# Sanghi Ind to invest Rs 275 cr in 18 months

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AHMEDABAD, JUNE 27:

Sanghi Industries Ltd plans to invest Rs 275 crore in the next 18 months.

The Sanghi Cement makers will invest Rs 150 crore on acquiring ships and setting up new jetties/terminals while Rs 125 crore would be spent on enhancing capacity at its Kutch plant, Alok Sanghi, Director, told Business Line here on Thursday.

On the Mumbai jetty, it would invest Rs 100 crore in the next three years. The debottlenecking of its Abdasa plant in Kutch would increase its grinding capacity from 2.6 million tonnes (mt) to 3.3 mt per annum.

Sanghi said the company is also exploring the possibility of setting up similar jetties and packaging and marketing centres at Goa and Kochi (Kerala) which could expand its market via coastal shipping to the southern States. Each such asset would cost Rs 50 crore, excluding the cost of land.

Focusing on a three-pronged strategy for profitability, Sanghi said, the company emphasised on fuel cost reduction, improved logistics and debt reduction.

For reducing fuel costs by 10 per cent, Sanghi Industries reversed the blending of fuel to 80 per cent coal and 20 per cent lignite by importing eight lakh mt of coal from Indonesia last year. GMDC's lignite was not calorific enough to be profitable, he said.

Sanghi Industries has a captive jetty near their plant in Abdasa and a sea terminal at Navlakhi port of Gujarat Maritime Board (GMB) in Rajkot district.

Besides, it is developing a sea terminal in Mumbai. While the company receives imported coal at Abdasa, 10 km from the plant, it uses Navlakhi for receiving, packaging and marketing cement in the Saurashta region. Through this, it has saved around 12-14 per cent of costs compared to the road route of sending cement. Once its Mumbai terminal becomes operational, it will similarly package and market cement in Maharashtra, again saving around 12% of the cost.

Sanghi Industries had so far invested Rs 2,000 crore on the Abdasa plant that commenced production in 2003. Its debt has since reduced from Rs 1,200 crore to Rs 750 crore in 2011-12 and it is expecting to be debt-free in the next two to three years due to internal accruals. This year, it hopes to reduce debt by over Rs 100 crore.

Sanghi is diversifying marketing strategy to include neighbouring States like Rajasthan and Maharashtra for better capacity utilisation and margin expansion and looking at states along the west coast for new markets.

Sanghi said the promoters now hold 61 per cent in the company after they bought back 10 per cent shares through creeping acquisition in recent months.