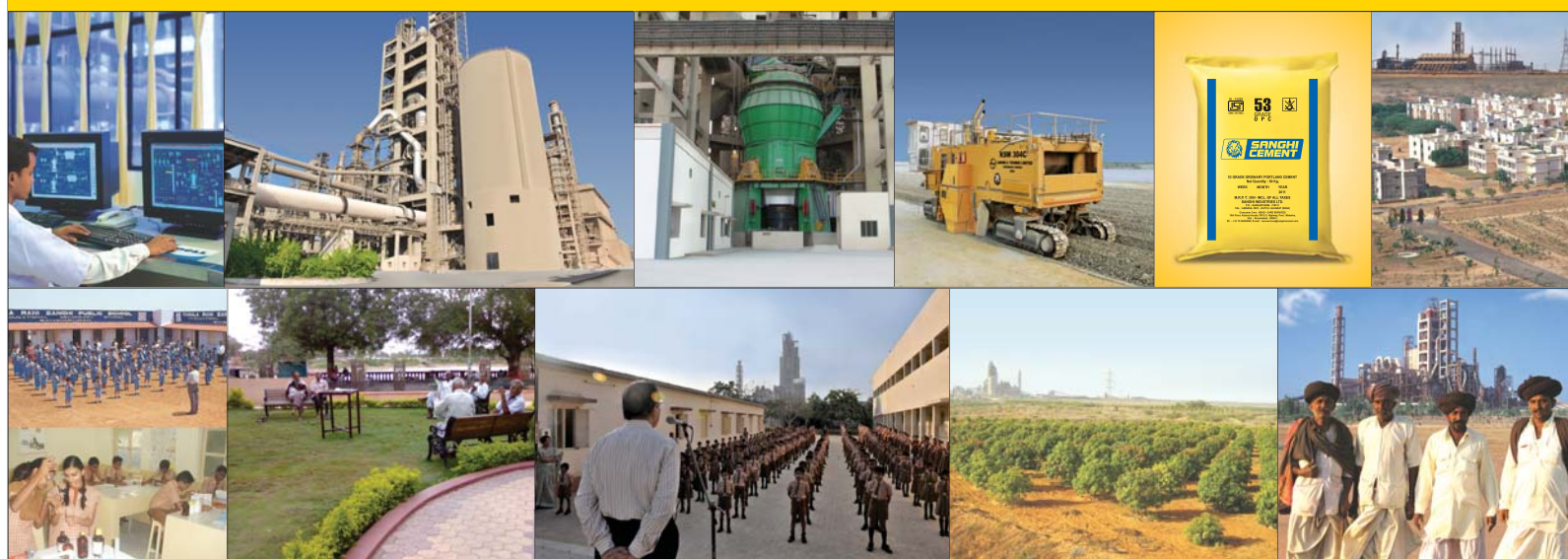


2011

2012



*Turning Dreams into Concrete Reality*



**Sanghi Industries Limited**

*ANNUAL REPORT 2011-2012*

## 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

## CONTENTS

Particulars	Page No.
Board of Directors	I
Directors' Report	2-6
Management Discussion and Analysis	7-9
Report on Corporate Governance	10-18
Auditors' Report	19-21
Annual Accounts	22-23
Cash flow Statement	24
Notes to Accounts	25-31



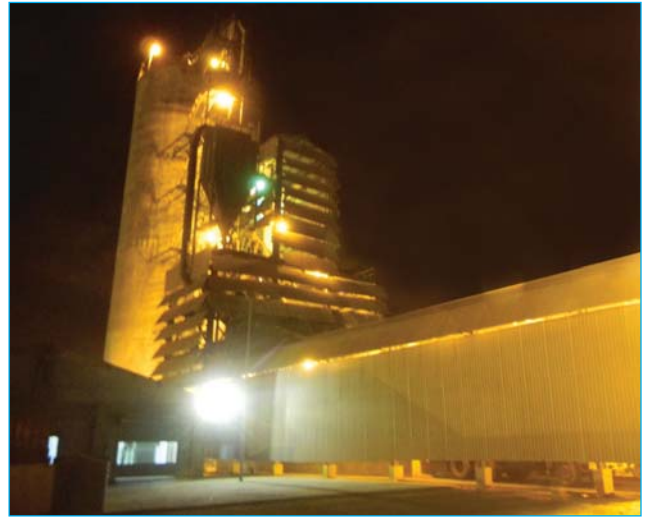
## Distribution Channel



## Dealer's Tour



## State of Art Technology





## Corporate Social Responsibility



## Board of Directors

Shri Ravi Sanghi	Chairman and Managing Director
Shri Gireesh Sanghi	Director
Shri Aditya Sanghi	Executive Director
Shri Alok Sanghi	Executive Director
Smt. Bina Engineer	Executive Director
Shri N. B. Gohil	Executive Director
Shri C.S.V. Rao	Nominee Director – IDBI
Shri D. K. Kambale	Director
Shri Sadashiv Sawrikar	Director
Shri D.B.N.Rao	Director
Shri R.K.Pandey	Director
Shri T.M.Jagan Mohan	Director

## Company Secretary

Shri Anil Agrawal

## Joint Statutory Auditors

M/s Ankit & Co. Chartered Accountants Hyderabad	M/s Haribhakti & Co. Chartered Accountants Ahmedabad
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## 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 - 274131/32/33  
Fax Nos.02831 - 274115/23

## Corporate Office

10<sup>th</sup> 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](mailto:companysecretary@sanghiment.com)  
Website : [www.sanghiment.com](http://www.sanghiment.com)

## DIRECTORS' REPORT

To

**The Members of  
Sanghi Industries Limited**

Your Directors take pleasure in presenting the 25<sup>th</sup> Annual Report together with the audited financial statements for the year ended 30<sup>th</sup> June, 2012.

### Financial Results

(₹ in crores)

	2011-2012 (12 Months)	2010-2011 (15 months)
Gross Revenue	1073.99	986.97
Net Income	983.72	908.45
Profit before Interest, Depreciation and Taxation	196.15	158.02
Interest	24.89	97.64
Operating Profit	171.26	60.37
Depreciation and Amortisation	98.06	107.42
Profit/(Loss) Before Tax	73.20	(47.05)
(Add)/Less : Provision for Tax		
a) Current Income Tax	-	-
b) Deferred Tax (net)	(8.68)	(14.40)
c) MAT Credit Entitlement	-	(3.10)
Profit / (Loss) After Tax	81.88	(29.55)
Profit carried to Balance Sheet	524.26	442.39

### 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 :

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures, if any;
- 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 30<sup>th</sup> June, 2012 and of the profit of the Company for the year under review;
- 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;
- the Directors had prepared the accounts for the period ended 30<sup>th</sup> June, 2012 on a 'going concern' basis.

## Board of Directors

The directors - Smt. Bina Engineer, Shri Gireesh Sanghi and Shri R. K. Pandey - retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Shri D. B. N. Rao and Shri N. B. Gohil were appointed as Additional Directors of the Company w.e.f. 22<sup>nd</sup> December, 2011 and hold office up to the date of the ensuing Annual General Meeting. Necessary resolutions have been proposed for their appointment as Directors of the Company.

The Board had, subject to the approval of shareholders in the forthcoming Annual General Meeting, appointed Shri Nirubha Balubha Gohil, as Whole-time Director of the Company for a term of three years effective from December 22, 2011. The Board has fixed and revised his remuneration as per the recommendations of the Remuneration Committee. Your Directors recommend the resolutions for the appointment and payment of remuneration of Shri N. B. Gohil for your approval.

The Board had, subject to the approval of shareholders in the forthcoming Annual General Meeting, re-appointed Shri Aditya Sanghi and Shri Alok Sanghi, as Whole-time Directors of the Company for a term of five years effective from September 6, 2012. The Board has fixed his remuneration as per the recommendations of the Remuneration Committee. Your Directors recommend the resolutions for the appointment and payment of remuneration of Shri Aditya Sanghi and Shri Alok Sanghi for your approval.

The Board had, subject to the approval of shareholders in the forthcoming Annual General Meeting, revised Remuneration of Shri Ravi Sanghi, Chairman and Managing Director and Smt. Bina Engineer, Whole-time Director for their remaining tenure. The Board has fixed their remuneration as per the recommendations of the Remuneration Committee. Your Directors recommend the resolutions for the revision in remuneration of Shri Ravi Sanghi and Smt. Bina Engineer for your approval.

## Deposits

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956.

## 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.

## Listing

The Company's securities are listed with the Stock Exchanges at National Stock Exchange and Bombay Stock Exchange. The Company has paid the listing fees for the year 2012-13 to the Stock Exchanges.

## 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 Abridged 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 2012-13, would be within the limits prescribed under Section 224(I-B) of the Companies Act, 1956. Your Board of Directors recommend their appointment as Joint Statutory Auditors of the Company.

### Foreign Exchange Earnings and Outgo

Particulars with regard to Foreign Exchange Earnings and Outgo are set out in Note I, Para II (m) of the Notes on Accounts of Annual Report.

### 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 over the last decade for

- ❖ Creating green revolution in the desert of 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 :

- ❖ VVFD Drive installed at ESP fan in cement mills and at kiln feed for dedusting bag filter
- ❖ Rain Water Harvesting on large scale with interconnection of all reservoirs with total pipe length of 3.5 km to reduce the water cost substantially
- ❖ Installation of RO Plant to improve water quality and reduce use of desalination process
- ❖ Mix of flyash for PPC grinding, enabling safe disposal of fly ash
- ❖ Plantation of new trees and shrubs to control airborne particles and beautify the premises.
- ❖ 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 utilization 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, shortfall 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 flyash 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).
- ❖ 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 and 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.

Apart from implementing the measures which were initiated last year, the following new measures have been implemented during the year.

1. Interlocks installed in Raw Material handling Belts and Pre-Heater to reduce the consumption of electrical and thermal energy.
2. Power saving drives installed to reduce energy consumption in Clinker and Cement Grinding Units as well as Thermal Power Plant.
3. Installation of new CG – VFD and new APH tubes to reduce auxillary power consumption in Captive Power-Plant.
4. Reconstruction of internal roads to reduce fuel consumption of internal vehicle movement.
5. Installation of Web Based Energy Monitoring System at all facilities.

### **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

**Place :** Mumbai  
**Date :** 28<sup>th</sup> August, 2012

**Ravi Sanghi**  
 Chairman & Managing Director