



MATRIX

April 2011

A PUBLICATION OF **THE SANMAR GROUP**

Sanmar's Journey in Sustainability
Towards a better tomorrow

Sanmar Holdings Limited

Sanmar Chemicals Corporation

Chemplast Sanmar Limited

- Trubore Piping Systems

TCI Sanmar Chemicals SAE (Egypt)

Cabot Sanmar Limited

Sanmar Speciality Chemicals Limited

- ProCitius Research
- Organic Chemicals
- Phyto Chemicals

Sanmar Shipping Limited

Sanmar Metals Corporation

Sanmar Foundries Limited

- Sand Foundry
- Investment Foundry
- Machine Shop

Matrix Metals LLC

- Keokuk Steel Castings Company (USA)
- Acerlan Foundry (Mexico)
- NEPCO International (USA)

Sanmar Ferrotech Limited

Eisenwerk Erla GmbH (Germany)

Sanmar Engineering Corporation

Flowserve Sanmar Limited

BS&B Safety Systems (India) Limited

Xomox Sanmar Limited

- Xomox Valves Divn.
- Pacific Valves Divn.

Tyco Sanmar Limited

Fisher Sanmar Limited

- Control Valves Divn.
- Regulators Divn.

Sanmar Engineering Services Limited



The Sanmar Group

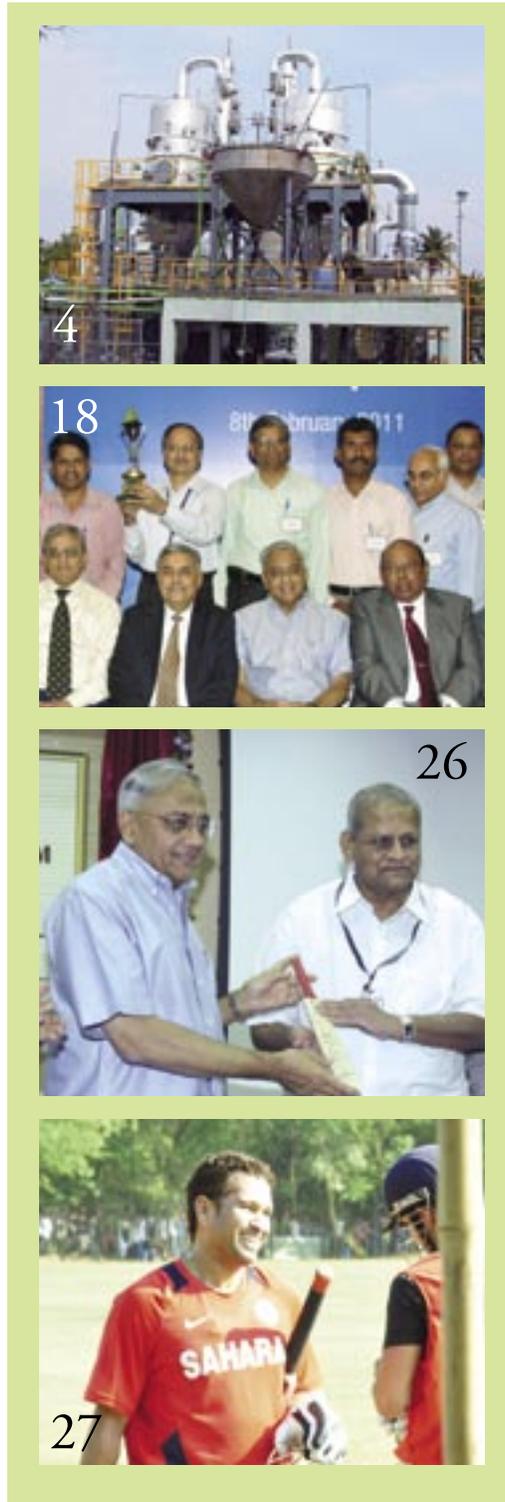
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In this issue...

- 4 Sanmar's Journey in Sustainability
Towards a better tomorrow
- 15 First prize for Chemplast's industrial garden at Karaikal
- 16 The Sanmar Group Annual Day
'Execution is the key to success': N Sankar
- 18 Safety Award instituted
- 20 Highlights Annual Report 2010
- 22 Dietmar Hahn of Eisenwerk Erla honoured
- 23 Best Achiever Award for 'Sanmar Majesty'
- 24 Santhome High School wins Sanmar Cup



- 25 Chemplast Mettur donates towards 'Namakku Naame' scheme
Flowserve Sanmar commended for excellence in Environment, Health and Safety
- 26 Sankara Nethralaya commissions VD Swami auditorium
Annual Day celebrations at Sankara Schools
- 27 India's World Cup squad trains at IIT-Sanmar ground
- 28 Memories of Madras
When women called the shots
- 30 Legends from the South:
Kalki Krishnamurthi

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Sanmar's Journey

Towards a



Global warming, climate change, deforestation and air pollution have assumed epic proportions. The future of the human species depends on the way nations grapple with these enormous challenges. The time is ripe for responsible action by the peoples of the world, by industrial enterprises globally.

All of us need to change the way we live, the way we consume, the way we think, even. Builders will need to change the way they build. Manufacturers will need to change the way they manufacture.

At Sanmar, we believe that to be truly successful, businesses will have to integrate a sustainability mindset into our business models.

They need urgent solutions that address the world's energy and environment issues directly and transparently. They need to forge global alliances to address environmental challenges. They need to invest in research, development and technology to solve energy and sustainability challenges.

As a forward-looking corporate citizen, Chemplast has already demonstrated these requirements.

On a wider platform, The Sanmar Group as a whole is known for its ethical manufacturing and management practices and corporate governance. It also has a consistent track record of acute sensitivity to the economic, social, cultural and health needs of its employees and the community at large.

For instance, sustainability is derived from our backward and forward integrated business model.

We have pride in our consistent record as a responsible citizen, discharging our duties to the community around our businesses and society at large—as a matter of faith. With our thoughtful, systematic actions, we have time and again demonstrated our conviction that the impact of our businesses should be both positive and sustainable.

The environmental response at Sanmar has not been knee-jerk, nor has it been inspired by the trends of the day. Ecological sensitivity has been central to the technology decisions we have made from time to time.

in Sustainability

better tomorrow

CSR is embedded in our very DNA, reflected in all we do, including client services, employee relations and community and societal links.

The Group's commitment to sustainability has gained strength even as the global economy has weakened in the recent past, emerging stronger from this challenge, demonstrating that green business is indeed good business.

“At Mettur Dam, we are not just an industrial house engaged in manufacture – we view ourselves as an integral part of the local community. Our relative importance and correspondingly our responsibility in a local sense, has increased significantly over the last couple of decades. Parts of what are today Chemplast Sanmar at Mettur Dam, started as early as in the mid 30's. Till the 70's and 80's there were several large corporations operating at this location. Most of them have gone into oblivion for different reasons. One constant feature here has been Chemplast Sanmar.

We view ourselves as an integral part of the local community. And this has not just been the result of providing employment and economic opportunity. This responsible citizenry is the result of running schools (up to five at one time) for the benefit of the local community, and supplying potable water to over 20 villages around us for several decades now. The quantity of water supplied is almost as much as we use within our plant. We pay electricity charges, and other levies to draw the water, but supply it free, in a sense of service to the local community. And this service commenced decades before the term 'business sustainability' was even coined.”

N Sankar



Environment-friendly manufacturing processes



Zero liquid discharge facility at Chemplast Sanmar, Mettur.



Desalination plant at Karaikal.



Marine Terminal Facility at Cuddalore.

As a responsible corporate citizen, Sanmar has continuously improved its manufacturing processes and stayed well ahead of mandated norms in compliance with environmental standards.

The Governing Principle of the Group:

- Every facility of the Group to be Zero Liquid Discharge (ZLD) – that is, not a drop of treated effluent will be let out on to land or sea
- All new plants will implement water conservation at the design stage
- Coastal plants will not draw any ground water but will rely on desalination.

Chemplast Sanmar has not discharged a single drop of treated effluent since September 2009 in Mettur, while in Cuddalore and Karaikal there has been no discharge since inception.

TCI Sanmar Chemicals SAE, Egypt, employs environment friendly membrane cell technology sourced from internationally renowned Asahi Kasei of Japan in its production of caustic soda. With the guidance of ERM (Environmental Resources Management), the company has developed a QRA (Quantitative Risk Analysis) study, a full environment and safety management system.

In Sanmar Foundries at Viralimalai, 80 kilolitres of water is recycled and treated through the three-layer reverse osmosis plant.

A sewerage treatment plant has been commissioned at Viralimalai with a capacity of 100 KL/day. The ultra filter in the treatment plant treats 4.5 kilolitres per hour. This water is reused for production purposes.

All Sanmar ships are run under very strict safe working norms with regular monitoring and capturing near misses and potentially hazardous work environments.

It is Sanmar Shipping's constant endeavour to exceed the minimum expectations of Standards of Training, Certification and Watch keeping for Seafarers (STCW) and follow the mandatory recruitment procedures. Sanmar ships strictly comply with all mandatory regulatory requirements.

Safety is a constant concern of the management team at Sanmar and safety related training is being provided on a continuous basis to all employees.

Green cover and conservation of natural resources

Sanmar's concern for the environment is reflected in the several proactive ecology conservation initiatives it has launched including the green belts it has developed over the years around all its manufacturing facilities. Many of Sanmar's plants have won 'Green awards' for environment-friendly initiatives.

Chemplast Sanmar was part of a massive tree planting drive launched by the Government of Tamil Nadu at Cuddalore. A hundred thousand saplings have been planted in and around SIPCOT industrial area and neighbouring villages.

World Environmental Day is celebrated at Sanmar businesses every year. At Sanmar Engineering Corporation, Karapakkam, every employee plants a sapling in the sprawling premises.

At Sanmar's Engineering and Metals businesses at Viralimalai, over 20 acres of green cover have been developed, with more than 1500 trees and a lawn. To control air pollution, wet scrubbers are connected to the fume generating equipment thereby reducing the discharge of potential air pollutants.

A thermal reclamation plant for sand has been commissioned to reclaim sand, which has better properties than fresh sand. Procurement of fresh sand has been reduced to almost 10% after installation of this plant. Several thousand tons of river sand and fuel have been saved.

Sanmar's salt manufacturing facility at Vedaranyam is eco-friendly in its operations. The place is home to many rare species of shore birds and other aquatic birds.



Peacock at Sanmar Foundries at Viralimalai.



Fisherfolk near Chemplast Sanmar, Cuddalore.

Award for Excellence in Water Management

Chemplast Sanmar won two awards at the Seventh National Award for Excellence in Water Management organised by the CII at Hyderabad recently. The flagship company of The Sanmar Group won the "Innovative Case Study" and "Excellent Water Efficient Unit" awards for the successful case study of zero liquid discharge at Mettur. Chemplast has the principle of "not a drop of effluent to be discharged on land or in water" and has not discharged a single drop of treated effluent since September 2009 in Mettur while in Cuddalore and Karaikal there has been no discharge since inception.



The CII Water Awards are presented for effective and positive water management efforts in the industry.

Reaching out to the community

The Sanmar Group has long been involved in ensuring a better quality of life for the community around it and the underprivileged.

Social entrepreneurship

Chemplast Sanmar is actively involved in the empowerment of individuals at society's grassroots. Two tailoring training centres at Kozhipannai and Mottur are run for rural women who are otherwise jobless. Sanmar provides training to motivate women to start self-sustaining garment units. The company is assisting the women to mobilise loans for sewing machines from banks and micro-finance organisations.

Rural health programmes

The rural health care project was initiated by Chemplast Sanmar to provide preventive healthcare and diagnostic services to the community. These Rural Health Centres function in four neighbourhood locations at Veeranur, Mottur, Thangamapuripattinam, and Kunjandiyur. The service comprises medical diagnosis, free medicine supply and monitoring blood pressure. The service also provides awareness on healthy living. All the centres are serviced by Sanmar doctors and medical professionals. More than 15,000 patients are benefitted.

"Without compromising on my household work, I am able to earn a minimum of Rs.50/- per day. Thanks to Chemplast Sanmar for teaching me to stitch...."



Twenty-one year old Priya of Kozhipannai village, located behind plant II of Chemplast at Mettur got married to Prabhu of the same village a year ago and was idle at home. She wanted to take up a job for additional savings but the household work did not permit her to take any outside job.

The self help group organised by Chemplast facilitated women to take up tailoring training by setting up centres at nearby villages and imparted training by a local trainer, who had undergone a certified course in tailoring.

Since the course timing was flexible, Priya was able to complete her household tasks and still attend the training. A diligent Priya soon learnt the skill of stitching blouses, churidhars and kids wear. She is now self-reliant and earns a minimum of Rs.50/- per day without compromising on her household work, having bought a second hand sewing machine from her sister.

"At least I am able to save five hundred rupees every month from medical expenses. Thanks to Chemplast for running rural health centres at our ward and providing free treatment and medicines for all of us".



Madhavi, a resident of Thangamapuripattinam, a part of Mettur Municipality, located behind the coal storage yard of Chemplast Sanmar Limited, is a mother of four children.

Madhavi and her family enjoyed a happy life till her husband Murugan was left jobless all of a sudden when the Mettur spinning mill he was working closed down. Like Murugan many were left jobless when the Mettur Mill was closed.



Most of the shops including medical shops were closed or shifted from Thangamapuripattinam due to the financial crisis faced by the residents in this village. To avail a basic medical facility the populace of Thangamapuripattinam has to travel a minimum of 10 kms to Mettur, besides losing the income for a day.



Today, the Rural Health Centre operated by Chemplast Sanmar through its company doctors, is providing timely help to the populace of Thangamapuripattinam.

Educational programmes

Sanmar is committed to the overall development of the communities in the areas of its presence. As a prioritised focus, Chemplast invested in child education. It has built and maintained schools, priced fees nominally, selected instructors systematically, managed school resources meticulously and encouraged healthy parent-teacher interaction sustainably.

Saravanan is in charge of the evening study centres run by Chemplast in the villages around Mettur. Despite his physical disability (suffering from polio) Saravanan has successfully implemented two systems – periodical parent-teacher meetings and performance monitoring system – in the study centres.

Supported by enthusiastic volunteers from Chemplast, Saravanan is relentless in his efforts to enhance the knowledge of the rural students through science exhibitions, general knowledge classes and language classes.

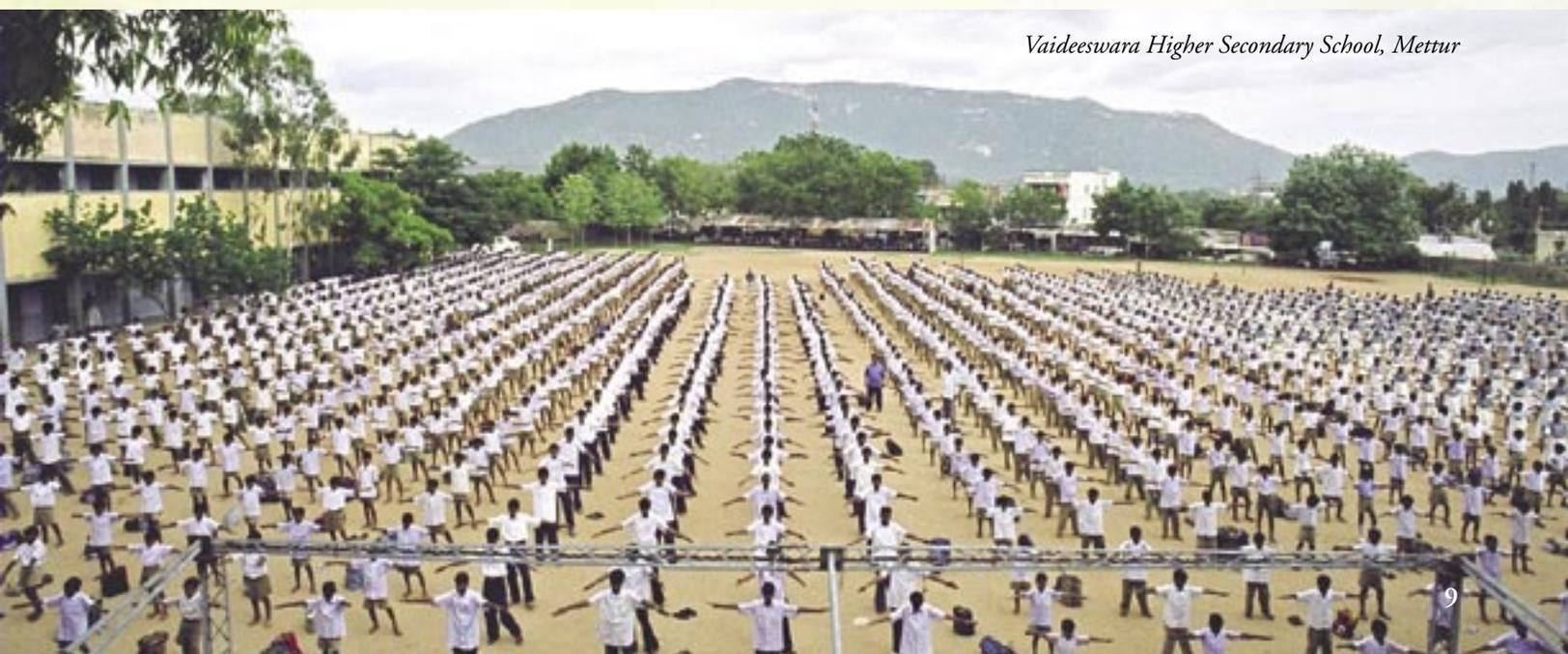
Saravanan is also running a Primary school at Mettur Dam and his school is the only one in the State collecting tuition fees less than that prescribed by Tamil Nadu State Government.

Chemplast runs three schools at Mettur – Vaideeswara Higher Secondary School, Vaideeswara Primary School and Vidya Mandir – touching the lives of 2500 children.

Evening study centres are run at Kozhipannai, Mottur and Veeranur

with the objective to educate and enable rural students to compete with urban counterparts.

Chemplast has set up tuition centres at Vadukku Vanjore, Karaikal, along with a computer training centre.



Vaideeswara Higher Secondary School, Mettur

Infrastructure-related programmes

Drinking water supply to nearby villages

Potable water is being supplied to over 20 villages daily for several years now. The quantity of water is almost as much as we use within our plant. People around Mettur belonging to three panchayats are benefitted by the supply of treated drinking water from Chemplast. The water supplied to these villages is of the order of 3,00,000 lakh litres every day.

In Cuddalore, the Semmankuppam and Kudikadu panchayats experienced acute drinking water shortages in summer. Chemplast has made monetary contribution to the drinking water scheme proposed by the Government of Tamil Nadu.

Chemplast also supplies drinking water to feed animals living in the reserve forest in and around Vedaranyam. The company maintains the water level in reservoirs to attract a large number of migratory birds. The company also supplies drinking water to surrounding villages during festivals and special occasions.

Drinking water supply to villages.



Mettur dam railway station.

Construction of railway station at Mettur Dam

To benefit the citizens of Mettur and nearby locality, Chemplast Sanmar has built a new railway station with attendant facilities in Mettur Dam at an investment of Rs.90 million. This has immensely benefitted the local population.

Construction of toilet facilities

Chitrapettai is a coastal village where Chemplast Marine Terminal Facility is located. The region suffered from poor toilet facilities. Chemplast constructed ninety toilets in consultation with the local village heads supported by a 35% Government grant under the Total Sanitation Scheme of the Government of Tamil Nadu.



Exceptional care for exceptional children

The Madhuram Narayanan Centre for Exceptional Children (MNC) was established in Chennai in December 1989. It provides early intervention services to children with developmental delays/ mental retardation, with autistic tendencies, cerebral palsy, Down Syndrome, Attention Deficit Hyperactive Disorders (ADHD), microcephaly, hydrocephaly. Among these are also children with additional handicaps such as visual, hearing or physical impairments, as also children with brain damage due to various reasons such as antenatal/ natal problems in mothers, birth asphyxia, illnesses in children during infancy and early childhood years.

The training is provided to children from birth to 6 years of age using 'UPANAYAN', a software package developed especially for children with special needs.

The early intervention programme was developed indigenously by an interdisciplinary team of experts in the Indchem Research and Development Laboratory promoted by The Sanmar Group.



A special day for special children

Early intervention can help special children to achieve remarkable independence. This was proved by the 130 special children who participated in the sports day organised by Madhuram Narayanan Centre for Exceptional Children on 18 February 2011.

Children with cerebral palsy, autism and attention deficit hyperactivity disorder aged between zero and six competed in 25 different tasks ranging from sorting vegetables, stringing beads, bursting balloons and finding hidden shells in sand bowls.

Over six special schools and two regular schools participated in the sports day. According to the teachers, the sports day was a way to access the children's abilities. Those who finish training go to special schools or are mainstreamed.



This year ten children of MNC will join mainstream schools and eight will leave for special schools for older children.

Fostering a healthy India



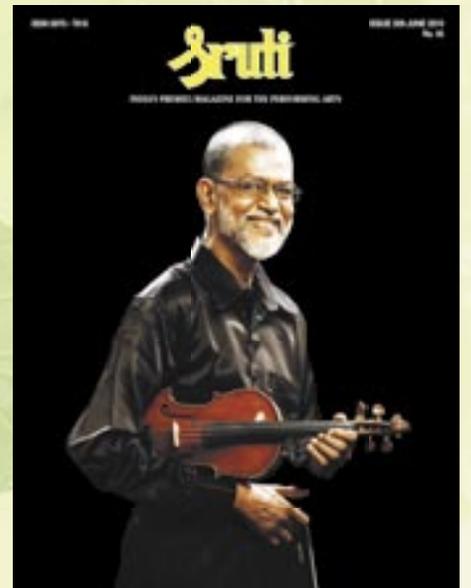
IIT Sanmar Cricket ground, Chennai.

The Sanmar Group was the first sponsor of TATE (Tamil Nadu Academy for Tennis Excellence), the coaching arm of TNTA. The Group sponsors the Sanmar Inter-club League Tournaments in the men and veterans categories.



In tune with the arts

The Sanmar Group made an entry into niche journalism in December 2005. The Chairman of the Group, N Sankar, assumed the leadership of the reconstituted *Sruti* Foundation, a not-for-profit trust committed to the preservation of tradition and promotion of innovation in the field of Indian performing arts. Among its activities, the Foundation publishes the monthly *Sruti*, India's leading voice in classical music, dance and theatre, respected across the world for its high quality, reliability and integrity. Its excellent archives are much sought after resources and its consistent work has among other things earned it an annual grant from the Sangeet Natak Akademi, the apex body for the performing arts in India.



Bridging nations, economies

The IACC-Sanmar Indo-US Business Cooperation Award instituted by The Sanmar Group in partnership with the Indo American Chamber of Commerce, is an effort towards encouraging Indo-US business relations. The award entered the third year.

In other ways too, the Group has been a quiet integrator of peoples and cultures, acting as a bridge between India and other countries, the West in particular. In a rare instance of a single organisation performing consular services for three different nations, the Sanmar Headquarters is home to the consulates of Denmark, Greece and Spain.



GE India President and CEO John L Flannery receiving the IACC-Sanmar Award on behalf of GE USA. (From l to r): Usha Srinivasan, Chairperson, IACC Tamil Nadu Branch, Andrew T Simkin, US Consul General in Chennai, Adil Zainulbhai, Managing Director, McKinsey & Co. India, N Sankar, Chairman, The Sanmar Group, John L Flannery, GE India President and CEO, Syed Baderuddin, National President IACC and Vasanth Kini, Regional Vice President IACC.



N Sankar, Chairman of The Sanmar Group, is the Honorary Consul General of Denmark in South India, N Kumar, Vice Chairman, is the Honorary Consul for Greece and Vijay Sankar, Deputy Chairman, is the Honorary Consul for Spain.

KS Narayanan and N Sankar have both been decorated with Knighthood by Denmark, with N Sankar receiving the honour of Knighthood First Class from the Queen of Denmark for his services.

Sustainability Milestones

1950-60

Several need-based, philanthropy initiatives:

- School in Sankarnagar for the benefit of employees' children
- Polytechnic Institute to provide technical training to local youth and increase local hiring
- Vaideeswara Higher Secondary School established in Mettur

1970

Revival of the Sankara Schools in Chennai

1974

The Mrs Madhuram Narayanan Charitable Trust established

1981

- The Mrs Madhuram Narayanan Charitable Foundation established
- Vaideeswara Vidya Mandir Matriculation School (Primary) established in Mettur

1987

Vaideeswara Vidya Mandir Matriculation School (Secondary) established in Mettur

1989

Establishment of the KSN Sports Foundation

1993

The Sanmar Welfare Trust established

2002

Study by KPMG to define and document management policies, ethical philosophy and people philosophy, define the organisation's stakeholders and develop the Code of Conduct

2004

Independent Group Corporate Board formed

Major achievements in Environment Sustainability process

Mettur – Zero Liquid Discharge status

Cuddalore – Zero Liquid Discharge status

Egypt – Equator Principle compliant

- Chemplast Sanmar qualifies for CII-ITC Sustainability Awards - Receives Commendation Certificate for Significant Achievement in Sustainability Practices
- Chemplast Sanmar's second Sustainability Report assured by Deloitte, verified by GRI for A+ Application Level of G3 Guidelines for sustainability reporting

Clean Development Mechanism projects at Chemplast Sanmar- positive carbon footprint at Mettur and Karaikal



2006

Dedicated training institute, The S R Seshadri Training Institute established to provide training to new recruits

Commissioned environment-friendly membrane cell process for caustic soda production at Chemplast Sanmar's Mettur facility

2007

Chemplast Sanmar releases first Sustainability Report as per Global Reporting Initiatives' (GRI) G2 Guidelines

2008

- Landmark zero liquid discharge facility, goes on stream at Mettur

Pioneered an incinerator that completely incinerates HCFC-23 in the refrigeration gases facility

2009

Health centres set up around Cuddalore; several environmental/ quality certifications were awarded to the Group companies

2010

Mettur Dam railway station commissioned by Chemplast Sanmar at a cost of Rs.9 crores

CII water awards for Chemplast Sanmar for excellence in water management.

First prize for Chemplast's industrial garden at Karaikal

The "Industrial Garden" of Chemplast Sanmar at Karaikal was awarded the first prize at the 16th Annual Flower Show held at Karaikal. Experts from the Agriculture Department and the Karaikal College of Agriculture adjudged Chemplast Sanmar's spread of green around their plant as the best in the "Industrial Garden" category. The annual event recognises individuals, households, farmers and industries for their efforts at greening their surroundings.

The Karaikal plant of Chemplast, which has a green belt of over 16 acres, also houses over 3500 trees. The support and active participation of the local community, has helped in the process. Chemplast acknowledges the support of the local community and traditional know-how with the organisation's will and inclination towards the cause of environment, which has helped in the task of dealing with a difficult terrain. The casuarinas and Korean grass, a

welcome sight at the plant, are testimony to these efforts.

Chemplast has won this recognition from the Puducherry Government, several times in the past few years. This is the seventh time that they are receiving an award in this category.



The Sanmar Group



The Sanmar Group Annual Day was held on 8 February 2011 at Hotel Chola Sheraton. A business lecture by Adit Jain on “Global Balancing and India”, was insightful and informative. N Sankar’s incisive speech was on execution as the key to success.

‘Execution is the key to success’:

N Sankar

to see that day. And since we are now talking of Sanmar and 2011-12, let me lay this down as an imperative for Sanmar management - Implementation or Execution Excellence.

As I said earlier, I have been talking of this issue for many years. Let me quote what I said almost ten years ago at the Group Annual Day in 2002.

“This brings me to the other imperative that I mentioned, that of ‘Execution’.

This in my mind is absolutely the most critical differentiating factor between the winners and the losers. Corporate strategy, people strategies, the latest equipment and techniques, hardware, software, top quality managers – all these are available, and anybody who is interested can get them. What will differentiate the winners is how you utilise them and how well you execute your business plans and your people processes. Unfortunately, execution is the great unaddressed issue in the business world today. It is not sexy, it is not what the stars want to do. It is not even what senior management wants to do. If senior management believes that they should focus on the bigger issues and leave implementation to the foot-soldiers, they are living in a dream world. Leaders have to be involved in execution. Big thoughts have to be

translated into concrete steps for action, and then implemented through constant communication and follow up.

Execution is a discipline, and integral to strategy

Execution must be a core element of an organisation’s culture

Execution is the major job of the business leader

The last point is so important it is worth repeating – the involvement of the leader in execution. A leader who boasts that he has a ‘hands off’ style and has empowered executives from who he gets reports on a monthly basis is not doing his job. He is not dealing with the issues of the day. The leader has to be deeply engaged in execution. He has to be personally involved in assigning tasks and then following up for completion. I am definitely not making a case against delegation or empowerment. These are essential. But, execution does not mean doing the task yourself. It involves setting task objectives for the members of your team, and constantly following up to ensure that the tasks are completed, completed on time, and completed well.

I said this ten years ago and today I believe it is even more critical.”

Excerpts from N Sankar’s speech on Group Annual Day:

“Implementation or execution is the key to success. I know there has been a recent high level debate – I think it was in HBR, about which gives better results - a better plan implemented not so well, or a poorer plan implemented well. I am staying out of this debate. All I am saying is whatever plan you have, implementation is crucial. Perhaps the day may come some time in the future when all you do is set tasks and your people automatically do them, but I don’t think I am going to be around

Annual Day

Long Service Awardees with the Board of Directors



Awardees (l to r) standing: B Raamesh, KS Venkiteswaran, S Palaniappan, K Balasubramanian, B Natraj, V Raghuraman, PR Narasimhan and Ramkumar Shankar.

Directors (l to r) sitting: MN Radhakrishnan, PS Jayaraman, Preety Kumar, Adit Jain, Prasad R Menon, MK Sharma, N Sankar, V Narayanan, Vijay Sankar and V Thyagarajan.

Employees of the Year with the Board of Directors



Awardees (l to r) standing: T Veeraraghava Perumal, N Sivakumar, R Krishna Raj, J Samuel Victor, M Karthikeyan, J Naveen, K Chandrasekharan, AH Kesari Prasad, S Venkatesan, B Natraj, KR Varma, B Jeyashankar, Santosh Gangaram Akhade, Shivaprasad A Kulkarni and Sachin R Atkale.

Directors (l to r) sitting: MN Radhakrishnan, PS Jayaraman, Preety Kumar, Adit Jain, Prasad R Menon, MK Sharma, N Sankar, V Narayanan, Vijay Sankar and V Thyagarajan.

The Sanmar Group Safety Award



Safety Award Winners, Runners-up I and Runners-up II pose with the Board of Directors.

Safety is crucial to every industry. At the same time, achieving complete safety in an industrial environment can be a challenge. Accidents can cause not only loss of work and productivity but also life.

At Sanmar, safety has always been of paramount concern. In order to bring our safety standards to a world class level, The Sanmar Group announced the 'Annual Safety Awards'.

The award aims to institutionalise international safety processes and practices at Sanmar.

For the purpose of this award, all the units in Sanmar are grouped into three categories, namely:

- Process industry
- Non Process industry
- Shipping industry

G Senthamizh Chelvan and Victor Samuel from Chemplast, Cuddalore,

B Venkataramani and K Balasubramanian from Fisher Sanmar, Karapakkam, receiving the award in the Non Process category from V Narayanan.



Annual Day instituted



(From l to r): Victor Samuel, N Balasubramanian and Capt S Krishnamurthy made presentations on the management of safety in the Process, Non Process and Shipping categories.

The awards were based on implementation of good safety management practices as well as for ensuring an accident free workplace. One unit from each category was awarded for the best safety performance year round by a team of judges nominated for this purpose. The winners were judged based on evaluation of data provided by the units and after spot evaluation at the units. The period of evaluation was from July 2009 to June 2010.

Capt P Sebastian, Master of the Vessel Sanmar Paragon, receiving the award for Shipping Category from MK Sharma.



Winners and runners-up

Process category

Winner: Chemplast Sanmar, Cuddalore

First runner-up: Chemplast Sanmar, Plant 2, Mettur

Second runner-up: Chemplast Sanmar, Plant 3, Mettur

Non Process category

Winner: Fisher Sanmar

First runner-up: SFL - Machine Shop

Second runner-up: Tyco Sanmar

Shipping

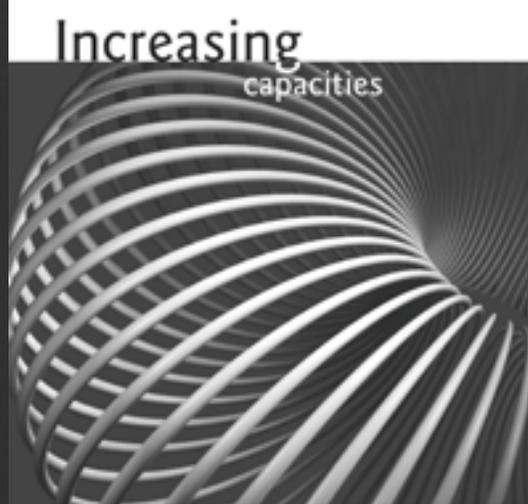
Winner: Sanmar Paragon

Runner-up: Sanmar Sonnet



The Sanmar Group Annual Report 2010 Highlights

"The current year will clearly showcase our medium-term intent and direction."



These pages are excerpted from the annual report of The Sanmar Group

INDIA AND EGYPT ARE BOTH NATIONS WHERE THE DEMAND FOR PVC EXCEEDS SUPPLY.

For instance, India's PVC demand is expected to grow about 10 per cent a year, translating into an additional annual demand of 170,000 TPA – equivalent to the annual production of a new facility at Cuddalore, Tamil Nadu. Besides, Egypt's PVC deficit is also large at 240,000 TPA and expected to widen.

The Sanmar Group has made investments to capitalise on these deficits. The Group has either commissioned capacities or is in the process of doing so to cater to these markets of tomorrow.

- The Group commissioned a 170,000-TPA greenfield facility in Cuddalore in September 2009. This capacity will be progressively raised, strengthening the Group's position as India's second largest PVC manufacturer.

- The Group is scheduled to commission a 200,000-TPA PVC facility in late 2010 in Egypt. This capacity will be doubled over three years, taking Sanmar to a position among the top 10 PVC producers in the world.

The ability to provide material from both these locations will enable the Company to graduate from an Indian presence to one of global prominence in just a few years from now.

population belongs to the lowest of economic strata. The Group provides free consultation, medicines, and injections. Referral services are offered to those in need of higher treatment. Some 2,000 people benefit from Sanmar's centres on a monthly basis.

Infrastructure

The Group adopted several infrastructure-support programmes in and around the adjoining areas of its manufacturing presence.

Supply of drinking water to nearby villages: Potable water has been supplied to over 20 villages daily for several decades now. The quantity of water supplied almost equals the volume used within our plant.

The Group also arranges for drinking water supply to animals living in the reserve forest in and around Veclaramyam and maintains the water level in reservoirs to attract a large number of migratory birds. The Group also supplies drinking water to surrounding villages on special occasions.

Contribution to proposed Semmankuppam drinking water scheme: The Semmankuppam, and Kudikadu panchayats experience acute

drinking water shortages in summer. The District Collector proposed a drinking water scheme from Kannarapettai to Kudikadu, covering Semmankuppam with an estimated budget of Rs 20 lakh. Even though not a SIPCOT Phase I member, the Group donated Rs 75,000.

Construction of toilets at Chitrapettai village in Cuddalore: As this region suffers from poor sanitation facilities, the Group constructed 90 toilets in consultation with village leaders, and



PEACOCK SANCTUARY

The year 2009-10 was one of the most challenging encountered by our businesses.

Project delays. Regulatory issues. Labour unrest. Reduced offtake. Increasing costs. Growing interest outflow. Declining margins. Postponed customer orders.

However, we are now cautiously optimistic that the storm has passed and that the worst is over.

We are well placed to rebound. Our confidence is based on strong fundamentals. Rich experience. Renewed vigour. Increased capacities. New business verticals. Superior products. Fitter organisation. Multi geographic presence. Organisational focus.

From this point onwards, the gradient is upward, the direction forward.

Potable water has been supplied to over 20 villages daily for several decades now. The quantity of water supplied almost equals the volume used within our plant.

was supported by a government grant towards 35 per cent of the project cost under the Total Sanitation Scheme of the government.

Temple renovation in neighbouring villages around Cuddalore: Villagers attach considerable importance to local places of worship. In view of this, The Sanmar Group supplied building materials for temple renovation and construction at Nochikadu, Nandan Nagar and Rasapettai.



INSIDE SANMAR FOUNDRIES LIMITED, VIRALIMALAI

Optimising costs

IN AN UNPREDICTABLE WORLD, ASSURANCE COMES FROM AN ABILITY TO MANAGE COSTS.

The Sanmar Group strengthened its business through capacity expansions, coupled with the following institutionalised cost reduction initiatives:

- Commissioned a 48.5-MW coal-based power plant to generate power at Rs 3.25 per unit against grid power available at Rs 4.20 per unit* and LSHS fuel-based power at Rs 7 per unit
- Optimised inventory and reduced debtors in the working capital-intensive engineering business
- Discontinued operations in the Richmond foundry and transferred products to the Indian operations, reducing costs
- Right-sized the Chennai PVC pipes facility and commissioned a fully automated pipe making facility in Shinoli, Maharashtra (20,000 TPA capacity), with only 80 employees.

As a result, Sanmar expects to emerge leaner and fitter, with great resilience across all market cycles.

*(31st March 2010)

Dietmar Hahn of Eisenwerk Erla honoured

Dietmar Hahn, Managing Director of Eisenwerk Erla GmbH, was honoured by Prof Dr Klaus Eigenfeld, Director of the GieBerei-Institute of the University, Freiberg, as the 'EhrengieBer' – honorary foundry man and admitted to the 'EhrengieBerschaft,' – honorary foundry men community of the University at the 20th 'Ledebur-Kolloquium' which took place at the Freiberg University of Mining and Technology on October 28-29 2010 with more than 200 international foundry men.

The honour was for Dietmar Hahn's contribution to research projects including supporting younger generation to qualify as foundry engineers and his strategic achievements in the field of turbocharger.

On the second day, Simon Oberhauser (Managing Director of InnCoa GmbH) and Dietmar Hahn lectured on their common patent, "Inside coating of exhaust manifolds and turbochargers to achieve a better durability" to considerable appreciation from the audience.

Dietmar Hahn, is standing second from left in this picture.



Best Achiever Award for ‘Sanmar Majesty’

“Sanmar Majesty” was selected as the best Chemical tanker for the year 2010 and awarded by Sterlite Industries Limited, of Vedanta Group. This recognition came for safely carrying shipments of phosphoric acid from Tuticorin to various ports in India.

The award was presented during Sterlite Vendor’s Meet by SR Srinivasan, Senior Vice President (Projects), Sterlite Industries Ltd to Capt K Rajasekaran, Sanmar Shipping Limited, on 26 February 2011 at Hotel Le Royal Meridien, Chennai.





Santhome High School wins Sanmar Cup

This year, the annual PC Sekhar Memorial Inter-Schools (under 14) cricket tournament was conducted by PS Senior Secondary School, sponsored by The Sanmar Group.

The matches were held from 19-28, January 2011 at the PS High School and St Bede's cricket grounds.

In all thirty two teams were in the fray for the Sanmar Cup. Santhome High School emerged winner with a thrilling five run win over St Bede's.

While former Kerala State and south zone Cricketer Ajay Kudua inaugurated the tournament, former test cricketer Tinu Yohannan, presided the valedictory function on 28 January 2011 and gave away the prizes.



Chemplast Mettur donates towards 'Namakku Naame' scheme

A cheque for Rs 5 Lakh towards the renovation of the Canal at Thangamapuripattinam under Namakku Naame Scheme was handed over to the District Collector J Chandra Kumar on 12 January 2011. The gesture was lauded by the Collector as well as the representatives from Thangamapuripattinam who were also present at the occasion.

S Gopal delivered the keynote address during the inaugural session of 10th Regional Conclave of MMA-KAF on the theme "Sustainability: Opening your business to infinite opportunities" on 29 December 2010 at GRT Convention Centre, Chennai.



Flowserve Sanmar commended for excellence in Environment, Health and Safety

Flowserve Sanmar won the CII Certificate of Commendation for Excellence in Environment, Health and Safety. Flowserve Sanmar was recognised for excellence in occupational health, safety & environment management practices as well as its contribution to sustainable development.

"All through the decades of our existence, we have striven to do things 'in a more right way'. It has always been more important for us to maintain a high standard of ethical values rather than grow larger in size with dilution of those values. Receiving an award for environment, health and safety is more an affirmation of what we believe so strongly in and gives us a feeling of satisfaction", said N Sankar.



Sankara Nethralaya commissions VD Swami auditorium

As part of the birth centenary celebrations of the industrialist and philanthropist VD Swami who had played a pivotal role in setting up Sankara Nethralaya, an auditorium was dedicated at the eye hospital.

VD Swami had been the catalyst for many health and research institutions of national importance, including the MS Swaminathan Research Foundation and Sankara Nethralaya. He extended his support to various noble causes.

N Sankar who participated in the function, said that his father shared long years of friendship with VD Swami, who “had a mercurial personality and forthright nature. The man, who had inspired many people to outdo their potential and created many achievers, is truly larger than life”.



N Sankar hands over a cricket bat autographed by Indian cricket team to Sankara Nethralaya Chairman Emeritus SS Badrinath at the function in Chennai on Saturday. MSSRF Chairman MS Swaminathan, BCCI Selection Committee Chairman K Srikanth and actor Arvind Swami look on.

Annual Day celebrations at Sankara Schools



(From l to r): Subala Ananthanarayanan, Principal, Sri Sankara Senior Secondary School, Adyar, N Kumar, Trustee, Indian Education Trust, TS Krishnamurthy, Former Chief Election Commissioner, Kalpalatha Mohan, Principal, Sri Sankara Vidyashramam Mat. Hr. Sec. School, Tiruvanmiyur.

Sankara Schools celebrated their 41st Annual Day on 7 January 2011 at the Image Auditorium. N Kumar, Trustee, Indian Education Trust, welcomed the chief guest, TS Krishnamurthy, Former Chief Election Commissioner of India. The principals Subala Anathanarayanan and Kalpalatha Mohan presented the Annual Report of their respective schools. Prizes were distributed to meritorious students and awards given to teachers for long service.

India's World Cup squad trains at IIT-Sanmar ground



BREEDING GROUND FOR CHAMPS

“The Indian team has a close connection with the venue. It all started here for Yuvraj Singh and Zaheer Khan. The duo had their first camp here at the IIT before their maiden tour to Kenya. Another key member of the side, Harbhajan Singh attended trials to join Chemplast in 1997. He was selected but an offer closer to home from Air India made him shift in 1998, months before his Test debut against Australia in March that year. Off-spinner R Ashwin, who is expected to make his World Cup debut at MAC, blossomed as a cricketer while turning out for Alwarpet Cricket Club (Jolly Rovers and Alwarpet are the two senior division teams owned and managed by Chemplast Sanmar). Ashwin made four successive hundreds and managed more than 40 wickets to force his way into the Tamil Nadu Ranji Trophy side.”

There was a strong sense of *deja vu* at the beautiful IIT-Sanmar cricket ground, when the Indian cricket team practised there for three days before its all important clash on 20 March with West Indies in the league stage of the 2011 World Cup at Chepauk, Chennai. For Indian stars Sachin Tendulkar, Yuvraj Singh, Zaheer Khan and Harbhajan Singh, it was back to familiar surroundings, for they had trained here before. Excerpts from an article in *The Deccan Chronicle, Chennai*:

“It will be an honour to host the Indian team. We have prepared six wickets, three on the main square, and I am sure the facilities will be up to the mark. The ICC team had visited most of the venues in the city before deciding. All the pre-requisites, such as massage room, bowling machines and dressing rooms are available and ready to use,” said Bharath Reddy, vice-president-corporate, Chemplast.

“We are thankful to the TNCA for providing us an opportunity and to the management at IIT. With security and other details involved, we had our apprehensions but they agreed immediately and have given

the ground rent free for the five days,” added Bharath. The English country style pavilion area and lush outfield will match any venue of repute and full credit to Chemplast and IIT for having maintained the facilities well. There has been no specific request from the Indian team management as far as the type of wickets is concerned, according to Bharath. “We have tried to give a bit of everything. The centre wicket will also have nets to help the players get a match feel. The ground staff under the supervision of former Kerala batsman Ajay Kudua have worked hard to provide good sporting tracks.”



Located in the heart of the city, the venue is a rare commodity. Declared open by the legendary Neil Harvey in 1998, the ground maintains a classical touch much like the stylish Aussie southpaw who enthralled many with his panache.

Memories of Madras

When women called the

NOSTALGIA Sumathi Raghunathan on women bonding over golf, playing the sport clad in saris, and being coached by friendly caddies.

In the 1970s, a chirpy group of women golfers played regularly at the Cosmopolitan Club and Gymkhana golf courses. We played the game for sheer fun. Whenever the men had a dispute, someone was sure to pipe up: 'Can't we play in as dignified a manner as those ladies?' When this exhortative sentence was uttered, the warring men would end the dispute abruptly.

In Premier Padminis and Ambassadors, the ladies — numbering about a dozen — arrived together. With some of them turning out in decorously adorned saris, they could have been mistaken for women on a picnic.

Vanjulam Chari, Mrs. Ramaswamy and I were dubbed 'the sari-clad golfers of Madras'. A travel agent once clandestinely snapped a photo of me swinging the club at Guindy — as the Gymkhana Golf Club is known — and sidled up to me with an infuriating request. 'Madam, can we use this photo in a tourist brochure that discusses places to visit in Madras? A woman golfer in a sari will be a charming novelty to a foreign tourist,' he said, visibly pleased with the idea. I yelled at him till I went blue in the face. Shaken up, he handed over the negative without a protest and slunk away.

That was the only time I behaved in an unladylike fashion on a golf course. Other than this, there was no reason to



Tall grasses teeming with snakes and rabbits characterised the rough at Guindy. But for the caddies, nobody ventured into them to retrieve a ball.

be upset with anyone. The caddies were friendly and helped deal with problems unique to a golf course.

To give an example, a flock of rogue crows assumed ownership of the second hole on the Cosmopolitan Golf Course. Immediately after a ball was putted, one of them would swoop down, fork out the ball and try to fly away with the booty. A caddie would chase the thieving crow, and terrify it into dropping the ball. Call it coincidence or what you will, the second hole at the Kodaikanal golf course — where I played during the summer — was targeted by foxes. A fox would nuzzle into the fissure, pluck out the ball and make away with it.

Tall grasses teeming with snakes and rabbits characterised the rough at Guindy. But for the caddies, nobody ventured into them to retrieve a ball. The caddies offered free coaching tips. With scant regard for the syntax and subtleties of English, they would tell us how to play the game. This invariably led

to uproarious laughter. Once, a caddie at Guindy told Devi Palaniswami, 'Throw your hands!' (A literal English translation of the Tamil phrase 'kaiya vittu adinga' which actually means 'loosen your hands and hit freely'. Devi could not resist quipping: 'If I throw my hands, how will I drive all my friends back home?')

Jokes were an inseparable element of women's golf. Jayashree Bharath — an architect — was a past master at stand-up comedy, and would regale us with funny anecdotes after a session of golf. But, much of the humour on the golf courses of Madras was to be seen rather than heard. For instance, a lady golfer played wearing a high head-dress, which made her look like an ancient potentate.

Preferring to carry around an umbrella, instead of wearing a hat, I probably cut a funny figure. Except for me, all women wore hats. I never wore gloves either. This was due to my fascination for what I call Wheeler's Maxim of Variables. Wheeler — a brilliant golf coach at

shots



Teeing off in traditional style, Sumathi Raghunathan on the golf course.

Guindy — asked his players to cut down on the variables. He advised them against a slavish devotion to traditional stances, styles. After getting the basics right, the player had to let his natural game take over. After noticing my friends playing badly because they left a pair of gloves behind, I decided to cut out that accessory.

Sumathi Raghunathan: Born in 1935, she played golf in the 1970s and 1980s with distinction, winning The Addicts — an all-India tournament — one year and finishing runner-up in another. In addition, she has won many club-level golf tournaments.

Matrix is pleased to reproduce a nostalgic recalling of golf in Madras of the 1970s by a prominent woman golfer—with permission from The Hindu, which featured this article. Interestingly, the sponsor in the accompanying photograph is of Durametalllic India (now Flowserve Sanmar) Ltd., the first Sanmar Engineering Corporation joint venture.

Kalki Krishnamurthi

Kalki' R Krishnamurthi (1899-1954) is known to many thousands of admirers as the greatest 20th century writer in Tamil, revelling in a variety of genres ranging from historical fiction to music criticism and political propaganda for the Independence movement. He packed his brief life of 55 summers with prolific writing activity despite the late flowering of his journalistic and creative writing abilities, thanks in large measure to the freedom movement, which claimed him as it did many youngsters on the threshold of their professional careers.

Kalki was a man of enormous social conscience and did not stop with writing for entertainment. In fact, he almost never did write without social, moral, political or intellectual purpose. He used a rare felicity with the Tamil language, razor-sharp wit, a keen eye for the absurd, highly developed sense of moral outrage against the evils and hypocrisies of the time, and fierce patriotism to propagate his ideals with passion and conviction. His support for Gandhiji's movement for Indian independence, his antipathy to foreign goods, liquor and the caste system, his propagation of Tamil isai or compositions in Tamil on the classical concert stage in preference to the prevalent Telugu and Sanskrit, were all reflected in his fiery and often hilarious writings. Though he began his writing career with such journals as *Navasakti* and *Vimochanam*, his fame really spread far and wide during his stints as editor of SS Vasan's *Ananda Vikatan* and later of *Kalki* the weekly he launched with friend and partner T Sadasivam. The duo made history by

employing the genius of Sadasivam's wife MS Subbulakshmi—the great classical vocalist who eventually received the honour of India's highest civilian award, Bharat Ratna—to produce films starring her to raise funds for *Kalki* the magazine.

Kalki was the best known of the many nom-de-plumes Krishnamurthi assumed in a 25-year span in which he wrote 120 short stories, 10 novellas, 5 novels, three historical novels, political columns and leaders, hundreds of film, music and dance reviews and travelogues, besides being involved in many initiatives for the public good. One of his major literary accomplishments was his translation into Tamil of Mahatma Gandhi's *Experiments with Truth*. He also distinguished himself by writing *Mandarul Manickam*, a biography of Gandhi in Tamil. He was a devout follower of Gandhi's ideology and a trusted lieutenant of C Rajagopalachari, widely known as Rajaji, both when he was a Congress leader and when after independence he became an opponent of the Congress party and its policies.

Born in the hamlet of Puttamangalam near Mayiladuthurai in Tanjavur district in an orthodox middle class Brahmin family, Krishnamurthi showed an early inclination towards literary and musical appreciation through the intelligent questions he asked of his father Ramaswami Iyer, a harikatha exponent. (Harikatha is an ancient art of telling great epics like the Ramayana and Mahabharata, illustrating the many episodes with songs largely based on classical music). After his primary

education in the village tinnai school (a school run on the front porch of the humble home of one of its residents), Krishnamurthi joined the National High School at Tiruchi, about 100 kilometres away.

Krishnamurthi was among the thousands of students who gave up their studies to participate in Mahatma Gandhi's non-cooperation movement in 1921. Inspired by Gandhi's speech at a public meeting in Tiruchi, he left school and joined the Indian National Congress with the Secondary School Leaving Certificate examination just three months away. Within a year, the lad was undergoing a one-year prison sentence for his role in the movement. During this period Krishnamurthi came into contact with two people who were to play a major role in his life: veteran Congress leader C Rajagopalachari, and ardent freedom fighter T Sadasivam, who was to become a life-long friend and partner in his journalistic ventures. In fact, Krishnamurthi and Sadasivam became Rajaji's trusted lieutenants whom he used to carry his message to thousands of readers of Tamil magazines.

Writing career

Krishnamurthi's first attempt at writing fiction came during that period. In 1923 he became a sub-editor in *Navasakti*, a Tamil periodical edited by Tamil scholar and freedom fighter V Kalyanasundaram, known as "Thiru Vi Ka". Krishnamurthi's first book was published in 1927.

Leaving *Navasakti* in 1928, Krishnamurthi stayed with C Rajagopalachari at the Gandhi Ashram

in Tiruchengode in Salem district and helped him edit *Vimochanam*, a Tamil journal devoted to propagating prohibition. In 1931, he was again imprisoned for six months.

Next year Krishnamurthi joined *Ananda Vikatan*, a weekly edited and published by SS Vasam, as its de facto editor. The magazine soon became a household name in middle class families. Krishnamurthi's witty, incisive comments on politics, literature, music and other were enthusiastically received by readers. *Vikatan* published many of his short stories and novels as serials.

Kalki left *Ananda Vikatan* in 1941 and rejoined the freedom struggle, courting arrest. On his release after three months, he and Sadasivam started the weekly, Kalki. He was its editor until his death on 5 December 1954. In 1956, he was awarded the Sahitya Akademi Award posthumously for his novel *Alai Osai*.

Krishnamurthi achieved huge success as an author of historical fiction. When most Tamil writers wrote in an archaic, unreadable style, Kalki introduced a fluent, readable style to the Tamil literature of his time, widely enhancing the readership of magazine journalism.

Kalki established his reputation as a novelist with Parthiban Kanavu, a historical romance with the Pallava dynasty as its background. *Sivakamiyin Sabatham*, which followed, was a brilliant work, stylistically a landmark in Tamil fiction.

Kalki's historical romances captured the hearts of thousands of readers, recreating for them the grandeur of the Pallavas and Cholas, but some contemporary criticism dismisses their literary merits as glorifying royalty and

ignoring the aspirations of the common man. Today's Marxist writers and experts in post colonial literature however place Kalki's novels on a much higher pedestal, identifying in them resonances of freedom movements everywhere, but with particular reference to India.

Kalki played a major role in raising funds for two important projects which he spearheaded, as well-raising memorials for the poet Subramania Bharati in Ettayapuram, Tirunelveli district, and Mahatma Gandhi in Guindy, Madras.

Few writers in the third world have had such a profound impact on whole generations of readers as Kalki Krishnamurthi. In Tamil literature, there is little doubt that he will occupy a permanent place in the hearts and minds of readers and critics.

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