



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

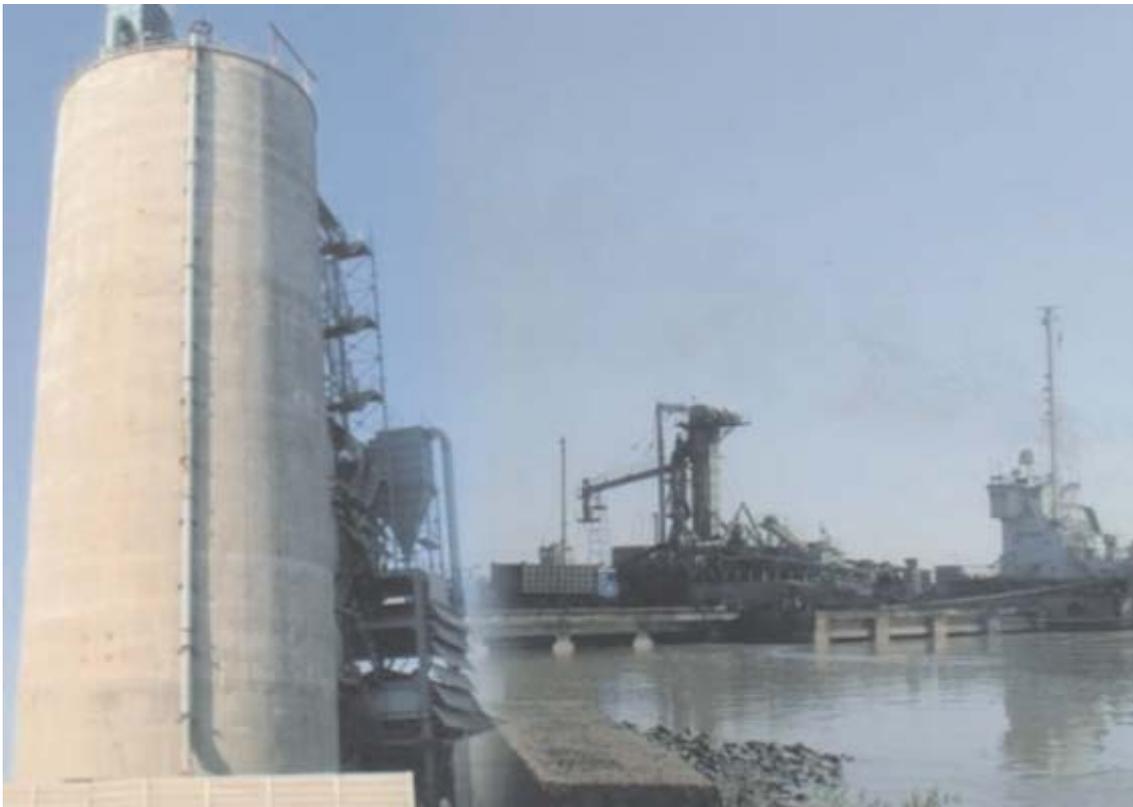
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# New Initiatives



Pozolona Portland Cement Bag



Terminal at Navlaksi

# Social



Mango Farm



Lush Green Surroundings

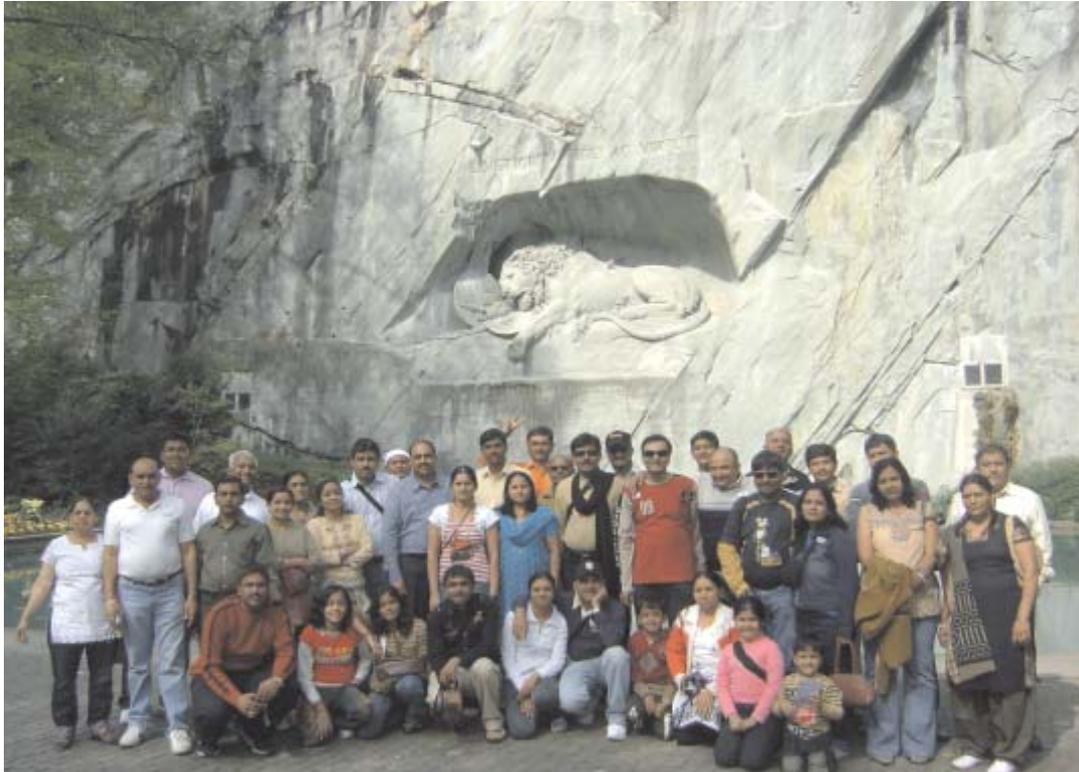


Blood Donation Camp



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. Sessa Sayee

## Joint Statutory Auditors

M/s. Ankit & Company  
Chartered Accountants  
Hyderabad

M/s. Haribhakti & Co.  
Chartered Accountants  
Ahmedabad

## Registered Office

Sanghinagar P. O.  
Hayatnagar Mandali, 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](mailto:companysecretary@sanghiment.com)

Website: [www.sanghiment.com](http://www.sanghiment.com)



## DIRECTORS' REPORT

**To**

**The Members of**

M/s. Sanghi Industries Limited

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

### Financial Results

(₹ in crore)

	<b>2010-2011 (15 months)</b>	2009-2010
Net Income	<b>908.45</b>	674.51
Profit before Interest, Depreciation and Taxation	<b>158.02</b>	182.96
Interest	<b>97.64</b>	83.40
Operating Profit	<b>60.37</b>	99.56
Depreciation and Amortisation	<b>107.42</b>	81.28
Profit / (Loss) Before Tax (PBT)	<b>(47.05)</b>	18.28
Less : Provision for Tax		
a) Current Income Tax	-	3.10
b) Fringe Benefit Tax	-	-
c) Deferred Tax (net)	<b>(14.40)</b>	(39.66)
d) MAT Credit Entitlement	<b>(3.10)</b>	(34.20)
Profit / (Loss) After Tax (PAT)	<b>(29.55)</b>	89.04
Profit carried to Balance Sheet	<b>442.39</b>	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 30<sup>th</sup> 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 30<sup>th</sup> June, 2011 on a 'going concern' basis.

### Board of Directors

Shri S. C. Kuchhal, the Chairman of your Board had passed away on 27<sup>th</sup> 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 KWLT

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 : 11<sup>th</sup> November, 2011



## Annexure – I

### Disclosure under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

#### Form – A (See Rule 2)

#### (A) Conservation of Energy and Technology Absorption – Refer Directors' Report

#### (B) Power and Fuel Consumption

Particulars	For 15 months ended 30 <sup>th</sup> June, 2011	Year ended 31 <sup>st</sup> March, 2010
<b>I. Electricity</b>		
(a) Purchased		
Unit (Kwh in lacs)	-	-
Total amount (₹ in Crore)	-	-
Rate / unit (₹)	-	-
(b) Own Generation (net of auxiliary)		
(i) Through Diesel Generators		
Unit (Kwh in lacs)	423.21	1446.32
Unit per Ltr. of Furnace Oil / L.D.O./ S.K.O / Diesel	3.05	4.05
Cost / unit (₹)	9.38	6.99
(ii) Through Steam turbine / generation		
Unit (Kwh in lacs)	2263.86	419.81
Unit per Kg. of Fuel	1.13	0.74
Cost/unit (₹)	3.20	4.47
<b>2. Coal</b>		
(a) Lignite / Coal used as a fuel in Kiln & Calciner		
Quantity (in lac MT)	5.00	3.60
Total cost (₹ in Crore)	185.37	118.14
Average rate per MT (₹)	3706	3281
(b) Coal used in Steam Turbine / Generator		
Quantity (in lac MT)	2.00	0.56
Total cost (₹ in Crore)	72.55	15.17
Average rate per MT (₹)	3618	2689

#### (C) Consumption per Unit of Production

	Standard (if any)	For 15 months ended 30 <sup>th</sup> June 2011	Year ended 31 <sup>st</sup> March, 2010
Product: Cement	BIS 53 Grade		
Unit: MT		2,323,025	1,828,175
Electricity (Kwh/MT of Cement)		107.10	100.38
Coal (kilo calories per kg)		825	762

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management presents the analysis of your Company's operations and financial performance during the fifteen months period ended on 30<sup>th</sup> June 2011 (Period). The Company has extended its accounting year by 3 months to close on 30<sup>th</sup> June 2011 instead of 31<sup>st</sup> March 2011. The Management also presents its outlook on the cement industry, in brief, for the future. This outlook is based on current business environment and information on the related industries and Indian economic scenario and may vary due to future economic scenario and other developments in India and abroad.

### **INDIAN ECONOMIC SCENARIO**

The global economy is still in uncertain state due to European Financial Crisis. The Indian economy continued to grow by about 8.6% during 2010-11. This growth has been driven by services and agricultural sectors. The Infrastructure, Capital Goods and in turn manufacturing sector registered slower growth. In FY12, the current consensus on economic growth is in the range of around 7%.

The cement sector faced challenges in the form of weak demand. High interest rates, rising inflation, reduced spending on realty and infrastructure and the resultant drop in housing demand had adversely affected the offtake in the cement industry. Cement prices also remained under pressure mainly on account of over supply scenario. The steep increase in the fuel and energy costs has put margins under pressure. These factors will continue to impact the industry over next year too.

### **CEMENT INDUSTRY**

#### Regulatory Changes

The Union budget of 2011 has changed the excise duty structure on cement and clinker. At current price levels, the impact on our Company is negligible.

#### Production and Consumption

By June 2011, the cement production capacity in India stood at about 285 Million tonnes p.a. The cement capacity utilisation for the industry was 76% in FY-11 against 83% in FY-10. The production and consumption of cement has grown by 5% in FY-11 over FY-10.

#### Cement Outlook

Your Company believes that in coming years, the infrastructure spending will increase led by big ticket projects. Further, the fewer new capacity additions, combined with robust demand growth could be catalyst of the growth path for the sector over next three years.

### **REVIEW ON COMPANY**

#### I. New Facility

Your Company has commenced the project of manufacturing PPC (Pozolona Portland Cement) from April 2011. It has manufactured 13060 tonnes of PPC up to 30<sup>th</sup> June 2011 and received good acceptance in the market. The Company has also implemented the pneumatic ship loading system at our captive jetty for facilitating the movement of bulk cement by sea route. The Company has also commissioned the sea terminal at Navlakhi port terminal in Gujarat, thereby facilitating coastal shipping mode of transport.

#### II. Performance

##### A. Production and Sales

Your Company has produced 2.43 Million tonnes of clinker during the Period compared to 1.88 Million tonnes in previous year. The capacity utilisation was marginally better at 78% in the Period compared to 76% in previous year.

The cement production was 2.32 Million tonnes in the Period compared to 1.82 Million tonnes in previous year. The utilisation was marginally better at 71% compared to 69% in the previous year

The Company has sold about 81% of the cement volume in the domestic market during the Period which increased from 76% in previous year. The international markets have been affected by financial crisis starting in Dubai and political unrest. These circumstances have affected both demand and prices for exports.



The cement sales was 2.32 Million tonnes during the Period as compared to 1.83 Million tonnes during the previous year. The Company has registered gross sales of ₹ 980.56 crore during the Period against ₹ 709.01 crore during the previous year. The net sales (net of excise) were ₹ 899.48 crore and ₹ 665.58 crore respectively during the said periods. The average realisation for cement sales in the domestic market during the Period was ₹ 208 per bag compared to ₹ 200 during the previous year.

**B. Costs**

- The raw material cost per tonne has increased by around 25% over previous year, mainly due to increase in royalty rates.
- The Company has extended the current financial year by three months. Accordingly, the current year is of fifteen (15) months as against previous year of twelve (12) months.
- The Company's power cost reduced by around 10% during the Period over previous year due to switchover to Thermal Power Plant from its earlier Diesel Generators based Power Plant, both captive.
- The fuel cost has increased by around 30% due to increase in coal prices.
- The average logistic cost for domestic distribution of cement has increased by around 22% during the Period over previous year, mainly due to increase in diesel cost and change in geographical mix.
- The charge towards depreciation and amortisation has increased, on a proportionate basis, to ₹ 107.42 crore in the Period against ₹ 81.28 crore during previous year, after commissioning of Thermal Power Plant project.

**C. Profits and Margins**

The major cost components for a cement player are power and fuel and logistic cost. As seen from the above, the substantial increase in coal and oil prices, more than offsetting the increase in average selling prices, has resulted in the EBIDTA to fall to ₹ 158.02 crore during the Period from ₹ 182.96 crore in the previous year. The EBIDTA margins were around 17% and 27%, respectively during these periods.

After financial charges and charge towards depreciation and amortization, the Company has incurred a loss of ₹ 29.55 crore during the Period against a Profit of ₹ 89.04 crore for the previous year.

**Internal Control systems**

The management maintains adequate internal control systems to support its business operations and statutory compliances. To further strengthen this, the Company has adapted a fully integrated ERP tool using world's leading software technology provided by "SAP". In addition, the continuous Internal Audit also aims at testing the operational effectiveness of the internal control system and thereby facilitates an objective assurance to the Board and Audit Committee regarding the adequacy and effectiveness of the system. This helps in discharging the obligations as required by the Clause 49 of the Listing Agreement.

**5 star International accreditations**

Your Company is amongst the very few corporates in India and certainly one of the first cement plants in India to receive the following 5 International accreditations :

1. ISO 9000 (Quality Management System)
2. ISO 14001 (Environment Management System)
3. ISO 18001 (Health & Safety Management Standard)
4. SA 8000 (Social Accountability System Certificate)
5. ISO/ IEC 17025 (Quality Control Testing Laboratory, Chemical & Mechanical Testing)

### **Recognitions for best practices**

The Directorate General of Mines Safety and Indian Bureau of Mines, Udaipur region have awarded the following recognitions and awards to your Company:

Noise, Vibration control and Aesthetic beauty	I prize
Maintenance of HEMM and Electrical Installation	I prize
Health, First Aid and Vocational training centre	II prize
Opencast working and general safety (Mine working)	II prize
Air Dust suppression	III prize

Beside this, our officers were awarded many awards for their best awareness and practices in the field of mining.

### **Human Resources**

The Company is an equal opportunity employer and lays special emphasis on welfare of its employees. It provides them with the best facilities and strives to engage and retain talented workforce at all levels. It encourages continuous learning and provides a conducive environment for personal and professional growth there by leading to the growth of the Company.

### **Future Outlook**

Considering the infrastructure spending planned by the Central and State Governments of India, your Company expects the demand for cement to absorb the capacity additions.

### **Risk and Concerns**

Your Company uses imported coal as fuel in the production process as well as for generation of power. Therefore, it is heavily exposed to the volatility in the coal prices. Due to seasonal and cyclical nature of the cement industry, variation in cement prices and volumes cannot be ruled out. Any adverse variation in prices of other inputs, changes in tax structures, may not be possible to be passed on to the customer fully.

### **Cautionary Statement**

The statements forming part of the Management Discussion and Analysis covered in this report may be forward looking. The actual results may differ from the expectations expressed above. The various external and internal factors, not currently anticipated, may influence the performance of the Company.



## REPORT ON CORPORATE GOVERNANCE

### **I. A brief statement on the Company's philosophy on Code of Governance**

The Company defines "Corporate Governance" as a systematic process by which companies are directed and controlled to enhance their wealth generating capacity. The Corporate Governance initiative is based on two core principles. They are (i) Management must have the executive freedom to drive the enterprise forward without operational constraints; and (ii) this freedom of management should be exercised within a framework of effective accountability.

The Company believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and society's expectations.

From the above definition and core principles of Corporate Governance emerges the cornerstone of the Company's governance philosophy, namely trusteeship, empowerment and accountability, transparency, control and ethical corporate citizenship. The Company believes that the practice of each of these leads to the creation of the right culture in which the Company is managed in a manner that fulfills the purpose of Corporate Governance.

### **2. Board of Directors**

The Board of Directors consists of professionals drawn from diverse fields having varied experience. Shri S. C. Kuchhal was the Non-Executive Chairman of the Company till 27<sup>th</sup> June, 2011. The day-to-day management of the Company is conducted by the Vice-Chairman & Managing Director subject to the supervision and control of the Board of Directors.

Composition and category of Directors as on 30<sup>th</sup> June, 2011

Sl. No.	Category	Name of Director	
I.	Promoter and Executive	Shri Ravi Sanghi Shri Aditya Sanghi Shri Alok Sanghi	Vice-Chairman & Managing Director Executive Director (Production) Executive Director (Marketing)
II	Promoter and Non-Executive	Shri Anand Prakash Sanghi Shri Sudhir Sanghi Shri Gireesh Kumar Sanghi	
III	Professional and Executive	Smt. Bina Engineer	Executive Director (Finance)
IV	Independent and Non-Executive	Shri Sadashiv Sawrikar Shri T. M. Jagan Mohan Shri R. K. Pandey	
V	Independent and Nominee	Shri C. S. V. Rao – IDBI Nominee	

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company as trustees of the shareholders.

Attendance of Directors at the Meetings of the Board of Directors held during the period ended 30<sup>th</sup> June, 2011 and the Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2010 are as follows :

Six Board Meetings were held during the period on 30<sup>th</sup> April, 2010, 13<sup>th</sup> August, 2010, 4<sup>th</sup> September, 2010, 12<sup>th</sup> November, 2010, 10<sup>th</sup> February, 2011 and 13<sup>th</sup> May, 2011. The maximum time gap between two Board Meetings was not more than four calendar months.

**The details of record of attendance of Directors and Directorships of Public Limited Companies and Membership/Chairmanship of Board Committees**

Name of Director	No. of Board Meetings attended	Attendance at the Last AGM	No. of Directorships of Other Companies &	No. of Membership of other Board Committees #	No. of Chairmanship of other Board Committees #
Shri S. C. Kuchhal @	6	Yes	-	-	-
Shri Ravi Sanghi	6	Yes	3	-	-
Shri Anand Prakash Sanghi	5	Yes	2	3	-
Shri Sudhir Sanghi	5	No	2	3	-
Shri Gireesh Kumar Sanghi	3	Yes	2	-	-
Shri Aditya Sanghi	4	Yes	5	-	-
Shri Alok Sanghi	5	No	5	-	-
Smt. Bina Engineer	6	Yes	-	-	-
Shri Sadashiv Sawrikar	5	Yes	1	-	-
Shri T. M. Jagan Mohan	6	Yes	-	-	-
Shri V. Jayanathan \$	5	No	-	-	-
Shri R. K. Pandey *	5	No	12	4	2
Shri C. S. V. Rao \$	1	No	2	-	-

@ passed away on 27<sup>th</sup> June, 2011

\$ Nomination withdrawn in favour of Shri C.S.V. Rao w.e.f. 29<sup>th</sup> April, 2011

\* appointed as a Director w.e.f. 30<sup>th</sup> April, 2010 to fill the casual vacancy created by resignation of Shri B. Satyanarayana Murthy.

& Excludes alternate directorships / directorships of private companies, foreign companies and companies under Section 25 of the Companies Act, 1956

# Includes only Audit Committee and Shareholders' / Investors' Grievance Committee.

### 3. Committees of the Board of Directors

#### ❖ Audit Committee

Brief description of Terms of Reference

To oversee the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, adequate and credible; to review with management the annual financial statements before submission to the Board. The Committee periodically reviews with the management, external and internal auditors, the adequacy of internal control systems. The Committee periodically interacts with the internal auditors to review the manner in which the internal audit is carried out. The Committee also holds discussions with external auditors before the statutory audit commences on the nature and scope of audit and after the audit ascertains from them any area of concern.

The Committee also reviews the financial and risk management policies of the Company. The Committee has full access to financial data and to the Company's staff. In accordance with the provisions of the Listing Agreement executed by the Company with the Stock Exchanges, the Committee also reviews the quarterly (un-audited) and annual financial statements before the same are submitted to the Board.



Composition, Names of Members and record of attendance during the period : Consists of Independent Directors as under :

During the period ended 30<sup>th</sup> June, 2011, the Committee meetings were held on 30<sup>th</sup> April, 2010, 13<sup>th</sup> August, 2010, 12<sup>th</sup> November, 2010, 10<sup>th</sup> February, 2011 and 13<sup>th</sup> May, 2011. The attendance of the Members was as follows :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri S. C. Kuchhal, Chairman @	5	5
Shri Sadashiv Sawrikar	5	4
Shri T. M. Jagan Mohan	5	5

@ passed away on 27<sup>th</sup> June, 2011

The Managing Director and Executive Director (Finance) are the permanent invitees to the Audit Committee Meetings. The Company Secretary is the Secretary of the Committee and the representatives from Statutory Auditors and Internal Auditors attend the Audit Committee Meetings as invitees.

#### ❖ **Finance Committee**

Brief description of Terms of Reference

- To review the adequacy of banking arrangements and cash management and to review and approve short term and long term investment transactions, including execution of the sanction letters, loan documents, security documents such as mortgage, hypothecation deeds etc. and such other related matters with respect to obtaining new loans/facilities or change in the terms and conditions of existing loans within the over all limits of the board powers.
- To convey acceptance of Sanction Letters, to approve the execution of Letters of Acknowledgement of Debts, Revival Letters, Balance Confirmation Letters that may be received from various Banks and Financial Institutions.
- To approve the exercise of guarantees as may be required by Banks, Financial Institutions, Central Excise, Customs and Sales Tax authorities etc. on any matter pertaining to the working affairs of the Company.
- To approach various lenders and creditors with proposals to settle the outstanding dues etc., and to approve the execution of One Time Settlement agreements with the consenting creditors etc.
- To make recommendations to the Board relating to the capital structure and issuance of securities etc., including the authority to approach Investors (Institutional/ Private) for infusion of funds by way of equity and to accept equity investment offers as may be received and which are suitable to the Company and to carry out effective execution of such capital infusion subject to such regulatory approvals as may be necessary.

Composition, Names of Members and record of attendance during the period : Consists of Directors as under :

During the period ended 30<sup>th</sup> June, 2011, the Committee meetings were held on 29<sup>th</sup> July, 2010, 27<sup>th</sup> August, 2010, 7<sup>th</sup> January, 2011 and 19<sup>th</sup> April, 2011. The attendance of the Members was as follows :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri Sadashiv Sawrikar, Chairman	4	2
Shri Ravi Sanghi	4	4
Shri A. Sanghi	4	-
Smt. Bina Engineer *	4	3

\* Co-opted as a Member w.e.f. 13<sup>th</sup> August, 2010

The Company does not pay any sitting fees to the Directors for attending the Finance Committee meetings.

### ❖ **Remuneration Committee**

Brief description of Terms of Reference

To review the overall compensation policy, service agreements and other employment conditions of the Managing / Executive Directors and their Relatives (to an office or place of profit as defined in Section 314 of the Companies Act, 1956) with a view to motivate and retain the best managerial talents. In determining the remuneration package, it evaluates the remuneration paid by comparable organizations in and outside the Industry and thereafter makes its recommendations to the Board in this regard.

Composition, Names of Members : Consists of Independent Directors as under :

During the period ended 30<sup>th</sup> June, 2011, as the remuneration paid to the Vice-Chairman & Managing Director and other Executive Directors was in accordance with the provisions of the Companies Act, 1956, there were no meetings of the Remuneration Committee.

Name of Director	No. of Meetings held	No. of Meetings attended
Shri S. C. Kuchhal, Chairman @	-	-
Shri Sadashiv Sawrikar	-	-
Shri T. M. Jagan Mohan	-	-

@ passed away on 27<sup>th</sup> June, 2011

The Company does not pay any sitting fees to the Directors for attending the Remuneration Committee meetings.

### ❖ **Investor Service Committee**

Brief Terms of Reference

It oversees redressal of shareholder and investor complaints, approves transfer and transmission of shares; authorizes issue of duplicate share certificates; and generally deals with all matters in connection with all securities issued by the Company from time to time.

Composition, Names of Members and record of attendance during the period : Consists of Directors as under :

During the period ended 30<sup>th</sup> June, 2011, sixteen meetings of the Committee were held on various dates and the attendance of the Members was as follows :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri T. M. Jagan Mohan, Chairman	16	16
Shri Sadashiv Sawrikar	16	16
Shri Ravi Sanghi	16	16



Details of various requests considered by the Committee at its meetings during the period ended 30<sup>th</sup> June, 2011 are as follows :

Date of Meeting	No. of shares involved in requests received for				
	Transfer of shares	Transmission of Shares	Issue of Duplicate Share Certificates	Transposition of Shares	Remat of Shares
01.04.2010	200	-	-	-	-
30.04.2010	1525	-	-	-	-
15.05.2010	1025	-	-	-	-
31.05.2010	1100	-	-	-	-
15.06.2010	275	-	-	-	-
26.06.2010	200	-	-	-	-
15.07.2010	1475	-	-	-	-
30.07.2010	825	-	-	-	-
30.09.2010	1125	-	-	-	-
15.10.2010	550	-	-	-	-
03.11.2010	2000	-	-	-	-
14.12.2010	1075	-	-	-	-
31.12.2010	825	-	-	-	-
31.01.2011	450	-	-	-	-
16.04.2011	175	-	-	-	-
29.04.2011	275	-	-	-	-

The Company does not pay any sitting fees to the Directors for attending the Remuneration Committee meetings.

#### 4. **Remuneration Policy:**

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be required, the Managing Director / Executive Director(s) are paid remuneration as per the agreements entered into between them and the Company. The remuneration structure of the Managing Director / Executive Director(s) comprises of salary, perquisites and allowances, contributions to Provident Fund, Superannuation Fund, Gratuity etc.

The salient features of the agreements executed by the Company with the Managing Director / Executive Directors are as under:

Name of Director	Shri Ravi Sanghi	Shri Aditya Sanghi	Shri Alok Sanghi	Smt. Bina Engineer
Designation	Vice-Chairman & Managing Director	Executive Director	Executive Director	Executive Director
Period of Appointment or re-appointment	Five Years w.e.f. 01.10.2010	Five Years w.e.f. 05.09.2007	Five Years w.e.f. 05.09.2007	Three Years w.e.f. 06.09.2010
Salary Grade (₹)	As per the approval of the shareholders			
Perquisites	As per the rules of the Company			
Minimum Remuneration	Where in any financial year, the Company has no profits or its profits are inadequate, then the Company will pay remuneration by way of salary and perquisites in accordance with the provisions of Schedule XIII to the Companies Act, 1956.			
Notice Period	The agreements may be terminated by either party giving the other party six months notice in writing of such termination.			

The details of salary and perquisites (including contribution to provident fund/superannuation fund etc., if any) paid or debited to Profit and Loss account during the period ended 30<sup>th</sup> June, 2011 towards Salary of Vice-Chairman & Managing Director and Executive Director(s) are as follows :

(₹ in crore)

Name of Director	Shri Ravi Sanghi, Vice-Chairman & Managing Director	Other Executive Directors
Salary and Allowances	0.75 *	2.34 *
Perks	Nil	Nil
Commission	Nil	Nil
Company's contribution to PF and Superannuation Fund	Nil	Nil

\* subject to approval of Central Government

The Company has not formulated any scheme for giving stock options to its employees. Hence, no stock options have been granted to the Vice-Chairman & Managing Director and Executive Directors for the period 2010 – 2011.

#### Non-Executive Directors

None of the Non-Executive Directors have any pecuniary interest or transactions with the Company, except receiving sitting fee of ₹ 2,000 (Rupees two thousand only) from the Company for attending the meetings of the Board or Audit Committee of Directors. In addition to the above, the Company pays incidental expenses of ₹ 3,000 (Rupees three thousand only) to the Directors for attending the said meetings.

During the period ended 30<sup>th</sup> June, 2011, the Company issued cheques/paid the following amount towards sitting fees & incidentals to the Directors for attending the Board / Audit Committee Meetings:

Name of Director	Amount (₹)	Name of Director	Amount (₹)
Shri S. C. Kuchhal	55,000	Shri Sadashiv Sawrikar	45,000
Shri Anand Prakash Sanghi	25,000	Shri T. M. Jagan Mohan	55,000
Shri Sudhir Sanghi	25,000	Shri R. K. Pandey	25,000
Shri Gireesh Kumar Sanghi	15,000	Shri V. Jayanathan / Shri C. S. V. Rao (in the name of IDBI)	30,000

#### 5. Subsidiary Companies

The Company does not have any subsidiaries.

#### 6. Particulars for investors

Name and Designation of Compliance Officer

Shri Kairav Anil Trivedi – Company Secretary (till 26<sup>th</sup> May, 2011)

Shri V. Sessa Sayee – Company Secretary (from 27<sup>th</sup> May, 2011)

The Company has entered into agreements with both depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to participate in the Depository System of share registration. The Company had appointed M/s. CIL Securities Limited having their office at 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001 as the Registrars for Share Transfers and the Dematerialization of Shares.

The Company had attended to all complaints / queries of investors within a period of 7 – 14 days from the date of receipt. Regarding requests for dematerialization of shares, the Company had followed the specified time schedule as stipulated in this regard and as on 30<sup>th</sup> June, 2011, no investor complaints were pending for redressal and all letters received in this regard have been replied to.



Any shareholder whose grievance has not been resolved to his satisfaction may kindly write to the Company Secretary with a copy of the earlier correspondence.

## 7. **General Body Meetings**

Location and time of the General Meetings held in last three years.

Year	Type of Meeting	Date	Venue	Time
2008	AGM	27.09.2008	Registered Office at Sanghinagar P. O. Hayatnagar Mandal, Ranga Reddy District Andhra Pradesh – 501 511	10.30 a.m.
2009	AGM	29.09.2009	..do..	10.30 a.m.
2010	AGM	30.09.2010	..do..	09.30 a.m.

No special resolution requiring a postal ballot was passed during the Financial Year 2009-10 or is being proposed at the ensuing Annual General Meeting.

## 8. **Disclosures**

- Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large

None of the transactions with any of the related parties were in conflict with the interests of the Company.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets during the last three years

The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties/strictures have been imposed against the Company during the last three years.

- Disclosures of the compliance with mandatory requirements and adoption/ non-adoption of non-mandatory requirements

The Company has complied with all the mandatory requirements and adopted part of the non-mandatory requirements.

- Disclosures of relationships between Directors inter-se

Shri Ravi Sanghi, Shri Anand Prakash Sanghi, Shri Sudhir Sanghi and Shri Gireesh Sanghi are all brothers and Shri Aditya Sanghi and Shri Alok Sanghi are the sons of Shri Ravi Sanghi. None of the other Directors have any relation inter-se.

## 9. **Means of Communication**

The Company publishes its financial results every quarter in leading newspapers such as Financial Express and Vaartha. The results are also displayed on the Company's website : [www.sanghiment.com](http://www.sanghiment.com)

## 10. **Cost Audit**

In accordance with the stipulation made by the Ministry of Corporate Affairs, New Delhi directing the Company to get the cost records audited, the Company had appointed M/s. N.D. Birla & Company, Cost Accountants, Ahmedabad as the Cost Auditors.

**II. General Shareholder Information**

Annual General Meeting Day, Date, Time and Venue	: Saturday, the 17th December, 2011 at 11.00 a.m. Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy District, Andhra Pradesh – 501 511
Financial Year / Calendar	
• Results for first quarter ending 30 <sup>th</sup> September, 2011	: On or before 15 <sup>th</sup> November, 2011
• Results for second quarter ending 31 <sup>st</sup> December, 2011	: On or before 15 <sup>th</sup> February, 2012
• Results for third quarter ending 31 <sup>st</sup> March, 2012	: On or before 15 <sup>th</sup> May, 2012
Date(s) of Book Closure / Record Date	: 17th December, 2011
Registered Office	: Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy District, Andhra Pradesh – 501 511
Phone, Fax, E-mail	: Phone : 08415 – 242240 Fax : 08415 – 242239 E-mail : companysecretary@sanghicement.com
Plant Location	: Sanghipuram, Village Motiber, Taluka Abdassa, District Kutch, Gujarat – 370 511 Phone : 02831 – 274131/32/35/36 Fax : 02831 – 274106/15/23
Registrar & Share Transfer Agent (RTA) and address	: CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001 Phone : 040 – 2320 2465 Fax : 040 – 2320 3028 E-mail : advisors@cilsecurities.com
Address for Investors Correspondence	: Either to the Company at its registered office address or to the RTA
Listing on Stock Exchanges	: Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)
Payment of Annual Listing Fee	: Annual Listing Fee for the year 2011-12 has been paid to both the Exchanges.
Stock Code	: BSE – 526521 NSE – SANGHIIND
Demat ISIN in NSDL and CDSL	: INE999B01013



- ❖ Monthly High and Low Quotation of Shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2010-11

Sl. No.	Month	BSE		NSE	
		High	Low	High	Low
1.	April, 2010	27.35	21.65	27.30	22.10
2.	May	27.00	21.95	26.95	22.10
3.	June	24.60	22.00	24.50	22.00
4.	July	25.50	22.85	25.50	22.80
5.	August	34.25	24.15	34.10	24.20
6.	September	32.35	26.50	32.40	26.50
7.	October	29.90	26.85	29.95	27.05
8.	November	29.80	22.25	29.75	22.00
9.	December	28.70	25.00	29.50	24.50
10.	January, 2011	28.00	22.25	26.90	22.00
11.	February	23.10	18.00	23.20	18.60
12.	March	22.00	16.60	21.40	16.80
13.	April	22.15	18.80	22.15	18.75
14.	May	20.90	17.30	20.80	17.40
15.	June	20.00	17.70	19.95	17.70

- ❖ Distribution of shareholding as on 30<sup>th</sup> June, 2011: 13,170 shareholders held 21,99,79,000 equity shares of ₹ 10/- each

Slab (No. of Shares)	No. of Shareholders		No. of Shares	
	Total	%	Total	% of Share Capital
1 – 500	11,108	84.34	23,37,270	1.06
501 – 1000	958	7.27	7,44,365	0.34
1001 – 2000	402	3.05	6,31,565	0.29
2001 – 3000	152	1.15	3,95,695	0.18
3001 – 4000	93	0.71	3,28,174	0.15
4001 – 5000	81	0.62	3,85,543	0.18
5001 – 10000	130	0.99	9,82,760	0.45
10001 – and above	246	1.87	21,41,73,628	97.36
<b>Total</b>	<b>13,170</b>	<b>100.00</b>	<b>21,99,79,000</b>	<b>100.00</b>

- ❖ Distribution of Equity Shareholding according to categories of shareholders as on 30<sup>th</sup> June, 2011

Category	No. of Shares	Amount (in ₹)	% to total
Promoter Group	11,23,31,250	1,12,33,12,500	51.06
Individuals along with Persons Acting in Concert			
Public			
a) Foreign Institutional Investors	35,10,283	3,51,02,830	1.60
b) Foreign Financial Investors	3,74,13,305	37,41,33,050	17.01
c) Non-resident Indians / OCBs	11,81,024	1,18,10,240	0.54
d) Others	6,55,43,138	65,54,31,380	29.79
<b>Total</b>	<b>21,99,79,000</b>	<b>219,97,90,000</b>	<b>100.00</b>

❖ Share Transfer System

The Company / Registrar & Share Transfer Agents completes the process of transfer requests for which the average time taken for processing of share transfers is approximately 21 days from the date of receipt of request, provided the documents are found in order. Shares under objection are returned within three weeks from the receipt of the documents by the RTA / Company.

❖ Dematerialization of Shares and liquidity

With effect from 25<sup>th</sup> June, 2001, trading in the Company's shares was made compulsory in the dematerialized form. The Company's shares are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 30<sup>th</sup> June, 2011, 93.02% of the Equity Share Capital, representing 20,46,32,941 shares were held in depository mode.

❖ Investor Relations:

All the queries received from shareholders during the financial year 2010 – 2011 have been responded to. The queries are generally replied to within a maximum of 21 days of their receipt by the Company / RTA depending upon the criticality of issue involved.

❖ Nomination Facility

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit their request to the Company at its registered office in the prescribed Form 2B for this purpose, which can be obtained by writing to the Company Secretary at its registered office address.

### Declaration

Pursuant to the provisions of Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges, and according to the information provided / available, this is to confirm that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2010-2011.

Place : New Delhi  
Date : 11<sup>th</sup> November, 2011

Ravi Sanghi  
Vice-Chairman & Managing Director



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To The Members of  
(Sanghi Industries Limited)**

We have examined the compliance of conditions of Corporate Governance by Sanghi Industries Limited for the fifteen month period ended on 30<sup>th</sup> June, 2011 as stipulated in Clause 49 of the Listing Agreement executed by the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Ankit & Co.**  
Chartered Accountants  
FRN No. 000181S

S . Brij Kumar  
Partner  
Membership No. 19357

Place : New Delhi  
Date : 11<sup>th</sup> November, 2011

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No. 103523W

Prashant Maharishi  
Partner  
Membership No. 41452

## AUDITORS' REPORT

- To  
The Members of  
**Sanghi Industries Limited**
1. We have audited the attached Balance Sheet of Sanghi Industries Limited ('the Company') as at June 30, 2011 and also the Profit and Loss account and the Cash Flow Statement for a period of 15 months ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  4. Further to our comments in the paragraph 3 above, we report that:
    - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
    - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
    - v. On the basis of the written representations received from the directors, as on June 30, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
    - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      - a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2011;
      - b) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
      - c) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For **Ankit & Co.**  
Chartered Accountants  
FRN No. 000181S

S . Brij Kumar  
Partner  
Membership No. 19357

Place : New Delhi  
Date : 11<sup>th</sup> November, 2011

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No. 103523W

Prashant Maharishi  
Partner  
Membership No. 41452



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- 1)
  - a] The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b] As informed to us, the assets have been physically verified by the management during the period and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification as compared with books of accounts.
  - c] According to the information and explanations given to us, the Company has not disposed off any substantial part of fixed assets during the year.
- 2)
  - a] According to the information and explanations given to us, the inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
  - b] In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c] According to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3)
  - a] According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - b] According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- 5) There are no Contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in the register maintained under this section. Accordingly, Clause (v) (b) of paragraph 4 of the Order is not applicable to the Company.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public. Therefore, the provisions of the Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account relating to the material, labour and other item of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 9)
  - a] According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty, Cess and any other statutory dues have been generally regularly deposited with the appropriate authorities. No undisputed amounts payable were outstanding as on 30<sup>th</sup> June, 2011 for a period more than six months from the date they became payable.
  - b] According to the information and explanations given to us, there have been no dues of Income Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and Sales Tax, that have not been deposited on account of any dispute, except as under

(₹ in crore)

Name of the statute	Name of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Demand	42.00	Various years	Custom, Excise & Service tax Appellate Tribunal Ahmedabad & Commissioner/Commissioner Appeals (Rajkot)
Customs Act, 1962	Custom Demand	1.52	2005-2010	Custom, Excise & Service Tax Appellate Tribunal Ahmedabad
Service Tax Act, 1994	Service Tax Demand	5.64	Various years	Custom, Excise & Service Tax Appellate Tribunal Ahmedabad and Commissioner Appeals (Rajkot)
Electricity Act, 1958	Duty on generation from DG Set	3.30	Various years	Gujarat High Court
Bombay Land Revenue Code 1879	Land Revenue on Leasehold Land	1.17	Various years	Gujarat High Court

- 10) The Company does not have any accumulated losses at the end of the financial period and has not incurred cash losses during the financial period covered by our audit and in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- 12) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- 13) To the best of our knowledge and belief and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the period for long term investment.
- 14) Based on audit procedures performed and information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.
- 15) The clauses iii(b), (c), (d), (f), (g) (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 and 5 of the Order are not applicable to the Company and hence not reported upon.

For **Ankit & Co.**  
Chartered Accountants  
FRN No. 000181S

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No. 103523W

S . Brij Kumar  
Partner  
Membership No. 19357

Prashant Maharishi  
Partner  
Membership No. 41452

Place : New Delhi  
Date : 11<sup>th</sup> November, 2011



## BALANCE SHEET AS AT 30th JUNE, 2011

₹ Crore

	30-06-2011		31-03-2010	
<b><u>SOURCES OF FUNDS</u></b>				
<u>Shareholders' Funds</u>				
Share Capital	304.16		304.82	
Reserves and Surplus	492.21	796.37	521.75	826.57
Secured Loans		960.67		939.69
		<u>1,757.04</u>		<u>1,766.26</u>
<b><u>APPLICATION OF FUNDS</u></b>				
<u>Fixed Assets</u>				
Gross Block	1,922.39		1,579.17	
Less: Depreciation	541.03		435.81	
Net Block		1,381.36		1,143.36
Capital Work- in- Progress		214.56		468.28
Deferred Tax Asset (Net)		45.29		30.89
Current Assets, Loans and Advances	325.05		324.01	
Less : Current Liabilities and Provisions	213.39		205.68	
Net Current Assets		111.66		118.33
Miscellaneous Expenditure (to the extent not written off or adjusted)		4.17		5.40
		<u>1,757.04</u>		<u>1,766.26</u>
Notes to Accounts				

As per our Report of even date

For **Ankit & Co.,**  
Chartered Accountants  
FRN No. 000181S

For **Haribhakti & Co.,**  
Chartered Accountants  
FRN No. 103523W

For and on behalf of the **Board of Directors**

**S. Brij Kumar**  
Partner  
M. No. 19357

**Prashant Maharishi**  
Partner  
M. No. 41452

**Ravi Sanghi** - Vice Chairman and Managing Director  
**Alok Sanghi** - Executive Director  
**Bina Engineer** - Executive Director  
**Sudhir Sanghi** - Director  
**Sadashiv Sawrikar** - Director  
**T. M. Jagan Mohan** - Director  
**R. K. Pandey** - Director  
**D. K. Kambale** - Director  
**V. Sesha Sayee** - Company Secretary

Place : New Delhi  
Date : 11<sup>th</sup> November, 2011

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 30th JUNE, 2011

₹ Crore

		30-06-2011 (15 months)	31-03-2010 (12 months)
<b>INCOME</b>			
Sales (Gross)		980.56	709.01
Less: Excise Duty		81.08	43.43
Net sales		899.48	665.58
Other Income		8.97	8.93
	A	<b>908.45</b>	<b>674.51</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses		438.78	291.23
(Increase)/Decrease in Stock		(20.05)	(13.58)
Salaries, Wages and Employee Benefits		31.99	21.65
Administrative, Selling and Other Expenses		299.72	192.25
	B	<b>750.44</b>	<b>491.55</b>
Profit before Depreciation, Financial Charges and Tax	(A-B)	<b>158.01</b>	182.96
Financial Charges		97.64	83.40
Profit before Depreciation and Tax		60.37	99.56
Less: Depreciation and Amortisation		107.42	81.28
Profit/(Loss) before Tax		(47.05)	18.28
Less: Provision for Taxes			
Current Income Tax		-	3.11
Deferred Tax (Net)		(14.40)	(39.66)
MAT Credit Entitlement (Refer Note (7)(ii) of II of Schedule -15)		(3.10)	(34.20)
Profit/(Loss) for the period after Tax		(29.55)	89.03
Profit/(Loss) brought forward		471.93	382.89
Balance Carried to Balance Sheet		442.38	471.93
Basic/Diluted Earning per share ( face value ₹10/- each)		(1.34)	4.05
Notes to Accounts			

As per our Report of even date

For **Ankit & Co.,**  
Chartered Accountants  
FRN No. 000181S

For **Haribhakti & Co.,**  
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**V. Sesha Sayee** - Company Secretary

Place : New Delhi

Date : 11<sup>th</sup> November, 2011



## CASH FLOW STATEMENT FOR THE 15 MONTHS ENDED ON 30th JUNE 2011

₹ Crore

	30.6.2011 (15 months)	31-03-2010 (12 months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before Tax	(47.05)	18.28
<b>Adjustments for:</b>		
Depreciation and amortisation	107.42	81.28
Interest Income	(0.30)	(0.14)
Foreign Exchange (gain)/loss	(1.76)	-
Interest and other Financial Charges	97.64	83.40
<b>Operating Profit before Working Capital Changes</b>	<b>155.95</b>	<b>182.82</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Inventories	(14.90)	(6.48)
(Increase)/Decrease in Debtors	3.70	(4.00)
(Increase)/Decrease in Loans and Advances	22.13	16.86
Increase/(Decrease) in Trade Creditors	(14.42)	15.89
Increase/(Decrease) in Current Liabilities and Provisions	21.23	4.38
<b>Cash from operating activities</b>	<b>173.69</b>	<b>209.47</b>
Income Taxes paid	(3.29)	(9.14)
<b>Net Cash from operating activities</b>	<b>170.40</b>	<b>200.33</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
(Additions)/Deletions of Fixed Assets (Net)	(91.06)	(111.88)
Interest Received	0.18	0.18
<b>Net Cash used in investing activities</b>	<b>(90.88)</b>	<b>(111.70)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Movement in Working Capital Borrowing	(2.05)	(0.34)
Proceeds/(Repayment) of long term borrowings(Net)	(26.53)	(32.13)
Interest and other Financial Charges	(45.50)	(57.81)
<b>Cash from Financing activities</b>	<b>(74.08)</b>	<b>(90.28)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>5.44</b>	<b>(1.65)</b>
Cash and Cash equivalents (Opening Balance)	2.22	3.87
Cash and Cash equivalents (Closing Balance)	7.66	2.22
<b>Components of Cash and Cash Equivalents</b>		
Cash and Cheques on hand	0.16	0.16
Bank Balances	7.50	2.06
	<b>7.66</b>	<b>2.22</b>

As per our Report of even date

For **Ankit & Co.,**  
Chartered Accountants  
FRN No. 000181S

For **Haribhakti & Co.,**  
Chartered Accountants  
FRN No. 103523W

For and on behalf of the **Board of Directors**

**S. Brij Kumar**  
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**V. Sesha Sayee** - Company Secretary

Place : New Delhi

Date : 11<sup>th</sup> November, 2011

**SCHEDULE: 15****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE, 2011****I. Significant Accounting Policies**

The Company follows accrual basis of accounting, recognising income and expenditure on accrual basis. The accounts are prepared on historical cost convention and in compliance with the Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 1956. The significant accounting policies followed by the Company are as stated below:

- a) Fixed Assets are stated at cost of acquisition or construction. All costs, relating to the acquisition and installation of fixed assets are capitalized up to the date the asset is put to use.
- b) Depreciation on assets acquired has been provided as per Schedule XIV of the Companies Act, 1956 on Straight Line Method and on related time basis.
- c) Foreign exchange transaction :
  - i) Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of transaction.
  - ii) At the end of the year, monetary items denominated in foreign currency are restated at the year end rate.
  - iii) Any income or expense on account of foreign exchange currency difference either on settlement or on transaction is recognised in Profit and Loss Account except in case of long term liabilities where they relate to acquisition of fixed assets, in which case, they are adjusted to carrying cost of such assets during construction period.
- d) Valuation of inventories :
  - i) Finished and semi-finished goods in the warehouse and on the shop floor are valued at lower of cost (inclusive of excise duty, if paid) and net realizable value.
  - ii) Raw Materials, Consumables, Stores, Packing Material and Work-in-Progress are valued at cost.
  - iii) Cost is determined on a weighted average basis.
- e) All pre-operative expenditure including interest on borrowings for the project incurred up to the date of commencement of commercial production has been capitalized and added to the assets.
- f) Insurance claims are accounted on receipt or upon certainty of receipt of the claim.
- g) Employee Benefits have been provided on the basis of revised Accounting Standard 15 :
  - i) Defined Benefit Plans: Retirement benefits in the form of gratuity are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet.
  - ii) Other long Term Benefits: Long Term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
  - iii) Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.
- h) Miscellaneous Expenditure :
 

Business Promotional Expenses, Advertisement Expenses and Preliminary Expenses are amortised over a period of 10 years.



- i) Revenue Recognition
- i) Sales are recognised on delivery basis.
- ii) Export Incentives are recognised when the right to receive credit as per the Import and Export Policy is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- j) Provision for current tax is made and retained in accounts on the basis of estimated tax liability as per applicable provisions of Income Tax Act, 1961.
- k) Deferred Tax is recognised on timing differences between taxable and accounting income/expenditure that originates in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Asset for unabsorbed depreciation or carried forward losses, are recognised if there is virtual certainty that sufficient future taxable income will be available against which such asset can be realized. Other Deferred Tax Assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date to re-assess the realisation. Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
- l) An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to Profit and Loss Account, in the year in which an asset is identified as impaired.
- m) The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard 20 on "Earnings Per Share".

## II. Notes on Accounts :

### I. Secured Loans

- a) The Term Loans from IDBI, Dena Bank, ICICI Bank Ltd., Laxmi Vilas Bank Ltd., India Debt Management Pvt. Ltd., Deutsche Investment India Pvt. Ltd, Goldman Sachs (India) Finance Pvt. Ltd., Power Finance Corporation Ltd. are secured by a registered mortgage of the fixed assets except the thermal power plant.
  - b) The Foreign Currency Loan from FMO, Netherlands is secured by the first exclusive mortgage on thermal power plant.
  - c) The Loan from Religare Finvest Ltd. is secured by equitable mortgage against some property of the Company.
  - d) The working capital facility is secured by a charge on the Current Assets.
  - e) The aforesaid Loans, in addition to the security are guaranteed by some of the Directors.
2. Inventory of Raw Materials, Consumables, Stores, Packing Material and Work-in-Progress, are valued at weighted average cost basis, certified by the management. Finished goods and semi finished goods are valued at lower of cost (inclusive of excise duty, if paid) and net realisable value.
3. Depreciation on Fixed Assets has been provided as per schedule XIV to the Companies Act, 1956. The Company has worked all the three shifts during the period and it is a continuous process plant and the depreciation has been provided on time related basis.
4. The production facilities of Polymer Division have been leased to M/s. Sanghi Polymers Pvt. Ltd. (SPPL) with effect from 1<sup>st</sup> April, 2003 till the process of hiving off of Polymer division is completed with necessary approvals. The lessee has also taken over the obligation of the servicing of the debt secured by the said assets. The lease rent of ₹ 15 lacs for the period is charged, as such the same is not considered as a separate segment.

## 5. Earning Per Share

		₹ Crore	
	Particulars	2010-11 (15 months)	2009-10 (12 months)
(i)	Profit / (Loss) after Tax as per Profit and Loss Account	(29.55)	89.04
(ii)	Weighted average number of equity shares (number)	21,99,79,000	21,99,79,000
(iii)	Basic and diluted Earnings per share in Rupees (Face Value : ₹ 10/ – per share)	(1.34)	4.05

6. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act, 2006”. Amount overdue as on 30<sup>th</sup> June, 2011 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to ₹ Nil (previous year ₹ Nil).
7. (i) Income Tax : No provision for Income Tax is made in the current period in view of the computation of income resulting in loss as per the provisions of the Income Tax Act, 1961
- (ii) MAT credit entitlement for the current period ₹ 3.10 crore (PY – ₹ 34.20 crore accumulated over till 31<sup>st</sup> March, 2010.)
- (iii) The Deferred Tax Liability and Deferred Tax Assets as on 30.06.2011 computed as per AS 22 is given as under :

		₹ Crore		
		Deferred Tax Liability / (Asset) as on 1.4.2010	Current Year Charge / (Credit)	Deferred Tax Liability / (Asset) as on 30.6.2011
<b>Deferred Tax Liabilities ( DTL)</b>				
	Difference between Tax Depreciation and Book Depreciation	14.11	34.67	48.78
	<b>Total DTL</b> A	<b>14.11</b>	<b>34.67</b>	<b>48.78</b>
<b>Deferred Tax Assets (DTA)</b>				
	Expenses allowable on Payment basis	(0.31)	0.31	-
	Unabsorbed Depreciation	(44.69)	(49.38)	(94.07)
	<b>Total DTA</b> B	<b>(45.00)</b>	<b>(49.07)</b>	<b>(94.07)</b>
	<b>Deferred Tax (Asset) / Liability (Net) A+B</b>	<b>(30.89)</b>	<b>(14.40)</b>	<b>(45.29)</b>

## 8. Segment Reporting

- i) The Company has only one segment ‘cement’ as primary segment.
- ii) The secondary segment is geographical which is given as under :

		₹ Crore	
	Revenue	30.06.2011 (15 months)	2009-10 (12 months)
	Domestic	811.45	563.32
	Export	88.03	102.26
	Sales (net of excise duty)	899.48	665.58

- iii) All the assets of the Company except the debtors for export and other receivables amounting to ₹ 0.64 crore (31.3.2010: ₹ 0.29 crore) are within India.



## 9. Related Party Disclosure :

### a. Key Management Personnel:

Mr. Ravi Sanghi	–	Vice-Chairman & Managing Director
Mr. Aditya Sanghi	–	Executive Director
Mr. Alok Sanghi	–	Executive Director
Mrs. Bina Engineer	–	Executive Director

b. Particulars of remuneration paid to Vice-Chairman & Managing Director and Executive Directors are given in note No. 12 of this schedule.

c. As informed, there are no subsidiaries or associate companies.

10. a. Provisions involve substantial degree of estimation in measurement and recognised where there is present obligation as a result of the past events and it is probable that there will be an outflow of resources.

b. Contingent liabilities are not recognised but disclosed in notes.

c. Contingent assets are neither recognised nor disclosed in financial statements

d. The claims against the Company not acknowledged as debt amount to ₹ 126.35 crore (Previous year ₹ 74.83 crore) and interest and penalty thereon as may be decided at the time of disposal of the claim. Against above, the Company has deposited a sum of ₹ 54.24 crore ( Previous Year – ₹ 42.41 crore) with respective authorities as deposit.

e. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil ( Previous year ₹ 2.16 crore)

## 11. Details of Auditors remuneration :

₹ Crore

		30.06.2011 (15 months)	2009-10 (12 months)
i)	Statutory Audit Fee	0.19	0.15
ii)	In other capacity in respect of other services	0.03	0.02
	<b>Total</b>	<b>0.22</b>	<b>0.17</b>

## 12. Details of Directors' Remuneration :

₹ Crore

		30.06.2011 (15 months)	2009-10 (12 months)
i.	Salary	3.09	1.87
ii.	Perquisites	Nil	Nil
iii.	Contribution to Provident Fund/Super Annuation Fund	Nil	Nil
iv.	Sitting Fee	0.03	0.02
	<b>Sub Total</b>	<b>3.12</b>	<b>1.89</b>
v.	Commission	Nil	Nil
	<b>Total</b>	<b>3.12 *</b>	<b>1.89</b>

\*Subject to Central Government approval

**13. Operating Lease :**

₹ Crore

	30.06.2011	31.03.2010
Company as a Lessee		
Minimum Lease Payment		
Not later than one year	0.39	0.39
Later than one year and not later than five years	1.14	1.63
Later than Five years	-	-
<b>Total</b>	<b>1.53</b>	<b>2.02</b>

Company as a Lessor		
Minimum Lease Receipt		
Not later than one year	0.12	0.12
Later than one year and not later than five years	0.45	0.60
Later than Five years	-	-
<b>Total</b>	<b>0.57</b>	<b>0.72</b>

14. Foreign currency exposure that are not hedged by derivative instruments or otherwise as on 30th June, 2011 amount to ₹ 202.75 crore ( Previous Year ₹ 186.46 crore )
15. The accounting period is extended from 31<sup>st</sup> March, 2011 to 30<sup>th</sup> June, 2011, i.e. for a period of 15 months. The previous year's figures have been regrouped/reclassified wherever necessary and are not comparable.
16. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part (II) of Schedule VI to the Companies Act, 1956 is as under (certified by the management) :

**A. Production**

	30.06.2011 (15 months)	31.3.2010 (12 months)
<b>Production</b>		
Clinker (MT)	2,434,680	1,878,749
Cement (MT)	2,323,025	1,828,175

**B. Stock and Turnover**

	30.06.2011 (15 months)		31.3.2010 (12 months)	
	Qty (MT)	Value (₹ Crore)	Qty (MT)	Value (₹Crore)
<b>i. Finished Goods</b>				
<b>Opening Stock</b>				
Clinker	123,456	21.09	46,512	9.40
Cement	23,005	5.09	15,110	3.30
<b>Closing Stock</b>				
Clinker	193,724	37.26	123,456	21.09
Cement	28,728	8.37	23,005	5.09
<b>ii Turnover</b>				
Clinker	302,609	59.94	132,255	28.37
Cement*	2,317,302	920.62	1,820,280	680.64
<b>* includes self consumption and shortage in transit of 1,476 MT ( P.Y – 3,771 MT )</b>				



**C. Details of Major Raw Material Consumed :**

₹ Crore

	30.06.2011 (15 months)		31.3.2010 (12 months)	
	Qty (MT)	Value	Qty (MT)	Value
Limestone	3,421,627	29.50	2,484,770	17.86
Gypsum	111,801	6.65	64,265	4.71

**D. CIF Value of Imports :**

₹ Crore

	30.06.2011 (15 months)	31.3.2010 (12 months)
Stores, Spares and Capital Goods	6.50	9.16

**E. Earnings in Foreign Currency :**

₹ Crore

	30.06.2011 (15 months)	31.3.2010 (12 months)
FOB Value of Exports	78.90	102.26
Other Income	-	5.82

**F. Expenditure in Foreign Currency :**

₹ Crore

	30.06.2011 (15 months)	31.3.2010 (12 months)
Interest, Foreign Travel, Consultancy, Commission etc	8.66	6.68

**17. Raw Material and Stores Consumption :**

	30.06.2011 (15 months)		31.3.2010 (12 months)	
	₹ Crore	%	₹ Crore	%
<b>a. Raw Material Consumed :</b>				
(i) Imported	-	-	-	-
(ii) Indigenous	54.49	100.00	35.34	100.00
<b>Total</b>	<b>54.49</b>	<b>100.00</b>	<b>35.34</b>	<b>100.00</b>
<b>b. Stores and spares Consumed :</b>				
(i) Imported	6.50	16.51	15.13	44.75
(ii) Indigenous	32.87	83.49	18.68	55.25
<b>Total</b>	<b>39.37</b>	<b>100.00</b>	<b>33.81</b>	<b>100.00</b>

**18. Employee Defined Benefits :**As per Actuarial Valuation in accordance with Revised accounting Standard 15 as on 30<sup>th</sup> June, 2011

₹ Crore

Particular	30.06.2011 (15 months)		31.3.2010 (12 months)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
I. Expense recognised in the statement of Profit and Loss Account				
1. Current Service Cost	0.48	0.30	0.35	0.15
2. Interest Cost	0.15	0.09	0.11	0.07
3. Employee Contributions	-	-	-	-
4. Expected Return on Plan Assets	-	-	-	-
5. Actuarial (Gains)/Losses	(0.23)	(0.08)	0.05	0.50
6. Past Service Cost	-	-	0.26	-
7. Settlement Cost	-	-	-	-
8. Losses/(gains) on acquisition / divesture	-	-	-	-
9. Total Expense	0.40	0.31	0.77	0.72
II. Net Asset/(Liability) recognised in the Balance Sheet as at 30th June, 2011				
1. Present Value of Defined Benefit Obligation	2.02	1.27	1.90	1.21
2. Fair Value of Plan Assets	-	-	-	-
3. Funded Status [ Surplus / (Deficit) ]	-	-	-	-
4. Net Asset/(Liability) as at 30th June, 2011	2.02	1.27	1.90	1.21
III Other Particulars				
1. Present value of Defined Benefit Obligation at the beginning of the year	1.90	1.21	1.32	0.83
2. Current Service Cost	0.48	0.30	0.35	0.15
3. Interest Cost	0.15	0.09	0.11	0.07
4. Settlement Cost	-	-	-	-
5. Past Service Cost	-	-	0.26	-
6. Employee Contribution	-	-	-	-
7. Liabilities assumed on acquisition / (settled on divesture)	-	-	-	-



8. Actuarial (Gains)/Losses	(0.23)	(0.08)	0.05	0.50
9. Benefits Payments	(0.28)	(0.25)	(0.19)	(0.34)
10. Sick Leave	-	-	-	-
11. Present Value of Defined Benefit Obligation at the end of the period	2.02	1.27	1.90	1.21

IV Actuarial Assumption:

1. Discount Rate 8.50% p.a
2. Salary Escalation 6% p.a

Signatories to Schedules I to 15

As per our Report of even date

For **Ankit & Co.,**  
Chartered Accountants  
FRN No. 000181S

For **Haribhakti & Co.,**  
Chartered Accountants  
FRN No. 103523W

For and on behalf of the **Board of Directors**

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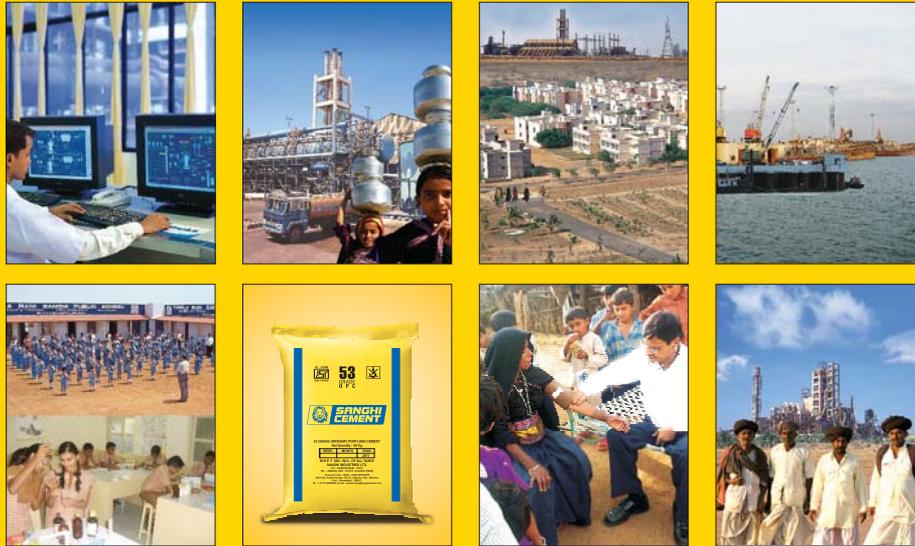
**Ravi Sanghi** - Vice Chairman and Managing Director  
**Alok Sanghi** - Executive Director  
**Bina Engineer** - Executive Director  
**Sudhir Sanghi** - Director  
**Sadashiv Sawrikar** - Director  
**T. M. Jagan Mohan** - Director  
**R. K. Pandey** - Director  
**D. K. Kambale** - Director  
**V. Sesha Sayee** - Company Secretary

Place : New Delhi  
Date : 11<sup>th</sup> November,  
2011

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>1. Registration Details :</b>	
Registration No.	L18209AP1985PLC005581
State Code	01
Balance Sheet Date	30.06.2011
<b>2. Capital Raised during the year :</b>	
	(Amt in ₹ Thousand)
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement/Preferential Allotment	-
<b>3. Position of Mobilization and Deployment of Funds :</b>	
Total Liabilities	17,570,365
Total Assets	17,570,365
Sources of Funds :	
Paid-up Capital	3,041,638
Reserves and Surplus	4,922,059
Secured Loans	9,606,668
Application of Funds :	
Net Fixed Assets	15,959,328
Deferred Tax Asset (Net)	452,908
Net Current Assets	1,116,467
Miscellaneous Expenditure	41,662
<b>4. Performance of the Company :</b>	
Total Income	9,084,528
Total Expenditure	9,555,034
Profit/(Loss) before Tax	(470,506)
Profit/(Loss) after Tax	(295,479)
Earning/(Loss) per share in ₹	(1.34)
Dividend Rate	Nil
<b>5. Generic Name of Principal Product of the Company :</b>	
(as per monetary terms) :	
Item Code No. (ITC Code)	2523
Product Description	Cement





## **SANGHI INDUSTRIES LIMITED**

Registered Office : Sanghi Nagar - 501 511, R. R. District, Andhra Pradesh, INDIA

Website : [www.sanghiment.com](http://www.sanghiment.com)