Sanghi Cement rebounds on turnaround strategy

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Cement maker Sanghi Industries, which started off as a predominantly export-driven company, has turned its focus on the domestic market. It has put in place a turnaround strategy that involves wiping out its debt level, which is around Rs 750 crore at present.

With a turnover of approximately Rs 1,000 crore, the company — with a 3 million tonne per annum plant at Kutch, in Gujarat — has operationalised a 63 MW captive power plant and a sea terminal (Rs 50 crore) in Navlakhi port in Rajkot district. "Energy and logistics are the biggest costs for the cement business and we have strengthened them to improve efficiencies and cut costs," said Alok Sanghi, Director.

The sea route will be used to cost-effectively increase our geographical reach and grow our markets. At present, the company is serving Gujarat, Rajasthan, Madhya Pradesh and Maharastra. The focus is to expand in the Central and Western regions, and in the coastal States, he said.

Sanghi Industries has reworked its market strategy to 90 per cent domestic and 10 per cent export in the last couple of years. The sub-prime crisis and global economic downturn hit the fortunes of the company hard around 2008-09. At that time the export business was over 60 per cent, especially in West Asia, Sri Lanka and Africa, he said.

"After a bad run of two years the company is in the process of debottlenecking. We will take it one step at a time — power plant, sea terminal, capacity expansion by about 15 per cent, and diversifying markets away from being Gujarat-centric now", he said. Gujarat, with its high growth rate is giving big business opportunities. There are plans to set up a plant somewhere in Central India in the future, Sanghi said.

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