT)	(29.55)	89.04
Profit carried to Balance Sheet	442.39	471.93

Management Discussion and Analysis

A report on Management Discussion and Analysis (MDA), which forms part of this Report, inter-alia deals adequately with the operations as also current and future outlook of the Company.

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 provisions of Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, your Directors confirm that :

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, if any;
- (b) the Directors had 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 on 30th June, 2011 and of the loss of the Company for the year under review;
- (c) the Directors had 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 had prepared the accounts for the fifteen month period ended 30th June, 2011 on a 'going concern' basis.

Board of Directors

Shri S. C. Kuchhal, the Chairman of your Board had passed away on 27th June, 2011 after a long association spanning more than a decade with the Company. Your Board wishes to place on record its deep appreciation of his keen interest and valuable contribution made during his tenure as a Director and Chairman of the Company.

Shri Anand Prakash Sanghi, Shri Sudhir Sanghi and Shri T. M. Jagan Mohan, Directors retire by rotation.

Shri D. K. Kambale was appointed as an Additional Director of the Company and holds office up to the date of the ensuing Annual General Meeting and is eligible for appointment as a Director of the Company.

Corporate Governance

The Company has complied with the Corporate Governance Code as stipulated under the Listing Agreement executed 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.

Particulars of Employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report and Accounts are being sent to all the shareholders of the Company excluding the 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.

Auditors

M/s. Ankit & Company, Chartered Accountants, Hyderabad and M/s. Haribhakti & Company, Chartered Accountants, Ahmedabad, the Joint Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has also received confirmation from them to the effect that their appointment, if made by the Company for the year 2011-12, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956. Your Board of Directors commend their appointment as Joint Statutory Auditors of the Company.

Foreign Exchange Earnings & Outgo

Particulars with regard to Foreign Exchange Earnings and Outgo are set out in Note 17E and 17F of Schedule 15 to the Accounts.

Social Responsibilities

Your Company enjoys the distinction of being one of the first cement companies in India to be awarded SA:8000:2001 i.e. Social Accountability Certificate for its plant for the last three years. Social accounting is a process of ongoing monitoring, evaluation and accountability which helps an organization 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 sincere and untiring efforts put in by the management for fulfilling its Corporate Social Responsibility in toto over the last decade for

- ❖ Creating green revolution in the desert Kutch region by cultivating land for growing trees, fruits, vegetables and flowers.
- ❖ Providing educational facilities through a CBSE affiliated School.
- ❖ Providing hospitals and first aid facilities within few hundred kilometers.
- ❖ Conducting social awareness programmes on various issues

Environment and Pollution Control

Your plant is certified for Environment Management System ISO:14001:2004. Stringent internal environmental measures are adopted, adhered to and maintained to run the plant operations in an Eco-efficient manner.

Some of these measures include :

- ❖ Adoption of designing processes and cleaner technologies for minimizing the adverse environmental impact.
- ❖ Optimizing resource efficiency in plant operations to minimize waste while maximizing treatment of inevitable wastes in an environmentally compatible manner.



- ❖ Optimum utilisation of resources including mineral, chemical, water, energy and other non-renewable resources.
- ❖ Efforts to improve the green cover and for conservation of bio-diversity and natural environment. Multi-purpose trees including mango grafts are planted and nurtured for tackling the natural adversity of the local environment such as scarcity of water, saline land, falling short of minerals etc.
- ❖ Adopting sound emergency preparedness and resources programme.
- ❖ Encouraging the recycling of inevitable wastes including from other industrial units.
- ❖ Efficient Surface mining at captive mines and use of fly-ash in operations for reducing the environmental impact.
- ❖ Collection and treatment of entire sewage generated from various places of the Plant/Colony through Root Zone Technology System (RZTS) for augmenting the supply of water for gardening, plantation and green belt development within the premises.
- ❖ Environmental Audit is being conducted by Det Norske Veritas (DNV) (Authorised Independent Management System Auditors) since the last few years for conforming to and improving the environmental standards adopted at Plant.
- ❖ Efforts to reduce the green house effect on environment are continuously made by adopting the Clean Development Mechanism Cell (CDM).
- ❖ Company has put in place measures required for rain water harvesting and has also developed five check dams for conservation of precious water at its Plant/ Limestone mines.
- ❖ The Company has developed environment friendly and safe mining practices and has received various awards for its mining practices over the years as follows :
 - ✓ Noise, Vibration and Aesthetic Beauty for Limestone Mines.
 - ✓ Overall Best Performance for all Captive Mines.
 - ✓ Best Safety Practices in Mines.

Conservation of Energy

The MIS Cell & Energy Steering Committee analyses the energy consumption parameters on daily basis with an intention to reduce the high and ever rising cost of energy in the manufacturing process, as well as to reduce its adverse impact on the environment. The Committee constantly updates itself with the new developments in the field of energy including use of alternative resources and its viability for the use in our Plant.

Energy Conservation Measures

Already Implemented :

- ✓ Installation of new generation screw compressors by replacing conventional reciprocating compressors.
- ✓ Modification in raw mill operating software, even during mill operation at low output, energy consumption does not increase drastically.
- ✓ Installation of start-stop interlocks in operating software to minimize idle running of equipments.
- ✓ Optimisation of compressed air consumption and fine tuning of load/unload set points of compressors.
- ✓ Installation of energy efficient street lights in Plant/Colony area.
- ✓ Replacement of conventional lamps with energy efficient CFL lamps in Plant/ Colony area.
- ✓ Installation of water spray system in SLC & C-2 top stage cyclones.
- ✓ Installation of membrane bags in raw mill bag house.

- ✓ Modification done in coal firing PIDs in pyro section.
- ✓ 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.
- ✓ Star Delta Star starting arrangement done in less running KWL

Under Implementation :

- ✓ Installation of soft starter in conveyor belts operating motors.
- ✓ Installation of need-based distribution system of compressed air.
- ✓ Installation of solar tower lights in mines area.
- ✓ Installation of water spray system in clinker cooler section.
- ✓ Installation of VFD drives in process ID fans.
- ✓ Power generation through waste heat recovery system.
- ✓ Use of alternate fuel in pyro process.

Technology Absorption, Adaptation and Innovation

Your Company adopts value engineering techniques for enhancing productivity and cost effectiveness. All efforts are made to explore the possibility of replacing certain imported parts of machineries with indigenous parts for reducing the cost and level of inventory considering the easy availability on time.

Your Company continues to make conscious efforts to evaluate opportunities for technological innovation, upgradation for improving level of operations resulting into savings in cost and enhanced efficiencies.

Industrial Relations

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.

Acknowledgements

Your Directors wish to place on record their sincere appreciation for the excellent assistance and co-operation received from the Governmental authorities, the consortium of banks and financial institutions, customers, vendors and investors for their continued support during the year.

for and on behalf of the Board

Ravi Sanghi
Vice-Chairman & Managing Director

Place : New Delhi
Date : 11th November, 2011