

Date: 11<sup>th</sup> July, 2016

To,  
**The General Manager**  
**BSE Ltd**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

To,  
**The Assistant Vice-President**  
**The National Stock Exchange of India Ltd**  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1, G Block, Bandra Kurla Complex  
Bandra (East), Mumbai - 400 051

Dear Sir,

**Sub : Matters relating to 29<sup>th</sup> Annual General Meeting (AGM)**

This is to inform you that the 29<sup>th</sup> Annual General Meeting (AGM) of the Company was held on Saturday, 9<sup>th</sup> July, 2016 at the registered office of the Company at Sanghinagar P.O., Hayatnagar Mandal, R. R. District, Telangana, 501 511.

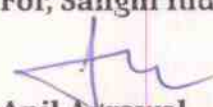
In this regard, we are enclosing herewith the followings :

1. The proceedings as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
2. The voting results as required under Regulation 44 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 .
3. Consolidated Report of Scrutinizer on Remote E Voting and poll process.
4. Annual Report for financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

The above are uploaded on the website of the Company ([www.sanghiment.com](http://www.sanghiment.com))

This is for your information and records.

Thanking you,  
Yours faithfully,  
**For, Sanghi Industries Limited**

  
**Anil Agrawal**  
**Company Secretary**  
Encl: As above



**Sanghi Industries Limited**

CIN No.: L18209TG1985PLC005581.

Registered Office : P.O. Sanghinagar, Hayatnagar Mandal, R R District, Telangana - 501511.

Tel.: 08415 - 242240 E-mail : [companysecretary@sanghiment.com](mailto:companysecretary@sanghiment.com)

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

### Proceedings of the 29<sup>th</sup> Annual General Meeting of the Company.

The 29<sup>th</sup> Annual General meeting of the Company was held on Saturday, 9<sup>th</sup> July, 2016 at Sanghinagar P.O., Hayatnagar Mandal, R. R. District, Telangana, 501 511 at 11.00 a.m. to seek the approval of members of the Company on resolutions set out in the notice convening Annual General Meeting. Shri Ravi Sanghi, Chairman and Managing Director of the Company chaired the meeting. Thereafter he welcomed the shareholders of the company and the requisite quorum being present, he called the meeting to be in order.

Thereafter the Chairman called the Company Secretary to read the Auditors' report. The Company Secretary read the report and informed that the Auditors' report did not contain any qualification or adverse remarks.

Thereafter with the permission of the members, the Chairman continued the proceedings of the meeting. The Chairman of the Company invited the questions from the members. Members asked the questions and the same were replied appropriately / satisfactorily by the Chairman. Thereafter the following resolutions as set out in the Notice convening the Annual General Meeting were proposed and seconded by the Members.

Sr. No.	Details of the Agenda	Type of resolution
<b>Ordinary Business</b>		
1.	Adoption of Financial Statements including the audited Balance Sheet as at 31 <sup>st</sup> March, 2016, Statement of Profit and Loss and Cash Flow for the year ended on that day together with the Directors' Report and the Auditors' Report thereon.	Ordinary
2.	Re-appointment of Shri Aditya Sanghi (holding DIN: 00033755), who retires by rotation as a Director of the Company.	Ordinary
3.	Re-appointment of Shri Alok Sanghi (holding DIN: 00033506), who retires by rotation as a Director of the Company.	Ordinary
4.	Appointment of M/s. Ankit & Co., Chartered Accountants (Firm Reg. no. 000181S), Hyderabad and M/s. Haribhakti & Co. LLP, Chartered Accountants (Firm Reg. no. 103523W), Ahmedabad, as Joint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.	Ordinary

#### **Sanghi Industries Limited**

CIN No.: L18209TG1985PLC005581

Registered Office : P.O. Sanghinagar, Hayatnagar Mandal, R R District, Telangana - 501511.

Tel.: 08415 - 242240 E-mail : companysecretary@sanghiment.com

Website : www.sanghiment.com



<b>Special Business</b>		
5.	Appointment of Shri Mahendra K Doogar (holding DIN: 00319034) , as an Independent Director of the Company, 'to hold office for a term of three consecutive years with effect from 11 <sup>th</sup> February, 2016	Ordinary
6.	Ratification of Remuneration payable to M/s N D Birla & Co., Cost Accountants, Ahmedabad for the financial year 2016-17.	Ordinary
7.	Re-appointment of Smt. Bina Engineer (holding DIN: 01653392) as Whole-time director of the Company with effect from 6th September, 2016, for a period of three years .	Special

The Company Secretary further informed that pursuant to the Regulation 44 of SEBI (LODR) Regulation, 2015 and pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014 as amended from time to time, the Company had provided the facility of remote E -voting to the Shareholders to enable them to cast their votes electronically on the resolutions proposed in the Notice of the of the Annual General Meeting of the Company. The remote e-voting commenced on 6<sup>th</sup> July, 2016 (10.00 a.m.) and ended on 8<sup>th</sup> July, 2016 (5.00 p.m.). Members who were present at the AGM and had not cast their votes electronically were provided an opportunity to cast their votes at the end of the meeting through Poll. The members were thereafter briefed about the procedure for filling the Poll Papers. The members had cast their votes accordingly.

The Board of Directors had appointed Shri A. A. Narayana Murthy, Company Secretary, as the Scrutinizer for remote e-voting and poll process at the Annual General Meeting.

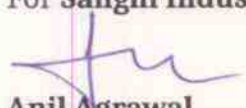
As all the business of the meeting was completed, the Chairman declared the meeting as concluded. The Chairman thanked all the members present at the meeting for taking active interest in the working of the Company.

The Scrutinizers report has been received and accordingly it was concluded that all the resolutions as set out in the Notice were passed with requisite majority.

This is for your information and records.

Thanking you,  
Yours faithfully,

For **Sanghi Industries Limited**

  
**Anil Agrawal**  
Company Secretary



**Sanghi Industries Limited**

CIN No.: L18209TG1985PLC005581

Registered Office : P.O. Sanghinagar, Hayatnagar Mandal, R R District, Telangana - 501511.

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### DETAILS OF THE VOTING RESULT

Sr. No	Particulars	Mode of Voting	Assent		Dissent		Result
			Number	%	Number	%	
Ordinary Business:							
1.	Adoption of Financial Statements including the audited Balance Sheet as at 31 <sup>st</sup> March, 2016, Statement of Profit and Loss and Cash Flow for the year ended on that day together with the Directors' Report and the Auditors' Report thereon.	Remote E-voting & Poll	189146469	100.00	10	0.00	Ordinary Resolution Passed with Requisite Majority.
2.	Re-appointment of Shri Aditya Sanghi (holding DIN: 00033755), who retires by rotation as a Director of the Company.	Remote E-voting & Poll	189146469	100.00	10	0.00	Ordinary Resolution Passed with Requisite Majority.
3.	Re-appointment of Shri Alok Sanghi (holding DIN: 00033506), who retires by rotation as a Director of the Company.	Remote E-voting & Poll	189146469	100.00	10	0.00	Ordinary Resolution Passed with Requisite Majority.
4.	Appointment of M/s. Ankit & Co., Chartered Accountants (Firm Reg. no. 000181S), Hyderabad and M/s. Haribhakti & Co. LLP, Chartered Accountants (Firm Reg. no. 103523W), Ahmedabad, as Joint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.	Remote E-voting & Poll	189146469	100.00	10	0.00	Ordinary Resolution Passed with Requisite Majority.

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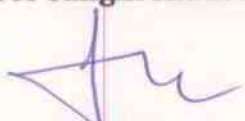
Website : www.sanghiment.com



**SPECIAL BUSINESS:**

5.	Appointment of Shri Mahendra K Doogar (holding DIN: 00319034), as an Independent Director of the Company, to hold office for a term of three consecutive years with effect from 11 <sup>th</sup> February, 2016	Remote E-voting & Poll	189146469	100.00	10	0.00	Ordinary Resolution Passed with Requisite Majority.
6.	Ratification of Remuneration payable to M/s N D Birla & Co., Cost Accountants, Ahmedabad for the financial year 2016-17.	Remote E-voting & Poll	189146469	100.00	10	0.00	Ordinary Resolution Passed with Requisite Majority.
7.	Re-appointment of Smt. Bina Engineer (holding DIN : 01653392), as Whole Time Director of the Company with effect from 6 <sup>th</sup> September, 2016, for a period of three years.	Remote E-voting & Poll	189146469	100.00	10	0.00	Special Resolution Passed with Requisite Majority.

Thanking you,  
Yours faithfully,  
For **Sanghi Industries Limited**

  
**Anil Agrawal**  
Company Secretary



**Sanghi Industries Limited**

CIN No.: L18209TG1985PLC005581

Registered Office : P.O. Sanghinagar, Hayatnagar Mandal, R R District, Telangana - 501511.

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

A.A. Narayana Murthy  
Company Secretary

M.I.G. 108  
Bathakamma Kunta Shivam Road  
Amberpet, Opp. Papaji Dhaba  
Hyderabad, Telangana – 500013  
Email : [aanmurthy@rediffmail.com](mailto:aanmurthy@rediffmail.com)  
Cell : 09000063783

**Form No. MGT-13**  
**Report of Scrutinizer**

*[Pursuant to Section 108 and 109 of the Companies Act, 2013 and Rule 20 and 21(2) of the Companies (Management and Administration) Rules, 2014]*

To,  
The Chairman,  
29<sup>th</sup> Annual General Meeting of the Equity Shareholders of  
Sanghi Industries Limited  
Held on 9<sup>th</sup> July, 2016 at  
Sanghi Nagar P.O.,  
Hayatnagar Mandal,  
R. R. District,  
Telangana – 501 511

Dear Sir,

**Sub: Consolidated Scrutinizer's Report on Remote e-voting and poll.**

I, A. A. Narayana Murthy, Company Secretary, of Hyderabad have been appointed as the Scrutinizer by the Board of Directors of M/s. Sanghi Industries Limited, pursuant to Section 108 and 109 of the Companies Act, 2013 ("the Act") to scrutinize the remote e-voting process and voting through poll process at the 29<sup>th</sup> Annual General Meeting of Equity shareholders of M/s. Sanghi Industries Limited held on Saturday, 9<sup>th</sup> July, 2016 at 11.00 a.m.

I submit the report as under:

The Notice convening Annual General Meeting dated 25<sup>th</sup> May, 2016 along with the statement setting out material facts under Section 102 of the Act was sent to the Shareholders.

The shareholders of the company holding shares as on the "cut-off" date i.e. on 2<sup>nd</sup> July, 2016 were entitled to vote on the resolutions as contained in the Notice of the Annual General Meeting.

The voting period for remote e-voting commenced on Wednesday, 6<sup>th</sup> July, 2016 at 10.00 a.m. (IST) and ended on Friday, 8<sup>th</sup> July, 2016 at 5.00 p.m. (IST) and CDSL e-voting platform was blocked thereafter.

The votes cast under remote e-voting facility were thereafter unblocked in the presence of two witnesses Mr. P V S Soma Sekher and Mr. K V N Chary who were not in the employment of the company and after the conclusion of the voting at the Annual General Meeting the votes cast there under were counted.



A.A. Narayana Murthy  
Company Secretary

M.I.G. 108  
Bathakamma Kunta Shivam Road  
Amberpet, Opp. Papaji Dhaba  
Hyderabad, Telangana – 500013  
Email : [aanmurthy@rediffmail.com](mailto:aanmurthy@rediffmail.com)  
Cell : 09000063783

At the Annual General Meeting after the time fixed for closing of the poll by the Chairman, one ballot box kept for polling was locked in my presence with due identification marks placed by me. The locked ballot box was subsequently opened in my presence and poll papers were diligently scrutinized. The Poll papers were reconciled with the records maintained by the Company. I did not find any poll papers invalid.

Consolidated report on the remote e-voting and voting through Poll papers at the Annual General Meeting is as under:

**ORDINARY BUSINESS:**

**Resolution No. 1: (ORDINARY RESOLUTION)**

**Adoption of Financial Statements including the audited Balance Sheet as at 31<sup>st</sup> March, 2016, Statement of Profit and Loss and Cash Flow for the year ended on that day together with the Directors' Report and the Auditors' Report thereon.**

**i. Voted in favour of the resolution:**

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
112	189146469	100

**ii. Voted against the resolution:**

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
1	10	00

**iii. Invalid votes:**

Number of members whose votes were declared invalid	Number of votes cast by them
Nil	Not Applicable

**Resolution No. 2: (ORDINARY RESOLUTION)**

**Re-appointment of Shri Aditya Sanghi (holding DIN: 00033755), who retires by rotation as a Director of the Company.**

**i. Voted in favour of the resolution:**

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
112	189146469	100



A.A. Narayana Murthy  
Company Secretary

M.I.G. 108  
Bathakamma Kunta Shivam Road  
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Hyderabad, Telangana – 500013  
Email : [aanmurthy@rediffmail.com](mailto:aanmurthy@rediffmail.com)  
Cell : 09000063783

ii. Voted **against** the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
1	10	00

iii. **Invalid** votes:

Number of members whose votes were declared invalid	Number of votes cast by them
Nil	Not Applicable

**Resolution No. 3: (ORDINARY RESOLUTION)**

Re-appointment of Shri Alok Sanghi (holding DIN: 00033506), who retires by rotation as a Director of the Company.

i. Voted in **favour** of the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
112	189146469	100

ii. Voted **against** the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
1	10	00

iii. **Invalid** votes:

Number of members whose votes were declared invalid	Number of votes cast by them
Nil	Not Applicable

**Resolution No. 4: (ORDINARY RESOLUTION)**

Appointment of M/s. Ankit & Co., Chartered Accountants (Firm Reg. no. 000181S), Hyderabad and M/s. Haribhakti & Co. LLP, Chartered Accountants (Firm Reg. no. 103523W), Ahmedabad, as Joint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.



A.A. Narayana Murthy  
Company Secretary

M.I.G. 108  
Bathakamma Kunta Shivam Road  
Amberpet, Opp. Papaji Dhaba  
Hyderabad, Telangana – 500013  
Email : [aanmurthy@rediffmail.com](mailto:aanmurthy@rediffmail.com)  
Cell : 09000063783

I. Voted in **favour** of the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
112	189146469	100

ii. Voted **against** the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
1	10	00

iii. **Invalid** votes:

Number of members whose votes were declared invalid	Number of votes cast by them
Nil	Not Applicable

**SPECIAL BUSINESS:**

**Resolution No. 5: (ORDINARY RESOLUTION)**

**Appointment of Shri Mahendra K Doogar (holding Din : 00319034), as an Independent Director of the Company, to hold office for a term of three consecutive years with effect from 11<sup>th</sup> February, 2016.**

I. Voted in **favour** of the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
112	189146469	100

ii. Voted **against** the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
1	10	00

iii. **Invalid** votes:

Number of members whose votes were declared invalid	Number of votes cast by them
Nil	Not Applicable



A.A. Narayana Murthy  
Company Secretary

M.I.G. 108  
Bathakamma Kunta Shivam Road  
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Hyderabad, Telangana – 500013  
Email : [aanmurthy@rediffmail.com](mailto:aanmurthy@rediffmail.com)  
Cell : 09000063783

**Resolution No. 6: (ORDINARY RESOLUTION)**

**Ratification of Remuneration payable to M/s N D Birla & Co., Cost Accountants, Ahmedabad for the financial year 2016-17.**

**I. Voted in favour of the resolution:**

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
112	189146469	100

**ii. Voted against the resolution:**

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
1	10	00

**iii. Invalid votes:**

Number of members whose votes were declared invalid	Number of votes cast by them
Nil	Not Applicable

**Resolution No. 7: (SPECIAL RESOLUTION)**

**Re-appointment of Smt. Bina Engineer (holding DIN: 01653392), as Whole Time Director of the Company with effect from 6th September, 2016, for a period of three years.**

**I. Voted in favour of the resolution:**

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
112	189146469	100

**ii. Voted against the resolution:**

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
1	10	00



A.A. Narayana Murthy  
Company Secretary

M.I.G. 108  
Bathakamma Kunta Shivam Road  
Amberpet, Opp. Papaji Dhaba  
Hyderabad, Telangana – 500013  
Email : [aanmurthy@rediffmail.com](mailto:aanmurthy@rediffmail.com)  
Cell : 09000063783

iii. **Invalid votes:**

Number of members whose votes were declared invalid	Number of votes cast by them
Nil	Not Applicable

All relevant records of electronic voting will remain in our safe custody until the Chairman considers, approves and signs the minutes of the 29<sup>th</sup> Annual General Meeting and the same shall be handed over thereafter to the Chairman / Company Secretary for safe keeping.

Thanking You,  
Yours faithfully,



A.A.N. Murthy  
ACS No. : 4796  
Scrutinizer  
Company Secretary



Counter Signed



Ravi Sanghi  
Chairman & Managing Director


Date : 9th July, 2016  
Place : Hyderabad

**FORM A**  
(For Audit Report with unmodified opinion)  
[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015]

1	Name of the Company:	Sanghi Industries Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March 2016
3	Type of Audit observation	Un-modified
4	Frequency of observation	Not Applicable

For, Sanghi Industries Limited

  
**Ravi Sanghi**  
Chairman and Managing Director

  
**Sadashiv Sawrikar**  
Chairman of Audit Committee


  
**Bina Engineer**  
Chief Financial Officer



**For Ankit & Co.**

Chartered Accountants

ICAI Firm Registration No.000181S



**S. Brijkumar**

Partner

Membership No. 19357



**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523M



**Atul Gala**

Partner

Membership No. 048650



Place: Ahmedabad

May 25, 2016

Place: Mumbai

May 25, 2016

# SANGHI INDUSTRIES LIMITED

29<sup>th</sup> ANNUAL REPORT 2015-16



OFFICIAL PARTNER - GUJARAT LIONS

## 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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## Board of Directors

Shri Ravi Sanghi	Chairman and Managing Director
Shri Aditya Sanghi	Executive Director
Shri Alok Sanghi	Executive Director
Smt. Bina Engineer	Executive Director
Shri N. B. Gohil	Executive Director
Shri D. K. Kambale	Director
Shri Sadashiv Sawrikar	Director
Shri D.B.N.Rao	Director
Shri R.K.Pandey	Director
Shri T.M.Jagan Mohan	Director
Shri M. K. Doogar	Director
Shri Jayesh Desai	Nominee Director

## Company Secretary

Shri Anil Agrawal

## Joint Statutory Auditors

M/s Ankit & Co.  
Chartered Accountants  
Hyderabad

M/s Haribhakti & Co.LLP  
Chartered Accountants  
Ahmedabad

## Registered Office

Sanghinagar P.O.  
Hayatnagar Mandal, R R District,  
Telangana - 501 511  
Tel Nos. 08415 - 242240  
Fax Nos.08415 - 242239

## Cement Works

Village Motiber,  
Taluka Abdasa, Kutch District,  
Sanghipuram - 370 511, Gujarat  
Tel Nos. 02831 - 274131/32/33  
Fax Nos.02831 - 274115/23

## Corporate Office

10<sup>th</sup> Floor, Kataria Arcade,  
Off. S.G. Highway,  
Post: Makarba,  
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  
Fax Nos. 022 – 2871 3126

Email : [companysecretary@sanghiment.com](mailto:companysecretary@sanghiment.com)

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

## DIRECTORS' REPORT

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

Your Directors take pleasure in presenting the 29<sup>th</sup> Annual Report together with the audited financial statements for the year ended 31<sup>st</sup> March, 2016 (From 1<sup>st</sup> July, 2015 to 31<sup>st</sup> March, 2016).

### Financial Results :

(₹ in Crore)

	<b>2015-2016</b> <b>(Nine Months)</b>	<b>2014-2015</b> <b>(Twelve Months)</b>
Gross Revenue	857.38	1041.45
Net Income	779.56	939.35
Profit before Interest, Depreciation and Taxation	143.59	164.50
Interest	27.23	27.47
Operating Profit	116.36	137.03
Depreciation	54.05	106.43
Profit Before Tax (PBT)	62.31	30.59
Exceptional items - Net Expenses of Lenders' Prepayment	60.39	---
Profit Before Tax after exceptional items	1.92	30.59
(Add)/Less : Provision for Tax	0.39	---
Profit After Tax (PAT)	1.53	30.59
<b>Profit carried to Reserves and Surplus</b>	<b>1.53</b>	<b>30.59</b>

### Dividend

In order to conserve the resources, your Directors do not recommend any dividend for the year under review.

### Transfer to Reserves

Your company has transferred ₹ 42.66 crores to Capital Redemption Reserve during the year under review.

### Operations and Performance of the Company

Since the current financial year consisting of nine months, the figures of current year are not comparable with the previous year.

During the year (nine months) ended 31<sup>st</sup> March, 2016, the total revenue was ₹ 857.38 crores against ₹ 1041.45 crores in the previous year and Net Income was ₹ 779.56 crores against ₹ 939.35 crores in the previous year. The Profit Before Tax for the year has been ₹ 62.31 crores against ₹ 30.59 crores in previous year. The Company has repaid the CDR Loans along with Right of Recompense to Lenders and net effect of this has been treated as Exceptional Items - One-time Expenditure of ₹ 60.39 crore. The Profit after Exceptional Items and Tax for the current year (nine months) is ₹ 1.53 crores, compared to ₹ 30.59 crores in previous year.

The results are analysed at length in Management Discussion and Analysis report.

### Material Events occurred during FY 2015-16:

#### Change in the Financial Year:

During the year under review, In compliance of the provisions of the Companies Act, 2013, the Company has changed its Financial Year to March ending instead of June ending as earlier. Accordingly the current Financial Year 2015-16 is from 1<sup>st</sup> July, 2015 to 31<sup>st</sup> March, 2016 i.e for the period of Nine months.

### **Exit from Corporate Debt Restructuring (CDR)**

During the year under review, the Company has successfully exited from Corporate Debt Restructuring (CDR) mechanism after making repayment of entire dues to the CDR lenders ahead of schedule.

### **Redemption of Optionally Cumulative Convertible Participating Preference Shares (OCCPPS)**

During the year under review, the Company has fully redeemed its OCCPPS, ahead of the schedule, by making payment to OCCPPS holders. The outstanding towards OCCPPS as on 31<sup>st</sup> March, 2016 is Nil.

### **Issue of Non-convertible Debentures**

During the year under review, the Company has issued and allotted 25,64,829 Secured, Unlisted, Non-convertible Debentures (NCDs) of ₹ 1000/- each aggregating ₹ 2,56,48,29,000/- on Private Placement basis in Demat mode.

### **Material Changes and commitments affecting the financial position of the Company**

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of this report.

### **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 and also current and future outlook of the Company.

### **Deposits**

The Company has not accepted or renewed any deposits from public falling within the purview of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### **Subsidiary Company**

The Company has incorporated a wholly owned subsidiary company "Sange Testing Service (Sanghai) Co. Ltd.' at Shanghai, China. However, the Company has not invested any funds in the said subsidiary company and the said subsidiary company has also not started any operations, hence, the Company is not required to provide details of subsidiary company under prescribed Form AOC – I.

### **Board of Directors**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Rules framed thereunder, Shri Aditya Sanghi (holding DIN: 00033755) and Shri Alok Sanghi (holding DIN: 00033506), Whole Time Directors of the Company retire by rotation at the forthcoming Annual General Meeting and they being eligible, offer themselves for re-appointment.

Smt. Bina Engineer has been re-appointed as Whole Time Director of the Company for a period of three years w.e.f. 6<sup>th</sup> September, 2016 subject to approval of the Members at the ensuing Annual General Meeting. The resolution proposing her re-appointment is set out in the notice.

Your Directors recommend her re-appointment.

During the year under review, Shri M. K. Doogar has been appointed as an Additional Director categorized as an Independent Director w.e.f. 11<sup>th</sup> February, 2016. Shri Jayesh Desai was nominated by IDBI Trusteeship Services Ltd. (the "Debenture Trustee") as its Nominee Director on the Board of the Company w.e.f. 25<sup>th</sup> May, 2016. Shri Naresh J. Gwalani and Shri Gireesh Sanghi ceased to be Director of the Company.

### **Key Managerial Personnel**

The Key Managerial Personnel (KMP) in the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:

1. Shri Ravi Sanghi, Chairman and Managing Director
2. Smt. Bina Engineer, Chief Financial Officer and Whole Time Director
3. Shri Anil Agrawal, Company Secretary

### **Corporate Governance Report**

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Listing Agreement a Report on “Corporate Governance” is attached as an **Annexure I** forming part of this report.

### **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 134(5) of the Companies Act, 2013 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) they 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 31<sup>st</sup> March, 2016 and of the profit of the Company for the year under review;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the accounts for the period ended 31<sup>st</sup> March, 2016 on a ‘going concern’ basis.
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Risk Management Policy**

Your company has developed and implemented a Risk Management Policy pursuant to Section 134(3)(n) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and Clause 49 (VI) of the Listing Agreement, which includes identification of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company .

The risk management process is designed to safeguard the organisation from various risks through adequate and timely action. It is designed to anticipate, evaluate and mitigate risks in order to minimise its impact on the business. The risk management framework of the Company is appropriate compared to the size of the Company and the environment under which the Company operates.

At present, in the opinion of the Board there is no identification of Risk element that may threaten the existence of the Company.

### **Number of Board Meetings**

During the year under review (From 1<sup>st</sup> July, 2015 to 31<sup>st</sup> March, 2016), the Board of Directors duly met Three (3) times. The details of the Board Meetings are provided in the Corporate Governance Report which is annexed to the Report.

### **Insurance**

The properties and assets of the Company are adequately insured.

### **Declaration by Independent Directors**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 with respect to the declaration given by the Independent Directors of the Company under Section 149(6) of the Companies Act, 2013, the Board hereby confirms that all the Independent Directors have given declarations and further confirms that they meet the criteria of Independence as per the provisions of Section 149(6).

### **Performance Evaluation of the Board Committees and Independent Directors**

Pursuant to the provisions of Schedule IV of the Companies Act, 2013 and Rules made thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement, the Board has carried the evaluation of its own performance, individual Directors, its Committees, including the Chairman of the Board on the basis of attendance, contribution and various criteria as recommended by the Nomination and Remuneration Committee of the Company. The Board has also evaluated the working of the Board, its committees, experience and expertise, performance of specific duties and obligations etc. The Directors expressed their satisfaction with the evaluation process and outcome.

The performance of each of the non-independent directors (including the Chairman) was also evaluated by the Independent Directors at the separate meeting held of Independent Directors of the Company.

### **Policy on Directors' Appointment and Policy on Remuneration**

Pursuant to the requirements of Section 134 and 178 of the Companies Act, 2013, the policy on appointment of Board Members and policy on remuneration of the Directors, KMPs and Senior Management is attached as **Annexure II** to this report.

### **Secretarial Audit Report**

Mr. Uday Girishbhai Dave, Practicing Company Secretary, was appointed as Secretarial Auditor of the Company for the financial year 2015-16 pursuant to the provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by them in prescribed form MR-3 is attached as **Annexure III** to this report.

### **Contracts or Agreements with Related Parties**

During the year under review, there were no materially significant Related Party Transactions entered by the Company with related parties which may have potential conflict with the interest of the Company at large.

Necessary disclosures as required are provided in AS-18 which is forming the part of the notes to financial statement. The details of Related Party Transactions in Form AOC – 2 as required under provisions of Section 134 read with Section 188 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014 are annexed as **Annexure IV** to this Report.

The policy on Related Party Transactions has been uploaded on the website i.e. [www.sanghiment.com](http://www.sanghiment.com).

### **Particulars of Employees**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure V** to this report.

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and accounts are being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by members at the Registered office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

### **Internal Financial Control and their adequacy**

The Company has adopted internal control system considering the nature of its business and the size and complexity of operations. The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures etc. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of your company's operations.

### **Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013**

The Company has not made any loans or provided any guarantee or made any investments falling under purview of Section 186 of the Companies Act, 2013 during the financial year 2015-16.

### **Statutory Auditors**

M/s. Ankit & Company, Chartered Accountants, Hyderabad and M/s. Haribhakti & Co. LLP, Chartered Accountants, Ahmedabad, the Joint Statutory Auditors of the Company holds 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 2016-17, would be within the limits prescribed under Section 139 of the Companies Act, 2013. Your Board of Directors recommend their appointment as Joint Statutory Auditors of the Company.

### **Audit Committee**

The Audit Committee of the Company as on 31<sup>st</sup> March, 2016 consists of following Directors as its members:

1. Shri Sadashiv Sawrikar – Chairman
2. Shri R. K. Pandey – Member
3. Shri T. M. Jagan Mohan - Member

### **Vigil Mechanism**

In accordance with the provisions of Section 177(9) of the Companies Act, 2013 and the Rules made thereunder read with the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement, your company has established a vigil mechanism termed as Whistle Blower Policy for Directors and employees to report the unethical behaviour, malpractices, wrongful conduct, frauds, violations of the Company's Code of Conduct, which also provides for adequate safeguards against victimization of director(s)/employees who avail of the mechanism and also provide for direct access to the Whistle Officer/Chairman of the Audit Committee.

The Whistle Blower Policy is made available on the website of the Company [www.sanghiment.com](http://www.sanghiment.com)

### **Significant and Material Orders passed by the Regulators or Courts or Tribunals**

The Company has not received any significant or material orders passed by any regulatory authority, court or tribunal which shall affect the going concern status of the Company's operations.

### **Listing**

The Company's securities are listed with the Stock Exchanges at National Stock Exchange and Bombay Stock Exchange. The Company has paid the listing fees for the year 2016-17 to both the Stock Exchanges.

### **Cost Audit**

The Company has appointed M/s. N. D. Birla & Co., Cost Accountants, Ahmedabad, as Cost Auditor of the Company for audit of cost accounting records for the year 2016-17. The Audit report of the cost accounts of the Company for the year ended 31<sup>st</sup> March, 2016 will be submitted to the Central Government in due course.

### **Corporate Social Responsibility**

At Sanghi Industries Limited (SIL), the Corporate Social Responsibility (CSR) has been an integral part of the way we have been doing our business since inception. SIL is having 4.1 million tonnes per annum capacity cement plant in the Abdasa taluka of Kutch district in Gujarat. Right from the beginning, SIL has focused on developing the social infrastructure in the surrounding area where most villages suffered from chronic ills like limited livelihood options, acute scarcity of water, poor or no healthcare facilities, barren land and no set up for education.

SIL has always believed in transformation of socio-economic conditions of the region it operates in. The company is conscious about the responsibility towards society and has proved itself as a responsible Corporate Citizen.

SIL enjoys the distinction of being one of the first cement companies in India to be awarded SA:8000:2008 i.e. Social Accountability Certificate for its plant for the last seven years (earlier SA:8000:2001). Social Accounting is a process of ongoing

## Sanghi Industries Limited

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 to 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; and
- Conducting social awareness programmes on various issues.

The Company has constituted the Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility policy enumerating the CSR Activities to be undertaken by the Company, in accordance with the Schedule VII of the Companies Act, 2013 approved and adopted by the Board of Directors is also placed on the website of the Company [www.sanghiment.com](http://www.sanghiment.com). The requisite details on CSR Activities pursuant to Section 135 of the Companies Act, 2013 and Rules framed thereunder are annexed as **Annexure VI** to this report.

The details relating to the Composition of committee and meetings convened of the Committee etc. are furnished in the Corporate Governance Report which is forming the part of this report.

### **Extract of the Annual Return**

Extract of the Annual Return as on 31<sup>st</sup> March, 2016 in the prescribed form MGT - 9, pursuant to provisions of Section 92(3) of the Companies Act, 2013 and the Companies (Management and Administration) Rules 2014, is annexed to this report as **Annexure VII**.

### **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:

- KPD inlet duct modification resulting reduction of 50% KPD waste generation;
- Partially utilizing KPD as a performance improver into the product;
- Enhancing fly ash utilization in blended cement;
- First time successfully completed coal tar trial for utilizing as an alternative fuel in Kiln; and
- Enhancing pond ash utilization as an alternative raw material for Clinker.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

(a) Conservation of energy -		
(i)	the steps taken or impact on conservation of energy;	<ul style="list-style-type: none"> <li>• Continuous process optimization and reduction in false air ingress</li> <li>• Conduct energy audit by M/s TERI and implemented the energy conservation action plan</li> <li>• Conduct finger print analysis in Thermal Power Plant through M/s ABB Limited</li> <li>• Segregate vital and non-vital compressed air application and reroute entire compressed air network for energy saving</li> <li>• Adaption to best practices and processes of the sector</li> <li>• Higher usage of alternative fuel in Kiln</li> <li>• Start utilization of Petcock in Kiln</li> </ul>

(ii)	the steps taken by the company for utilizing alternate sources of energy;	Regular usage of waste oil, coal tar, plastic waste etc in Kiln as an alternative fuel.
(iii)	the capital investment on energy conservation equipments	₹ 215 Lac
(b) Technology absorption-		
(i)	the efforts made towards technology absorption;	The MIS Cell and Energy Steering Committee is working on energy accounting and conservation program by handling issues associated with. SIL strive to implement latest technologies for energy efficiency, alternative resources and minimize adverse impact on environment. The regular energy audit is carried out by the third party to identify the area for improvement.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	product improvement, cost reduction, product development & import substitution
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) :-	State of the art technology by FLSmidth Private Limited
	• the details of technology imported;	NA
	• the year of import	NA
	• whether the technology been fully absorbed; and	NA
	• if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	NA
(iv)	the expenditure incurred on Research and Development	₹ 96 Lac

### Foreign Exchange Earnings and Outgo

The particulars with regard to Foreign Exchange earnings and outgo are set out in Note 33 of Note to the Financial Statements.

### 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 accreditation.

- ISO 9001:2008 (Quality Management System Standard)
- ISO 14001:2004 (Environmental Management System Standard)
- OHSAS 18001:2007 (Occupational Health & Safety Management System Standard)
- SA 8000:2008 (Social Accountability System Certificate)
- ISO/IEC 17025:2005 (NABL accreditation for Chemical and Mechanical Testing)

### Recognitions for best practices

**Awards conferred to our various mines during celebration of “6<sup>th</sup> Gujarat Metalliferous Mines Safety Week - 2015” under the aegis of Directorate General of Mines Safety, Ahmedabad Region are as below:-**

Sl. No.	Awards conferred to Jadua Limestone Mines:	Awarded
1.	Publicity Propaganda and Fire Fighting	First Prize
	<b>Awards conferred to Motiber Silica Sand Mines:</b>	
1.	Appointment of Statutory Person and Maintenance of Records.	First Prize
2.	Quarry Working and General Safety.	First Prize
3.	Overall Performance.	First Prize

**Industrial Relations**

The Company's Industrial relations with its employees 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.

The Company has not received any complaint under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**Change in Registrar and Transfer Agent :**

The Company has established In House electronic connectivity for Share Transfer Registry work from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). All activities in relation to both Physical and electronic share transfer facility is maintained in-house by the Company.

**Appreciation/Acknowledgement**

Your Directors wish to place on record their sincere appreciation for the excellent assistance and co-operation received from the Governmental authorities, the consortium of banks and financial institutions, customers, vendors and investors for their continued support during the year.

For and on behalf of the Board

**Place :** Ahmedabad  
**Date :** 25th May, 2016

**Ravi Sanghi**  
Chairman & Managing Director

**IPL-2016  
OFFICIAL PARTNER - GUJARAT LIONS TEAM**



■ **SANGHI PREMIER LEAGUE** ■



■ **DEALERS' DUBAI TOUR** ■



■ **SANGHI RAJRATNA SCHEME** ■



## ■ KHEL MAHAKUMBH - SANGHIPURAM ■



■ SPONSORED ROUND TABLE BLIND MAN CAR RALLY ■



■ TCS FIT FOR LIFE RUN ■



■ SAMVEDANA CORPORATE CRICKET TOURNAMENT ■



■ YOGA DAY AT PLANT ■



## MANAGEMENT DISCUSSION AND ANALYSIS

The Management presents the analysis of your Company's performance during the nine months ended on 31<sup>st</sup> March 2016 ("2016") and comparison over corresponding period of the previous year ("2015"). 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 available on Indian economic scenario and may vary due to future economic and other developments in India and abroad.

### **Macro Economics of India**

During 2015-16, India's Gross Domestic Product (GDP) is estimated to increase to 7.6% from 7.2% in 2014-15.

The Current Account Deficit (CAD) was 1.4% of GDP during April-September 2015-16 period. It was 1.3% of GDP in 2014-15 and 1.7% of GDP in 2013-14.

The Gross Fiscal Deficit to GDP ratio is estimated to reduce to 4.1% for 2015-16 while it was 4% in 2014-15 and 4.5% in 2013-14.

The construction industry has grown by around 3.7% during 2015-16 against 4.4% during 2014-15.

### **Cement Industry – Present Scenario and Outlook**

#### **Demand**

The demand for cement can be classified into four segments, namely housing (55-60 per cent), infrastructure (20-25 per cent), commercial construction (5-10 per cent) and industrial segments (10-15 per cent).

The demand for cement remained flat during 2015-16 amid slower off-take in private housing and delayed spending on government-sponsored housing projects.

The cement industry's production increased by 4.6% during FY-16 to 282.52 million tonne over FY-15. The capacity utilization during 2015-16 was around 70% during 2015-16 against 71% during 2014-15.

The present Government is focussed on nation-wide infrastructure growth and various affordable housing projects, amongst other initiatives including smart cities. The Indian Government's measures to promote investment in ports, roads, airports and other infrastructure projects and building smart cities are likely to support cement demand. The acquisitions and/or mergers happening in the cement industry is an indication towards future positive outlook on the cement industry. While infrastructure in Gujarat and Maharashtra is expected to receive a boost from construction work of Nagpur Metro, other infrastructure projects such as Mumbai Metro and Gandhinagar Metro would also provide improve demand for cement in the western region, enabling increase in price.

The Union Budget of 2016 has announced several measures to boost infrastructure related spending.

- Total outlay for infrastructure ₹221,246 crore; outlay for urban infrastructure increased by 11% to ₹166 billion
- Investment allocation towards national highways increased by 49% to ₹1032 billion
- Dedicated Long Term Irrigation Fund with an initial corpus of ₹20,000 crore is proposed
- Boost for Make in India
- 100% deduction on profits made by undertaking specific low cost housing projects
- Doubling of clean energy cess on coal (domestic and imported) to ₹400 per tonne from ₹200 per tonne

Over a five-year period, cement demand is projected to increase at 7.5-8% CAGR, from revival in government spending on housing and growth in infrastructure spending.

#### **Prices**

While cement prices were flat during FY-16 on pan-India basis. The prices reduced by around 8% in the western region during FY-16 due to lower demand.

## Sanghi Industries Limited

### Key developments in Company

#### 1. Company's exit from CDR (Corporate Debt Restructuring) package

The Company has prepaid its loans to the lenders under CDR in March 2016, two years ahead of the schedule under its CDR package and has made successful exit from CDR.

#### 2. Recognitions for best practices

- The Company has won the following prizes during the "6<sup>th</sup> Gujarat Metalliferous Mines Safety Week 2015" under the aegis of Directorate General of Mines Safety, Ahmedabad Region.

Sl. No.	Awards conferred to Jadua Limestone Mines:	Awarded
1.	Publicity propaganda & Fire fighting	First Prize
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1.	Appointment of Statutory Person & Maintenance of Records.	First Prize
2.	Overall Performance.	First Prize
3.	Quality Work & General Safety	First Prize

#### 3. 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 accreditation.

- ISO 9001:2008 (Quality Management System Standard)
- ISO 14001:2004 (Environmental Management System Standard)
- OHSAS 18001:2007 (Occupational Health & Safety Management System Standard)
- SA 8000:2008 (Social Accountability System Certificate)
- ISO/IEC 17025:2005 (NABL accreditation for Chemical and Mechanical Testing)

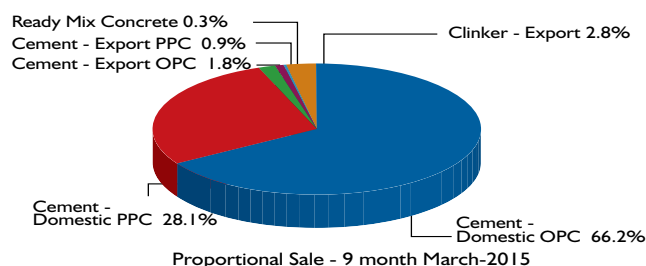
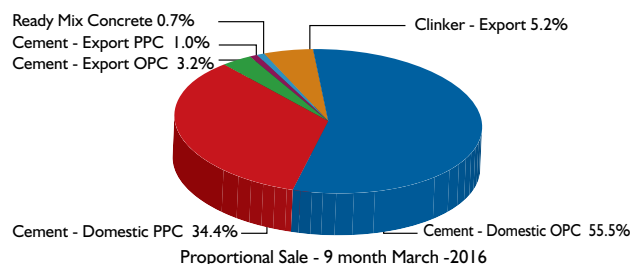
#### 4. Volume and Sales

The current year was 9 months ended on 31<sup>st</sup> March 2016. The comparison for the corresponding 9 month ended 31<sup>st</sup> March 2015 and full year ended on 30<sup>th</sup> June 2015 is presented.

During the year, Company achieved the following sales volume.

Product	9 months, ended 31 <sup>st</sup> March 2016 (mt)	9 months, ended 31 <sup>st</sup> March 2015 (mt)	%	FY-15
Cement	1,798,046	1,536,096	17	2,138,836
Clinker	271,550	98,804	175	203,938
RMC (M <sup>3</sup> )	24,634	19,451	27	26,167
<b>Total</b>	<b>2,094,230</b>	<b>1,654,351</b>	<b>27</b>	<b>2,368,941</b>

The gross sales were ₹958.73 crore during nine months' year ended on 31<sup>st</sup> March 2016 compared to ₹838.45 crore during corresponding nine months' period in the previous year, registering a growth of 14%. The gross sales for FY-15 were ₹1167 crore.



The clinker exports increased 117% to ₹50.20 crore during nine months year ended on 31.3.16 from ₹23.15 crore during corresponding nine months period in the previous year. The cement exports were ₹30.99 crore and ₹15.24 crore during similar periods, an increase of 103%.

An average domestic price for cement for the Company has reduced by 5% over similar periods. While the slowdown in infrastructure activities has dropped prices in Western India during FY-16 by 9%, the proposed spending on roads and highways in this region is expected to support growth in demand for cement.

## 5. Costs

- The raw material cost per tonne of production has increased by around 14% to ₹ 269 during nine months year ended on 31<sup>st</sup> March 2016 from ₹ 235 during corresponding nine month period in the previous year because of contribution to District Mineral Fund and National Mineral Exploration Trust due to amendments in Mines and Minerals (Development and Regulation) Act (MMDRA) in 2015 which has increased the life of our mineral leases upto 2046 year. It was around ₹ 223 during FY-15.
- Average power and fuel cost per tonne of production has reduced by around 22% to ₹ 881 during nine months year ended on 31<sup>st</sup> March 2016 from ₹ 1134 during corresponding nine month period in the previous year due to reduced cost of coal and substitution of low cost pet coke. It was around ₹ 1106 during FY-15.

The weighted average cost of power reduced to ₹ 2.68 per unit in FY-16 compared to ₹ 3.66 during FY-15.

The capacity utilisation of Thermal Power plant increased to 56% during nine months year ended on 31<sup>st</sup> March 2016 from 45% during corresponding nine month period in the previous year. It was 48% during FY-15,

- Overall, selling and distribution cost per tonne has reduced by around 10% to ₹ 1230 during nine months year ended on 31<sup>st</sup> March 2016 from ₹ 1373 during corresponding nine month period in the previous year contributed mainly by sales discount and commission. It was ₹ 1382 during FY-15. Domestic logistic cost has marginally reduced by around 3%. Freight cost also depends on the domestic geographical mix of the sales volumes.
- The average stores, spares and packing cost per tonne of production has reduced by around 20% to ₹ 208 during nine months year ended on 31<sup>st</sup> March 2016 from ₹ 261 during corresponding nine month period in the previous year. It was ₹ 228 during FY-15.

## 6. Profits and Margins

- The Company has earned Profit before Depreciation, Interest and Tax (PBDIT) of around ₹ 144 crore during nine months' year ended on 31<sup>st</sup> March 2016 compared to ₹ 125 crore during corresponding nine months' period in the previous year. The PBDIT margins remained nearly same at 18.42% and 18.56% respectively during these periods.
- The profit before tax almost doubled to ₹ 62.31 crore from ₹ 30.69 over similar periods. The Company has accounted for ₹ 60.39 crore as an exceptional one time expense in March 2016 paid towards lenders settlement. This has resulted in net profit after tax to reduce to ₹ 1.54 crore against ₹ 30.69 crore reported during corresponding nine months' period in the previous year.

## 7. Internal Control Systems

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013. The management maintains adequate internal financial control systems encompassing its entire business operations, statutory compliances and Financial Reports.

The Internal Audit also aims at testing the operational effectiveness of the internal financial control system and thereby facilitates an objective assurance to the Board and Audit Committee regarding the adequacy and effectiveness of the system.

**8. 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 thereby leading to the growth of the Company.

**9. Future Outlook**

Considering the infrastructure spending planned by the Central and State Governments of India, your Company expects a demand boost for cement and stable prices.

**10. Risk and Concerns**

The Company has devised the Enterprise Risk Management system which is periodically reviewed. The key areas of risk are as under.

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

**11. 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 Ravi Sanghi is the Chairman and Managing Director of the Company, who conducts the day-to-day management of the Company, subject to the supervision and control of the Board of Directors. The composition of the Board is in conformity with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the listing agreement.

Composition and category of Directors as on 31<sup>st</sup> March, 2016 is as under:

Sl. No.	Category	Name of Director
I.	Executive	Shri Ravi Sanghi – Chairman and Managing Director (Promoter) Shri Aditya Sanghi – Whole Time Director (Promoter) Shri Alok Sanghi – Whole Time Director (Promoter) Smt. Bina Engineer – Whole Time Director Shri N. B. Gohil – Whole Time Director
II	Non-Executive	Shri Gireesh Sanghi Shri Sadashiv Sawrikar Shri T. M. Jagan Mohan Shri R. K. Pandey, Shri D. B. N. Rao Shri D. K. Kambale Shri Naresh J. Gwalani Shri M. K. Doogar

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.

During the year ended on 31<sup>st</sup> March, 2016 ( From 1<sup>st</sup> July 2015 to 31<sup>st</sup> March, 2016) three Board Meetings were held on 28<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2016. The Company has observed the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of Listing Agreement allowing a maximum time gap of one hundred and twenty days between the two Board Meetings.

**The details of record of attendance of Directors at Board Meetings and last AGM and Directorships of Public Limited Companies and Membership/Chairmanship of Board Committees in other companies are as follows:**

<b>Names of Director</b>	<b>No. of Board Meetings attended</b>	<b>Attendance at the Last AGM</b>	<b>No. of Directorships of Other Companies *</b>	<b>No. of Membership of other Board Committees</b>	<b>No. of Chairmanship of other Board Committees #</b>
Shri Ravi Sanghi	3	Yes	1	-	-
Shri Gireesh Sanghi %	-	No	3	-	-
Shri Aditya Sanghi	3	No	4	-	-
Shri Alok Sanghi	2	No	4	-	-
Smt. Bina Engineer	3	No	1	-	-
Shri Sadashiv Sawrikar	3	Yes	1	-	-
Shri T. M. Jagan Mohan	3	Yes	-	-	-
Shri R. K. Pandey	3	No	7	5	2
Shri D. K. Kambale	3	No	2	-	-
Shri D. B. N. Rao	3	No	3	-	-
Shri N. B. Gohil	2	No	1	-	-
Shri Naresh J. Gwalani @	1	No	-	-	-
Shri M. K. Doogar \$	1	No	7	11	4

% Ceased to be a director w.e.f. 25<sup>th</sup> May, 2016

@ Ceased to be a director w.e.f. 22nd April, 2016

\$ Appointed as an additional director w.e.f. 11<sup>th</sup> February, 2016

\* Excludes alternate directorships/directorships of private companies, foreign companies and companies under Section 8 of Companies Act, 2013.

# Includes only Audit Committee and/Stakeholders Relationship Committee.

Shareholding of Non-Executive Directors as on 31<sup>st</sup> March, 2016 is as follows:

<b>Name of Directors</b>	<b>Number of Equity Shares of ₹ 10/- each of the Company.</b>
Shri Sadashiv Sawrikar	NIL
Shri R. K. Pandey	NIL
Shri D. K. Kambale	NIL
Shri T. M. Jagan Mohan	NIL
Shri D. B. N. Rao	NIL
Shri Naresh J. Gwalani	NIL
Shri M. K. Doogar	NIL

### **3. Committees of the Board of Directors:**

#### **a. Audit Committee:**

The Constitution, Powers, Role and Terms of references of the Audit Committee are as required under Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement.

Brief description of Terms of Reference:

The brief outline of the terms of reference is as under:

- The recommendation for appointment, remuneration and terms of appointment of Statutory and Internal Auditors of the Company;
- To review and monitor the Auditors independence, scope, performance and effectiveness of audit process and their reports and discussion on significant findings and follow up thereon;
- To review internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and to review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- To review the adequacy of internal control systems, evaluation of internal financial controls and risk management systems and to review the functioning of the Whistle Blower mechanism;
- Scrutiny of loans, advances and investments, valuation of undertakings or assets of the Company, wherever it is necessary and to approve the transactions of the Company with related parties and any subsequent modification thereto;
- To review the quarterly (un-audited) and annual financial statements before the same are submitted to the Board and 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 the management of funds, application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board and to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors, if any;
- To carry out any other function that relates to accounts and audit of the company.

During the year ended 31<sup>st</sup> March, 2016, the Committee meetings were held on 28<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2016. The composition, names of members and record of attendance during the year, consisting of Independent Directors, is as under:

<b>Name of Audit Committee Members</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Shri Sadashiv Sawrikar, Chairman	3	3
Shri T. M. Jagan Mohan, Member	3	3
Shri R. K. Pandey, Member	3	3

The Chairman & Managing Director and Executive Director & Chief Financial Officer are the permanent invitees to the Audit Committee Meetings. The Company Secretary acts as a Secretary of the Committee and the representatives of the Statutory Auditors attend the Audit Committee Meetings as invitees as and when required to provide the necessary inputs to the Committee.

The maximum time gap between any two committee meetings was less than 120 days.

**b. Business Operations and Finance Committee:**

Looking to the business requirements and smooth monitoring of the business activities, the Board of Directors had constituted "Business Operations and Finance Committee".

Brief description of Terms of Reference:

The terms of reference of Business Operations and Finance Committee is as under:

- To review the adequacy of term debt, fund based and non-fund based borrowings and all banking arrangements and cash management and to approve any modification, addition and reduction of the same.

- To make application for new loans and facilities, negotiate and finalize the terms, acceptance of 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 overall limits of the board powers.
- To convey acceptance of Sanction Letters, to approve the execution of Letters of Acknowledgment of Debts, Revival Letters, to negotiate, deal, and make settlement with Lenders, 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 review and approve short-term and long-term investment transactions, including deployment of surplus funds in various instruments.
- To review and approve from time to time various business arrangements, projects, purchase of equipments and apparatus for the existing and new business.
- To approach and negotiate with various debtors and creditors with proposals to settle the outstanding dues etc., and to approve the execution of any type of payment arrangement with the consenting parties 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.
- To open, operate and close bank accounts with various Banks as may be necessary from time to time and to delegate authority to any of the Officials of the Company to open, operate and conduct all required banking transaction including issue, negotiate and receive cheques, bills of exchanges, letter of credit, promissory notes, hundies etc. and close the Banking accounts so opened and execute necessary documents to open, operate and close the bank accounts, subject to such ceiling as committee may in its discretion decide for the transactions to be entered into by such officials of the Company.
- To make and submit whether by committee itself or delegate authority to the Officials of the Company various representations, applications, agreements etc., as may be necessary from time to time with various Banks and Financial Institutions including Letters of Credits, Amendments to Letters of Credit etc., among others for availing financial assistance - long-term and short-term including working capital proposals, restructuring of the said financial assistance etc.
- To make and submit whether by committee itself or to delegate authority to the Officials of the Company to apply for various telephone, telex and facsimile, internet connections etc., to the Department of Telecommunications or to the Private Telephone Operators etc.
- To enter and/or to delegate authority to officials of the company for entering into all sorts of business agreements, contracts with the parties for procurement of machineries, equipments, godowns, warehouses, stockyards, opening of branch office, representative office, to set up packing and storage facilities to construct terminals etc.
- To file, defend and to grant and delegate authority to the Officials of the Company to file and defend various legal cases as may be necessary from time to time for recoveries of monies due to the Company or as may be filed against the Company including the powers to engage counsel and submit evidence both oral and written in this regard subject to obtaining the approval of the Board for defending important and vital legal disputes.
- To grant and delegate authority to the Officials of the Company to represent the Company before Central Excise and Customs, Sales Tax, Municipal and Local Government authorities, Income Tax authorities, Reserve Bank of India and Court of Law and any other judicial body and such other Governmental/Non-Governmental/Quasi Governmental authorities as may be necessary from time to time on behalf of the Company.

- To make contributions to any Charitable or Religious or Political purposes as may be permissible from time to time subject to the various provisions of various laws as may be in force or to delegate authority to any officials of the Company in this regard subject to such restrictions laid down by the various laws.

During the year ended 31<sup>st</sup> March, 2016, the Committee meetings were held on 30<sup>th</sup> July, 2015, 28<sup>th</sup> August, 2015, 4<sup>th</sup> November, 2015, 11<sup>th</sup> February, 2016, 10<sup>th</sup> March, 2016, 21<sup>st</sup> March, 2016 and 30<sup>th</sup> March, 2016. The composition, names of members and record of attendance during the year, consisting of Directors, is as under:

<b>Name of Business Operations and Finance Committee Members</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Shri Sadashiv Sawrikar, Chairman	7	7
Shri Ravi Sanghi, Member	7	7
Smt. Bina Engineer, Member	7	7

The Company does not pay any sitting fees to the members for attending the Business Operations and Finance Committee meetings.

**c. Nomination and Remuneration Committee:**

The Constitution, Powers, Role and Terms of reference of the Nomination and Remuneration Committee are as required under Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement. The brief terms of references of the Nomination and Remuneration Committee is outlined as under:

Brief description of Terms of Reference:

The brief terms of references of the Nomination and Remuneration Committee is outlined as under:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down;
- To recommend to the Board their appointment and removal and shall carry out evaluation of Directors' performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director; and
- To recommend to the Board, a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

During the year ended 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee meeting was held on 28<sup>th</sup> August, 2015 and 11<sup>th</sup> February, 2016. The composition, names of members and record of attendance during the year, consisting of Directors, is as under :

<b>Name of Nomination and Remuneration Committee Members</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Shri D. K. Kambale, Chairman	2	2
Shri T. M. Jagan Mohan, Member	2	2
Shri Sadashiv Sawrikar, Member	2	2

**Performance Evaluation:**

The performance of the Independent Director is evaluated based on the criteria such as his knowledge, experience, integrity, expertise in any area, number of Board/Committee meetings attended, time devoted to the Company, his participation in the Board/Committee meetings etc. The Performance Evaluation of the Independent Directors was carried out by the Board and while evaluating the performance of the Independent Director, the Director who was subject to the evaluation did not participate.

**Remuneration Policy:**

In accordance with the provisions of Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee recommended the remuneration policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees which was approved by the Board and is annexed with the Directors' Report .

**d. Stakeholders Relationship Committee:**

In terms of Section 178 of the Companies Act, 2013 read with Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Stakeholders Relationship Committee of the Company is in place. . The terms of reference of the Stakeholders Relationship Committee are as under:

Brief description of Terms of Reference:

The Committee oversees redressal of grievances of shareholders 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.

The Composition, names of Members and record of attendance during the year, consisting of Directors, is as under :

<b>Name of Stakeholders Relationship Committee Members</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Shri T. M. Jagan Mohan, Chairman	10	10
Shri Sadashiv Sawrikar, Member	10	10
Shri Ravi Sanghi, Member	10	10

The Company does not pay any sitting fees to the members for attending the Stakeholders Relationship Committee meetings.

**e. Corporate Social Responsibility Committee :**

As required under Section 135 of the Companies Act, 2013, the Board has constituted the Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee of the Company is adequately constituted. The terms of references of the Corporate Social Responsibility Committee is outlined as under:

Brief description of Terms of Reference:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company.
- To recommend an amount of expenditure to be incurred on the activities as referred in Corporate Social Responsibility Policy of the Company.
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- To prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/ activities proposed to be undertaken by the Company.

During the year ended 31<sup>st</sup> March, 2016, the Committee meetings were held on 28<sup>th</sup> August, 2015 and 11<sup>th</sup> February 2016. The composition, names of members and record of attendance during the year, consisting of Directors, is as under :

<b>Name of Corporate Social Responsibility Committee member</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Shri R. K. Pandey, Chairman	2	2
Shri Aditya Sanghi, Member	2	2
Shri N. B. Gohil, Member	2	1

**f. Risk Management Committee :**

The Company has in place a committee known as “Risk Management Committee”. The brief terms of reference of the Committee are as under:

Brief description of Terms of Reference:

- To consider, review and recommend the Risk Management Policy, guidelines, processes and practices of the Company.
- To ensure that the Company is taking the appropriate measures to achieve balance between the risk and reward in ongoing and new business activities.
- To evaluate significant risk exposures of the Company and assess management’s actions to mitigate the exposures in a timely manner.
- To co-ordinate its activities with the Audit Committee in instances of overlap with audit activities.
- To provide periodical reports/recommendations to the Board of Directors.
- To adopt best method in the interest of the Company to deal with different kinds of risks being confronted by the Company.

The composition and names of members of Risk Management Committee is as under :

1. Shri Sadashiv Sawrikar, Chairman
2. Shri Ravi Sanghi, Member
3. Shri N.B. Gohil, Member

However as per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company is not mandatory required to constitute a Risk Management Committee.

**g. Independent Directors’ Meeting:**

As per the provisions of the Schedule IV of the Companies Act, 2013 read with Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement, the Independent Directors of the Company shall hold at least one meeting in the year without attendance of the Non-independent Directors. During the year under review, one meeting of the Independent Directors was held on 11<sup>th</sup> February, 2016. At the Meeting the Independent Directors reviewed the performance of the Non-independent Directors (Including the Chairman) and assessed the quality, quantity and timeliness of the flow of information between the Company and the Management.

**4. Managerial Remuneration:**

The Managing Director/Executive Director(s) are paid remuneration in accordance with the approval of the Board and of the Company in General Meeting and such other approvals as may be required. 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/Executive Directors are as under:

Name of Director	Shri Ravi Sanghi	Shri Aditya Sanghi	Shri Alok Sanghi	Smt. Bina Engineer	Shri N. B. Gohil
Designation	Chairman & Managing Director	Executive Director	Executive Director	Executive Director	Executive Director
Period of Appointment or re-appointment	Five Years w.e.f. 01.09.2015	Five Years w.e.f. 06.09.2012	Five Years w.e.f. 06.09.2012	Three Years w.e.f. 06.09.2013	Three Years w.e.f. 22.12.2014

Salary and Commission	As per the approval of the shareholders
Perquisites	As per the approval of the shareholders and 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 V of Companies Act, 2013.
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 Statement of Profit and Loss during the year ended 31<sup>st</sup> March, 2016 towards Salary of Chairman & Managing Director and Executive Director(s) are as follows:

(₹ in Lacs)

Name of Director	Shri Ravi Sanghi, Chairman & Managing Director	Other Executive Directors
Salary and Allowances	112.50	262.50
Perks	0.30	1.19
Commission	1.98	2.97
Company's contribution to PF and Superannuation Fund	Nil	Nil

The Company has not formulated any scheme for giving stock options to its employees. Hence, no stock options have been granted to the Chairman & Managing Director and Executive Directors for the year 2015-2016.

#### Non-Executive Directors:

None of the Non-Executive Directors have any pecuniary interest or transactions with the Company, except receiving sitting fee of ₹ 4500 (Rupees Four Thousand Five Hundred Only) and incidental expenses of ₹ 3000 (Rupees Three Thousand Only) from the Company for attending each meeting of the Board/Audit Committee/Nomination and Remuneration Committee/Corporate Social Responsibility Committee/Risk Management Committee of Directors and for attending the Independent Directors meeting.

During the year ended 31<sup>st</sup> March, 2016, the Company has paid the following amount towards sitting fees and incidental expenses to the Directors for attending the Board/Audit Committee/Nomination and Remuneration Committee/Corporate Social Responsibility Committee/Risk Management Committee/Independent Directors Meetings:

Name of Director	Sitting Fees Amount (₹)	Incidental Exps. (₹)	Total Amount (₹)
Shri Sadashiv Sawrikar	40500	27000	67500
Shri T. M. Jagan Moohan	40500	27000	67500
Shri R. K. Pandey	40500	27000	67500
Shri D. K. Kambale	27000	18000	45000
Shri D. B. N. Rao	18000	12000	30000
Shri Naresh J. Gwalani	4500	3000	7500
Shri M. K. Doogar	9000	6000	15000

#### **5. Subsidiary Companies:**

The Company has incorporated a wholly owned Subsidiary Company "Sange Testing Service (Sanghai) Co. Ltd.' at Shanghai, China. However, the Company has not invested any funds till date in the said subsidiary company.

## 6. Particulars for investors:

Name and Designation of Compliance Officer: Shri Anil Agrawal - Company Secretary

E-mail: companysecretary@sanghiment.com

The Company has established In-house electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for Share Transfer Registry Work. All Share Transfer/Demat are being processed in-house by the Company.

The Company had generally attended to all complaints/queries of investors within a period of 14-21 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 31<sup>st</sup> March, 2016, 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.

The status of the Investors' Complaints during the Financial Year 2015-16 are as under:

Investor Complaints during FY 2015-16	No. of Complaints
Pending at the beginning of the Financial Year 2015-16 i.e. 01/07/2015	0
Received during the Financial Year 2015-16	5
Disposed of during the Financial Year 2015-16	5
Remaining unresolved at the end of the Financial Year 2015-16 – 31/03/2016	0

## 7. General Body Meetings:

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

Year	Type of Meeting	Date	Venue	Time	No. of Special Resolutions passed
2013	AGM	28.09.2013	Registered Office at Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy District, Andhra Pradesh – 501 511	10.30 a.m.	1
2014	AGM	22.09.2014	Registered Office at Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy District Telangana – 501 511	10.30 a.m.	4
2015	AGM	14.11.2015	Registered Office at Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy District Telangana – 501 511	11.00 a.m.	6

No special resolution requiring a postal ballot was passed during the Financial Year 2015-16.

## 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:

Particulars of the related party transactions are listed out in Note 29 of the Notes of Accounts of Annual Report. However, 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 Corporate Governance requirements specified in regulation 17 to 27 and clause (b) to (i) of Sub regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements (Regulations), 2015.

- Disclosures of relationships between Directors inter-se:

Shri Aditya Sanghi and Shri Alok Sanghi are the sons of Shri Ravi Sanghi. None of the other Directors are inter-se related.

- Disclosure of Accounting Treatment:

In preparation of financial statements, the Company has followed the applicable Accounting Standards. The significant accounting policies that are consistently applied have been set out in the Notes to the Accounts.

- Board Disclosures – Risk management:

The business risk evaluation and managing such risk is an ongoing process within the organization. The Board is regularly briefed of risks assessed and the measures adopted by the company to mitigate the risks.

- Policy on Related Party Transaction:

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company i.e [www.sanghiment.com](http://www.sanghiment.com).

- Whistle Blower Policy:

In accordance with the requirements of Section 177(9) of the Companies Act, 2013 read with the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/the provisions of Clause 49 of the Listing Agreement, the Company has a Whistle Blower Policy approved by the Board. As per the policy in force, no person irrespective of the status or level is denied the access to the Audit Committee. The said policy is also posted on the website of the Company i.e [www.sanghiment.com](http://www.sanghiment.com).

## **9. Means of Communication:**

### **A. Financial Results:**

The Quarterly, Half yearly and Annual Results are published in widely circulated national and local dailies such as Financial Express and Vaartha and are displayed on the website of the Company [www.sanghiment.com](http://www.sanghiment.com)

### **B. News Releases, Presentations etc:**

Official News releases, press releases and presentation made to the analysts, institutional investors etc. are displayed on the website of the Company [www.sanghiment.com](http://www.sanghiment.com).

### **C. Website:**

The Company's Website [www.sanghiment.com](http://www.sanghiment.com) contains a separate dedicated section namely "Investors' Relations" where the useful information for the Shareholders is available.

## **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 9 <sup>th</sup> July, 2016 at 11:00 a.m. at Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy, District, Telangana – 501 511
Financial Year/Calendar	:	
● Results for first quarter ending 30 <sup>th</sup> June, 2016	:	On or before 14 <sup>th</sup> August, 2016
● Results for second quarter ending 30 <sup>th</sup> September, 2016	:	On or before 14 <sup>th</sup> November, 2016
● Results for third quarter ending 31 <sup>st</sup> December, 2016	:	On or before 14 <sup>th</sup> February, 2017
● Results for fourth quarter ending 31 <sup>st</sup> March, 2017	:	On or before 30 <sup>th</sup> May, 2017
Registered Office	:	Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511
Phone, Fax, E-mail	:	Phone : 08415 – 242240 Fax : 08415 – 242239 E-mail: <a href="mailto:companysecretary@sanghiment.com">companysecretary@sanghiment.com</a>
Plant Location	:	Sanghipuram, Village Motiber, Taluka Abdasa, District Kutch, Gujarat – 370 511
Registrar & Transfer Agent (RTA)	:	The Company has established in-house electronic connectivity with NSDL and CDSL for Share Transfer Registry Work. All Share Transfer/Demat are being processed completely in-house by the Company. <b>Address for Correspondence:</b> Registered office of the Company
Address for Investors Correspondence	:	To the Company at its registered office address
Listing on Stock Exchanges	:	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/I, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Payment of Annual Listing Fee	:	Annual Listing Fee for the year 2016-17 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 BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2015-16:**

Sl. No.	Month	BSE		NSE	
		High	Low	High	Low
1	July-2015	65.00	52.00	65.00	51.00
2	August	60.60	44.20	60.35	44.55
3	September	58.00	44.00	58.50	44.10
4	October	76.30	53.10	76.40	52.05

5	November	74.30	60.10	74.60	60.10
6	December	68.00	59.50	67.90	59.50
7	January - 2016	70.90	49.25	70.90	49.30
8	February	56.00	44.50	56.00	44.00
9	March	68.50	50.25	68.50	49.00

• **Distribution of shareholding as on 31<sup>st</sup> March, 2016:**

Slab (No. of Shares)	No. of Shareholders		No. of Shares	
	Total	%	Total	% of Share Capital
1 – 500	10813	78.59	1877973	0.85
501 – 1000	1355	9.85	1139053	0.52
1001 – 2000	668	4.86	1070163	0.49
2001 – 3000	243	1.77	643235	0.29
3001 – 4000	132	0.96	479268	0.22
4001 – 5000	133	0.96	637978	0.29
5001 – 10000	199	1.44	1492542	0.68
10001 – and above	216	1.57	212638788	96.66
<b>Total</b>	<b>13759</b>	<b>100.00</b>	<b>219979000</b>	<b>100.00</b>

• **Distribution of Equity Shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2016**

Category	No. of Shares	Amount (in ₹)	% to total
Promoter Group, Individuals along with Persons Acting in Concert	16,49,45,782	164,94,57,820	74.98
Public			
a) Foreign Institutional Investors	9,44,714	94,47,140	0.43
b) Non-resident Indians/OCBs	6,55,288	65,52,880	0.30
c) Others	5,34,33,216	53,43,32,160	24.29
<b>Total</b>	<b>21,99,79,000</b>	<b>2,199,790,000</b>	<b>100.00</b>

• **Share Transfer System**

The Company/RTA completes the process of transfer requests for which an average time taken for processing of share transfers is approximately 15 days from the date of receipt of request, provided the documents are found in order.

• **Dematerialization of Shares and liquidity**

The Company's shares are available for trading in both the depository systems i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31<sup>st</sup> March, 2016, 99.53% of the Equity Share Capital, representing 21,89,34,945 shares were held in depository mode.

• **Investor Relations:**

All the queries received from shareholders during the year ended 31<sup>st</sup> March, 2016 have been responded. 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 72 of the Companies Act, 2013, are requested to submit their request to the Company's Share section at its registered office in the prescribed Form SH 13 for this purpose, which can be obtained by writing to the Company Secretary at its registered office address.

- **CEO/CFO Certification**

The Chairman and Managing Director/Chief Financial Officer of the Company gives annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement. The Chairman and Managing Director/the Chief Financial Officer also give quarterly certification on financial results to the Board in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Declaration:**

Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement, and according to the information provided/available, it is hereby confirmed that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2015-2016. The Code of Conduct is also posted on the website of the Company i.e. [www.sanghiment.com](http://www.sanghiment.com).

For and on behalf of the Board

**Place:** Ahmedabad  
**Date :** 25th May, 2016

**Ravi Sanghi**  
**Chairman & Managing Director**

**Annexure II**

**POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:**

In terms of Section 178 of the Companies Act, 2013 read with the applicable Rules thereunder and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreement, Nomination and Remuneration Committee recommended the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company which was approved and adopted by the Board of Directors of the Company.

**Objectives :**

- To provide guidance to the Board for appointment and removal of Directors, KMP and Senior Management;
- To formulate criteria for performance evaluation of Directors, KMP and Senior Management and to provide necessary evaluation report to the Board; and
- To recommend to the Board remuneration payable to the Directors, KMP and Senior Management.

**Role of Nomination and Remuneration Committee :**

The Committee shall perform the role for following matters :

**Criteria for appointment of Director :**

- To determine the age, qualifications, qualities, skills, positive attributes and independence of a director and other expertise required to be a director.

**Nomination of directors:**

- Identifying, screening and reviewing candidates qualified to be appointed as executive directors, non-executive directors and independent directors.
- Recommending to the Board candidature for appointment or re-appointment of directors; and
- The Nomination Committee may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairman of the Board of Directors. The Committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it deem fit and appropriate, passing on the recommendations for the nomination to the Board.

**Evaluation of Director:**

- The Committee develops, subject to approval by the Board, a process for an annual evaluation of the performance of the Board, the individual directors on the basis of detailed performance parameters set for directors at the beginning of the year.
- The Committee may, from time to time, also evaluate the usefulness of such performance parameters, and make necessary amendments.

**Consultative role:**

- The Nomination Committee plays a consultative role for any appointment requiring Board approval, as stipulated by law or regulation, for top management positions such as that of the Manager, Chief Financial Officer and Company Secretary. It provides its advice and recommendations to the Board.

**Evaluation of KMP and Senior Management:**

- The Committee shall annually review and approve for the KMP and Senior Management the corporate goals and objectives applicable to them, evaluate at least annually their performance in light of those goals and objectives, and determine and approve their (a) annual base salary, (b) annual incentive bonus, including the specific goals and amount, (c) any other benefits, compensation or arrangements, based on this evaluation.
- The Committee may also make recommendations to the Board with respect to incentive compensation plans. The committee may review the Company's incentive compensation arrangements to determine whether they encourage

excessive risk taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.

**Duties of Nomination and Remuneration Committee :**

**A. The duties of the Committee in relation to nomination matters include:**

- To ensure that appropriate induction and training programme are in place for new Directors and members of Senior Management and to periodically review its effectiveness;
- To ensure that on appointment, Non-Executive Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- To determine the appropriate size, diversity and composition of the Board;
- To identify and recommend names of Directors who are to retire by rotation;
- To set up a formal and transparent procedure for selecting Directors for appointment to the Board;
- To evaluate the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- To develop a succession plan for the Board and Senior Management and to regularly review the plan;
- To recommend necessary changes in the Board;
- To delegate any of its powers to the members or the Secretary of the Committee; and
- To consider any other matters as may be requested by the Board.

**B. The duties of the Committee in relation to remuneration matters include:**

- To determine the Remuneration Policy and while designing the remuneration package it must consider that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- To ensure that the remuneration to Directors, KMP and Senior Management of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- To delegate any of its powers to the members or the Secretary of the Committee; and
- To consider any other matters as may be requested by the Board;

For and on behalf of the Board

**Place : Ahmedabad**  
**Date : 25th May, 2016**

**Ravi Sanghi**  
Chairman & Managing Director

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**SANGHI INDUSTRIES LIMITED**  
**CIN: L18209TG1985PLC005581**  
Sanghi Nagar, P. O. Hayatnagar Mandal,  
Ranga Reddy District,  
Telangana – 501511.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sanghi Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit; I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto May 14, 2015);  
The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Effective from May 15, 2015);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable as the Company has not issued any shares during the year under review;
  - (d) The Securities and Exchange Board of India (Share Based Employees Benefits), Regulations, 2014 - Not Applicable as the Company has not issued any Shares/options to the Directors/Employees under the said Regulations during the year under review;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt securities during the year under review;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

## Sanghi Industries Limited

regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted its Equity Shares from any Stock Exchanges during the year under review;
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2008 - Not Applicable as the Company has not bought – back any of its securities during the year under review; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Effective from December 1, 2015).

I have also examined compliance with the applicable Standards/Clauses/Regulations of the following:

- (i) Secretarial Standards with respect to the Meetings of the Board of Directors and Committee Meetings of the Board (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India. (Effective from July 1, 2015.)
- (ii) The Listing Agreements and Uniform Listing Agreement entered into by the Company with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

During the period under review, the Company has generally complied with all the material aspects provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the fact that the Company is having Registrar and Transfer Agent who provides electronic connectivity with Depositories and physical share transfer related work is being handled by the Company. As on 31<sup>st</sup> March, 2016 the Company is having 99.53% shares of total equity capital are in Demat Mode. However, After close of the year, the Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and has obtained the facility of in-house Electronic Connectivity for Share transfer registry work so presently entire share transfer registry work is managed by the Company i.e common agency.

### **I further report that:**

Having regard to the Compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof on test - check basis, the Company has generally complied with the material aspects of the following laws specifically applicable to the Company being engaged in the Cement Industry:

1. Mineral Conservation and Development (Amendment) Rules, 2016
2. The Mines and Mineral (Development and Regulations) Amendment Act, 2015
3. Mineral (Auction) Rules, 2015
4. The Minerals (Evidence of Mineral Contents) Rules, 2015
5. Explosive Rules, 2008
6. Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 1989
7. Atomic Energy (Radiation Protection) Rules, 2004
8. The Petroleum Act, 1934
9. Ammonium Nitrate Rules, 2012
10. Mines Act, 1952
11. India Boiler Act, 1923 read with Gujarat Boiler Rules, 1966
12. Bio-Medical Waste (Manufacturing and Handling) Rules, 2008

### **I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors and Independent Directors as required under the provisions of Companies Act, 2013. The changes in the composition of Board that took place during the period under review were carried out in compliance of the provisions of Act.

Adequate notice is given to all directors to schedule the Board Meetings at least seven days in advance. Agenda were sent well

in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors/Committees of the Company were carried unanimously. I was informed that there were no dissenting views of the members' on any of the matters during the year that were required to be captured and recorded as part of the minutes.

**I further report that:**

Based on the review of compliance mechanism established by the Company, the information provided by the Company, its officers and authorized representatives during the conduct of the audit and compliance certificate placed before the Board Meeting, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines such as Labour Laws, Environmental Laws, The Trade Marks Act, 1999, The Indian Copyright Act, 1957, The Patents Act, 1970.

**I further report that:**

The Compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this audit since the same have been subject to the review by the Statutory Auditors and other designated professionals.

**I further report that:**

During the audit period under review, the event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc is as mentioned below:

- (a) The Company has fully redeemed its Optionally Convertible Cumulative Participating Preference Shares (OCCPPS) and now paid up share capital of the Company is consisting of only Equity shares.
- (b) The Company has issued and allotted 25,64,829 No. of Secured, Unlisted, Non Convertible Debentures (NCDs) of ₹ 1000/- each aggregating ₹ 2,56,48,29,000/- on Private placement basis in Demat mode.
- (c) During the year under review, the company has exited from Corporate Debt Restructuring (CDR) mechanism after making repayment of all dues payable to the respective CDR lenders.

**For Uday Girishbhai Dave**  
**Company Secretary**

**Place : Ahmedabad**  
**Date : May 23, 2016**

**Uday G. Dave**  
**FCS No. 6545 C P No.7158**

Note: This report is to be read with our letter of even date which is annexed as Annexure – A and forms an integral part of this report.

**ANNEXURE - A**

To,  
**The Members,**  
**SANGHI INDUSTRIES LIMITED**  
CIN: L18209TG1985PLC005581  
Sanghinagar P. O. Hayatnagar Mandal,  
Ranga Reddy District,  
Telangana - 501 511.

My report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provision of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Uday Girishbhai Dave**  
**Company Secretary**

**Place : Ahmedabad**  
**Date : May 23, 2016**

**Uday G. Dave**  
**FCS No. 6545 C P No.7158**

## Annexure – IV

**FORM NO. AOC 2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at Arm's length basis.

Sl. No.	Particulars	Details
1	Name (s) of the related party and nature of relationship	N.A
2	Nature of contracts/arrangements/transaction	N.A
3	Duration of the contracts/arrangements/transaction	N.A
4	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A
5	Justification for entering into such contracts or arrangements or transactions'	N.A
6	Date of approval by the Board	N.A
7	Amount paid as advances, if any	N.A
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A

- Details of material contracts or arrangements or transactions at Arm's length basis.

(Amount in ₹)

Details						
Name (s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
Sanghi Infrastructure Limited	Two of the Directors are common	(1) Availing of Services	01/07/2015 to 31/03/2016	₹ 2,54,42,800	Not Applicable	-
		(2) Purchase of Dredger		₹ 5,61,00,000	11/02/2016	-
Kachchh Steels Private Limited	One of the Director is a Member	Purchase of Goods	01/07/2015 to 31/03/2016	₹ 7,29,41,558	Not Applicable	-

For and on behalf of the Board

Place : Ahmedabad  
Date : 25th May, 2016

**Ravi Sanghi**  
Chairman & Managing Director

## Annexure V

**DISCLOSURE UNDER SECTION 197 (12) AND RULE 5 (1) OF THE COMPANIES  
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year ended 31<sup>st</sup> March, 2016:

Sl. No.	Director	Remuneration (₹ in lacs P.A.)	Median Remuneration (₹ in lacs P.A.)	Ratio
1.	Shri Ravi Sanghi	114.77	4.10	28
2.	Shri Aditya Sanghi	76.29	4.10	19
3.	Shri Alok Sanghi	76.29	4.10	19
4.	Smt. Bina Engineer	76.29	4.10	19
5.	Shri N. B. Gohil	37.80	4.10	9

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary in the financial year:

Sl. No.	Name	Designation	% Increase
1.	Shri Ravi Sanghi	Chairman and Managing Director	Nil
2.	Shri Aditya Sanghi	Whole Time Director	Nil
3.	Shri Alok Sanghi	Whole Time Director	Nil
4.	Smt. Bina Engineer	Whole Time Director and Chief Financial Officer	Nil
5.	Shri N. B. Gohil	Whole Time Director	2.72%
6.	Shri Anil Agrawal	Company Secretary	12%

The Other Directors are Non-Executive Directors and are receiving sitting fee of ₹ 4500 (Rupees Four Thousand Five Hundred Only) and incidental expenses of ₹ 3000 (Rupees Three Thousand Only) from the Company for attending each meeting of the Board/Audit Committee/Nomination and Remuneration Committee/Corporate Social Responsibility Committee/Risk Management Committee of Directors and for attending the Independent Directors meeting. There is no increase in said sitting fees during the Financial year 2015-16.

- (iii) The percentage increase in the median remuneration of employees in the financial year : 9.72% (weighted average for the year)
- (iv) The number of permanent employees on the rolls of the company :  
785 Employees.
- (v) The explanation on the relationship between average increase in remuneration and company performance;

(₹ in Crores)

Particular	2015-16	2014-15
Total Income	779.56	939.35
Earnings before Interest Depreciation and Taxation (EBIDTA)	143.59	164.50
Earnings before Interest Depreciation and Taxation (EBIDTA) as % of Total Income	18.42%	17.51%
Profit Before Tax	62.31	30.59
Profit Before Tax as % of Total Income	7.99%	3.26%
Profit Before Tax after exceptional items	1.92	30.59
Profit Before Tax after exceptional items as % of Total Income	0.25%	3.26%

Average increase in remuneration of employees is in line with current year's performance and it is a measure to motivate the employees for better future performance to achieve organization growth expectations.

**(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:**

Average increase in remuneration of the Key Managerial Personnel is 1.91% and is based on individual performances, company's performance and as measure to motivate them for better future performance to achieve organization's growth expectations.

**(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:**

Particulars	Unit	As at 31st March 2016	As at 30 <sup>th</sup> June 2015	Variation
Closing rate of share at BSE	(In ₹)	61.45	53.15	15.61%
EPS	(In ₹)	0.07	1.39	-94.96%
Market Capitalization	(₹ in Crore)	1351.77	1169.19	15.61%
Price Earnings ratio	Ratio	877.86	38.24	2195.80%

**(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average increase in salaries of employees other than managerial personnel in 2015-16 was 9.72% Percentage increase in the managerial remuneration for the year was 1.27%.

**(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:**

**Performance of the company:**

(₹ In Crores)

Particular	2015-16	2014-15
Total Income	779.56	939.35
Profit Before Tax	62.31	30.59
PBT as % of Total Income	7.99%	3.26%
PBT after exceptional items	1.92	30.59
PBT after exceptional items as % of Total Income	0.25%	3.26%

**Increase in remuneration of Key Managerial Personnel:**

Sl. No.	Key Managerial Personnel	% increase
1.	Shri Ravi Sanghi, Chairman and Managing Director	1.39%
2.	Smt. Bina Engineer	0.98%
3	Shri Anil Agrawal	12%

**(x) The key parameters for any variable component of remuneration availed by the directors:**

The Chairman and Managing Director and Whole Time Directors have not availed any variable remuneration components.

**(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

None

**(xii) Affirmation that the remuneration is as per the remuneration policy of the company:**

It is affirmed that the remuneration paid is as per the remuneration policy of the Company.

For and on behalf of the Board

Place : Ahmedabad  
Date : 25th May, 2016

**Ravi Sanghi**  
Chairman & Managing Director

## Annexure VI

**ANNUAL REPORT ON CSR ACITIVITIES**

1. A brief outline of the company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs :

The Company has framed the Corporate Social Responsibility (CSR) policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the weblink [www.sanghicement.com](http://www.sanghicement.com). The CSR policy enumerating the CSR Activities/Projects/Programmes undertaken/to be undertaken by the Company is in accordance with the Schedule VII of the Companies Act, 2013.

2. **Composition of CSR Committee.**

Our CSR committee comprises of following members:

- (a) Shri R. K. Pandey, Chairman
- (b) Shri Aditya Sanghi, Member
- (c) Shri N. B. Gohil, Member

3. **Average net profit of the Company for the past three years:**

The average net profit is as detailed below:

Particulars	(₹ In Crore)
Average net profits for last three financial years	42.31

4. **Prescribed CSR expenditure:**

Prescribed CSR expenditure is as detailed below:

Particulars	(₹ In Crore)
Prescribed CSR expenditure (2% of ₹ 42.31 Crore)	0.85

5. **Details of CSR spent during the financial year 2015-16.**

Particulars	(₹ In Crore)
(a) Total amount spent during the year	2.32
(b) Amount unspent, if any	Nil

(c) Manner in which the amount is spent during the financial year is detailed below:

(Amount in ₹)

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs: 1) Local Area or other 2) Specify the state and district where the project or program was undertaken	Amount outlay (Budget) project or programs wise (₹)	Amount spent on the projects or programs sub-heads: 1) (Direct Expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	Hospital Expense	Promoting Health Care Services including preventing healthcare	Kutch, Gujarat	22,00,000	21,14,700	21,14,700	Trust
2	School Expenses	Promoting Education	Kutch, Gujarat	20,00,000	20,44,056	41,58,756	Trust
3	Promotion of Social, Charitable and Welfare Activity	Community Development	Kutch, Gujarat	2,00,000	1,68,261	43,27,017	Direct
4	Animal Welfare Activity	Animal Welfare	Ahmedabad, Gujarat	5,00,000	5,00,000	48,27,017	Direct

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs: 1) Local Area or other 2) Specify the state and district where the project or program was undertaken	Amount outlay (Budget) project or programs wise (₹)	Amount spent on the projects or programs sub-heads: 1) (Direct Expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
5	Medical treatment to village persons at Vellur Medical College	Promoting Health Care Services including preventing healthcare	Kutch, Gujarat	3,00,000	3,00,000	51,27,017	Direct
6	Beti Bachao Beti Padhao – Hon'ble Gujarat Chief Minister – Kanya Kelavani Nidhi Fund	Promoting Gender Equality	Gujarat	11,11,111	11,11,111	62,38,128	Direct
7	Barricade supplied to Traffic Police, Ahmedabad	Community Development	Ahmedabad, Gujarat	3,00,000	3,15,000	65,53,128	Direct
8	Shree Matana Madh Devi Pilgrim Seva Camp	Community Development	Kutch, Gujarat	2,00,000	2,12,566	67,65,694	Direct
9	Hoarding flex of Blind Car Rally	Community Development	Ahmedabad, Gujarat	1,50,000	1,45,141	69,10,835	Direct
10	Other Welfare Activities	Community Development	Gujarat	1,50,000	1,72,311	70,83,146	Direct
11	Green Belt development	Ensuring the environmental sustainability, Ecological Balance and Protection of flora and fauna	Kutch, Gujarat	1,62,00,000	1,60,78,634	2,31,61,780	Trust/Direct
				<b>2,33,11,111</b>	<b>2,31,61,780</b>	<b>2,31,61,780</b>	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report. **Not Applicable**
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

For and on behalf of the Board

**Place: Ahmedabad**  
**Date : 25th May, 2016**

**R. K. Pandey**  
**Chairman – CSR Committee**

**Ravi Sanghi**  
**Chairman & Managing Director**

## Annexure - VII

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31<sup>st</sup> March, 2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I REGISTRATION & OTHER DETAILS:**

i	CIN	LI8209TGI985PLC00558I
ii	Registration Date	14/06/1985
iii	Name of the Company	Sanghi Industries Limited
iv	Category/Sub-category of the Company	Company Limited by shares/India Non-Government Company
v	Address of the Registered office & contact details	Sanghinagar P.O., Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511, Tel. No. 08415 – 242240, Fax No. 08415- 242239
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s CIL Securities limited having their office at 214, Raghava Ratna Towers, Chirag Ali Lanes, Abids, Hyderabad - 500 001 (Note - I)

Note-I

After the close of the financial year, the Company has established in-house electronic connectivity for Share Transfer Registry Work with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). All activities in relation to both physical and electronic share transfer facility is maintained in-house by the Company itself.

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
I	Ordinary Portland and Portland Pozzolana Cement	2394	93%

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl. No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD *	APPLICABLE SECTION
I	Sange Testing Service (Sanghai) Co. Ltd. Room 2009, 2nd floor, No.131, Fute North Road, Free Trade Zone, Shanghai, China	N.A.	Subsidiary		2(87)

\*The Company has incorporated a Wholly owned Subsidiary Company at China. However the Company has not invested any funds till date in the said subsidiary company.

**IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**

## i) Category - wise share holding

Category of Shareholders	No. of Shares held at the beginning of the year(01.07.2015)				No. of Shares held at the end of the year(31.03.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(I) Indian									
a) Individual/HUF	81585750	1000000	82585750	37.54	81585750	1000000	82585750	37.54	—
b) Central Govt. or State Govt.	—	—	—	—	—	—	—	—	—
c) Bodies Corporates	82360032	—	82360032	37.44	82360032	—	82360032	37.44	—
d) Bank/FI	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year(01.07.2015)				No. of Shares held at the end of the year(31.03.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any other	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL:(A) (1)</b>	<b>163945782</b>	<b>1000000</b>	<b>164945782</b>	<b>74.98</b>	<b>163945782</b>	<b>1000000</b>	<b>164945782</b>	<b>74.98</b>	<b>–</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL (A) (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>163945782</b>	<b>1000000</b>	<b>164945782</b>	<b>74.98</b>	<b>163945782</b>	<b>1000000</b>	<b>164945782</b>	<b>74.98</b>	<b>–</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	12236293	5800	12242093	05.57	12053433	–	12053433	05.48	-0.09
b) Banks/FI	–	3275	3275	00.00	35677	–	35677	00.02	0.01
c) Central govt	–	–	–	–	–	–	–	–	–
d) State Govt.	–	–	–	–	–	–	–	–	–
e) Venture Capital Fund	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	1010014	–	1010014	00.46	944714	–	944714	00.43	-0.03
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
(a) Alternate Investment Funds	–	–	–	–	870184	–	870184	00.40	0.40
(b) Foreign Portfolio Investor	–	–	–	–	150000	–	150000	00.07	0.07
<b>SUB TOTAL (B)(1):</b>	<b>13246307</b>	<b>9075</b>	<b>13255382</b>	<b>6.03</b>	<b>14054008</b>	<b>–</b>	<b>14054008</b>	<b>6.39</b>	<b>0.36</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	28677694	300050	28977744	13.17	28058921	4880	28063801	12.76	-0.42
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	5946537	45059	5991596	02.72	7169054	9400	7178454	03.26	0.54
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	5858779	–	5858779	02.66	4877571	–	4877571	02.22	-0.45
c) Others (specify)									
NRI	717835	148150	865985	00.39	625513	29775	655288	00.30	-0.10
Clearing Members	83732	–	83732	00.04	204096	–	204096	00.09	0.05
Trust	–	–	–	–	–	–	–	–	–
<b>SUB TOTAL (B)(2):</b>	<b>41284577</b>	<b>493259</b>	<b>41777836</b>	<b>18.99</b>	<b>40935155</b>	<b>44055</b>	<b>40979210</b>	<b>18.63</b>	<b>-0.36</b>

Category of Shareholders	No. of Shares held at the beginning of the year(01.07.2015)				No. of Shares held at the end of the year(31.03.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)= (B)(1)+(B)(2)	54530884	502334	55033218	25.02	54989163	44055	55033218	25.02	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	218476666	1502334	219979000	100.00	218934945	1044055	219979000	100.00	–

(ii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	164945782	74.98	164945782	74.98
	Increase/Decrease in Promoters Shareholding during the year	–	–	–	–
2	At the end of the year	164945782	74.98	164945782	74.98

(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No.of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Balaji Voyage Private Limited	8276415	3.76	8430919	3.83
2	Shreenathji Voyage Private Limited	6994587	3.18	6994587	3.18
3	Navdurga Voyage Pvt. Ltd.	5171787	2.35	5171787	2.35
4	Reliance Capital Trustee Co. Ltd - A/c Reliance Mid & Small Cap Fund	4265642	1.94	3965642	1.80
5	Aavishkar Investors Services Private Limited	3574099	1.62	3562654	1.62
6	Reliance Capital Trustee Co. Ltd - A/c Reliance Small Cap Fund	2111104	0.96	2552804	1.16
7	KMS Construction Pvt. Ltd.	2057973	0.94	2035935	0.93
8	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life Midcap Fund	1614237	0.73	1828194	0.83
9	IMSF (Mauritius) Limited	1000000	0.45	900043	0.41
10	Canara Robeco Mutual Fund A/c Canara Robeco Emerging Equities	836102	0.38	–	–
11	IIFL Best of Class Fund I - Class 2	–	–	870184	0.40

(iv) Shareholding of Directors and Key Managerial Personnel :

Sl. No	For Each of Director and Key Managerial personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Sri Ravi Sanghi, Chairman and Managing Director				
	At the beginning of the year	36062150	16.39	36062150	16.39

	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>36062150</b>	<b>16.39</b>	<b>36062150</b>	<b>16.39</b>
<b>2</b>	<b>Mr. Aditya Sanghi, Whole Time Director</b>				
	At the beginning of the year	2889500	1.31	2889500	1.31
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>2889500</b>	<b>1.31</b>	<b>2889500</b>	<b>1.31</b>
<b>3</b>	<b>Mr. Alok Sanghi, Whole Time Director</b>				
	At the beginning of the year	2889500	1.31	2889500	1.31
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>2889500</b>	<b>1.31</b>	<b>2889500</b>	<b>1.31</b>
<b>4</b>	<b>Smt. Bina Engineer, Whole Time Director &amp; CFO</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5</b>	<b>Shri N B Gohi, Whole Time Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6</b>	<b>Shri Sadashiv Sawarikar, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7</b>	<b>Shri T. M. Jagan Mohan, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8</b>	<b>Shri D. K. Kambale, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Shri D. B. N. Rao, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>Shri R. K. Pandey, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11</b>	<b>Shri Naresh J. Gwalani, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12</b>	<b>Shri M. K. Doogar, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease/Increase in shareholding	-	-	-	-

	<b>At the end of the year</b>	-	-	-	-
13	<b>Shri Anil Agrawal, Company Secretary</b>				
	At the beginning of the year	100	-	100	-
	Decrease/Increase in shareholding	-	-	-	-
	<b>At the end of the year</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>

**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4,397,103,543	-	-	4,397,103,543
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,962,690	-	-	3,962,690
<b>Total (i + ii + iii)</b>	<b>4,401,066,233</b>	<b>-</b>	<b>-</b>	<b>4,401,066,233</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	2,916,533,436	-	-	2,916,533,436
Reduction	1,883,765,684	-	-	1,883,765,684
<b>Net Change</b>	<b>1,032,767,752</b>	<b>-</b>	<b>-</b>	<b>1,032,767,752</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	5,428,298,311	-	-	5,428,298,311
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,535,674	-	-	5,535,674
<b>Total (i + ii + iii)</b>	<b>5,433,833,985</b>	<b>-</b>	<b>-</b>	<b>5,433,833,985</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time director and/or Manager:**

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of the MD/WT/Manager					Total Amount
		Shri Ravi Sanghi, Chairman and Managing Director	Shri Aditya Sanghi, Whole Time Director	Shri Alok Sanghi, Whole Time Director	Smt. Bina Engineer, Whole Time Director & CFO	Shri N. B. Gohil, Whole Time Director	
I	<b>Gross salary</b>						
(a)	Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	11,250,000	7,500,000	7,500,000	7,500,000	3,750,000	37,500,000
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	29,700	29,700	29,700	29,700	29,700	148,500

(c)	Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	197,761	98,881	98,881	98,881	-	494,404
	as % of profit	1.00	0.50	0.50	0.50	-	2.50
	others (specify)	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>11,477,462</b>	<b>7,628,582</b>	<b>7,628,582</b>	<b>7,628,582</b>	<b>3,779,700</b>	<b>38,142,907</b>
	<b>Ceiling as per the Act</b>	<b>10% of ₹ 62.31 Crore i.e. Net Profits calculated as per Section 198 of the Companies Act, 2013</b>					<b>62,314,486</b>

**B. Remuneration to other directors:**

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of the Directors							Total Amount
		Shri D. K. Kambale	Shri D. B. N. Rao	Shri Sadashiv Sawarikar	Shri T. M. Jagan Mohan	Shri R. K. Pandey	Shri Naresh J. Gwalani	Shri M. K. Doogar	
I	Non Executive Directors								
	(a) Fee for attending board committee meetings	27,000	18,000	40,500	40,500	40,500	4,500	9,000	180,000
	(b) Commission	-	-	-	-	-	-	-	-
	(c) Others - Incidental Expenses	18,000	12,000	27,000	27,000	27,000	3,000	6,000	120,000
	<b>Total</b>	<b>45,000</b>	<b>30,000</b>	<b>67,500</b>	<b>67,500</b>	<b>67,500</b>	<b>7,500</b>	<b>15,000</b>	<b>300,000</b>
	<b>Total Managerial Remuneration</b>								<b>38,442,907</b>
	<b>Overall Ceiling as per the Act.</b>		<b>11% of ₹ 62.31 Crore i.e. Net Profits calculated as per Section 198 of the Companies Act, 2013</b>						<b>68,545,934</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Shri Anil Agrawal, Company Secretary	Total
I	<b>Gross Salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,512,252	1,512,252
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-

	as % of profit	-	-
	others, specify	-	-
5	Others, please specify	-	-
	<b>Total</b>	1,512,252	1,512,252

Shri Ravi Sanghi, Chairman and Managing Director and Smt. Bina Engineer, Whole Time Director & CFO are also Key Managerial Personnel (KMP) of the Company, their Remuneration are shown in above VI(A).

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	NONE				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	NONE				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NONE				
Punishment					
Compounding					

For and on behalf of the Board,

Date: 25th May, 2016  
Place: Ahmedabad

**Ravi Sanghi**  
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 year ended on 31st March, 2016 as stipulated in Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ 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  
Firm Registration No.000181S

**S. Brijkumar**  
Partner  
Membership No. 19357  
Ahmedabad: May 25, 2016

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Sanghi Industries Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Sanghi Industries Limited ("the Company"), which comprises the Balance Sheet for nine months period ended on March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its profit and its cash flows for the period ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure I", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:

## Sanghi Industries Limited

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, We give our separate Report in "Annexure 2"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 on Contingent Liabilities to the financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses; and
  - (iii) There were no amounts, which were required, to be transferred to the Investor Education and Protection Fund by the Company.

### For Ankit & Co.

Chartered Accountants  
ICAI Firm Registration No.000181S

### For Haribhakti & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.103523W

### S. Brijkumar

Partner  
Membership No. 19357

### Atul Gala

Partner  
Membership No. 048650

Place: Ahmedabad  
May 25, 2016

Place: Mumbai  
May 25, 2016

## **ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph I under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sanghi Industries Limited on the financial statements for the period ended March 31, 2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the period, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties recorded as fixed assets, in the books of account of the Company, are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the period.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, as at March 31<sup>st</sup>, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (₹ in Crore)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Central Excise Act, 1944	Excise Duty	62.24	Various years	Customs, Excise & Service tax Appellate Tribunal
Service Tax Act	CENVAT Credit	21.46	Various years	Customs, Excise & Service tax Appellate Tribunal
Service Tax Act	Interest and Penalty	0.05	Various years	Customs, Excise & Service tax Appellate Tribunal
Customs Act, 1962	Customs Duty	12.41	2005-10	Customs, Excise & Service tax Appellate Tribunal

Sales Tax	Sales Tax	1.76	Various years	Joint Commissioner Appeal, Rajkot
Gujarat Electricity Duty Act, 1958	Electricity duty on power Generation	3.30	Various years	Gujarat High Court
Bombay Land Revenue Code, 1879	Land Revenue on Leasehold Land	1.17	Various years	Gujarat High Court

- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks.
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has made private placement of Non-convertible Debentures during the period under review and in our opinion and according to the information and explanations given to us, the requirement of Section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the period.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Ankit & Co.**  
Chartered Accountants  
ICAI Firm Registration No.000181S

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.103523W

**S. Brijkumar**  
Partner  
Membership No. 19357

**Atul Gala**  
Partner  
Membership No. 048650

Place: Ahmedabad  
May 25, 2016

Place: Mumbai  
May 25, 2016

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sanghi Industries Limited on the financial statements for the period ended March 31, 2016]

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sanghi Industries Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For Ankit & Co.**

Chartered Accountants

ICAI Firm Registration No.000181S

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W

**S. Brijkumar**

Partner

Membership No. 19357

**Atul Gala**

Partner

Membership No. 048650

Place: Ahmedabad

May 25, 2016

Place: Mumbai

May 25, 2016

## BALANCE SHEET AS AT MARCH 31, 2016

(₹ in crore)

Particulars	Note No.	As at March 31, 2016	As at June 30, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>I Shareholders' funds</b>			
(a) Share capital	2	219.98	262.64
(b) Reserves and surplus	3	692.41	690.88
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	476.28	282.29
(b) Other Long-term Liabilities	5	47.41	38.58
(c) Long-term Provisions	6	54.32	37.96
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	65.22	52.75
(b) Trade Payables	8		
Total outstanding dues of Micro enterprises & Small Enterprises		0.01	0.04
Total outstanding dues of creditors other than Micro enterprises & Small Enterprises		143.94	153.45
(c) Other current liabilities	9	133.64	240.94
(d) Short-term provisions	10	0.62	0.50
<b>TOTAL</b>		<b>1,833.84</b>	<b>1,760.03</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>I (a) Fixed assets</b>			
(i) Tangible assets	11	1,205.13	1,238.04
(ii) Capital work-in-progress	11	82.35	56.34
(b) Deferred tax assets (net)	27	58.52	58.52
(c) Long-term loans & advances	12	19.45	17.44
<b>2 Current assets</b>			
(a) Inventories	13	162.93	167.13
(b) Trade receivables	14	18.44	14.54
(c) Cash and cash equivalents	15	83.03	5.53
(d) Short-term Loans and Advances	16	203.99	202.49
<b>TOTAL</b>		<b>1,833.84</b>	<b>1,760.03</b>
Significant Accounting Policy	I		
The accompanying Notes I to 37 are an integral part of the Financial Statements			

As per our Report of even date attached.

For **Ankit & Co.,**  
Chartered Accountants  
ICAI Firm Registration No. 000181S

**S. Brij Kumar**  
Partner  
M.No. 19357  
Place : Ahmedabad

For **Haribhakti & Co. LLP,**  
Chartered Accountants  
ICAI Firm Registration No. 103523W

**Atul Gala**  
Partner  
M.No. 048650  
Place : Mumbai

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

<b>Ravi Sanghi</b>	- Chairman and Managing Director
<b>Aditya Sanghi</b>	- Executive Director
<b>Alok Sanghi</b>	- Executive Director
<b>Bina Engineer</b>	- Executive Director
<b>N. B. Gohil</b>	- Executive Director
<b>D. K. Kambale</b>	- Director
<b>Sadashiv Sawrikar</b>	- Director
<b>D. B. N. Rao</b>	- Director
<b>R. K. Pandey</b>	- Director
<b>T. M. Jagan Mohan</b>	- Director
<b>M.K. Doogar</b>	- Director
<b>Jayesh Desai</b>	- Director

**Anil Agrawal** - Company Secretary

Place : Ahmedabad  
Date : May 25, 2016

**Sanghi Industries Limited**
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD (NINE MONTHS) ENDED MARCH 31, 2016**

₹ in crore

Particulars		Note No.	March 31, 2016	June 30, 2015
	Sale of products		854.16	1,033.06
	Less:			
	Excise duty		77.82	102.10
	<b>Net Sales</b>		<b>776.34</b>	<b>930.96</b>
	Other operating Income		0.40	1.29
I.	Revenue from operations		<b>776.74</b>	<b>932.26</b>
II.	Other income	17	2.82	7.10
III.	<b>Total Revenue (I + II)</b>		<b>779.56</b>	<b>939.35</b>
IV.	Expenses:			
	Cost of Material consumed	18	52.39	54.10
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	19	16.19	(16.31)
	Employee benefits expense	20	37.80	46.46
	Power and fuel		160.45	246.56
	Selling expenses	21	257.55	327.49
	Other expenses	22	111.59	116.56
	Finance Cost	23	27.23	27.47
	Depreciation	11	54.05	106.43
	<b>Total expenses</b>		<b>717.25</b>	<b>908.76</b>
V.	<b>Profit before exceptional items &amp; tax</b>		<b>62.31</b>	<b>30.59</b>
	<b>Exceptional item –</b>			
	One Time Net Expenses of Lenders' Prepayment	24	60.39	-
	<b>Profit before tax (III-IV-V)</b>		<b>1.92</b>	<b>30.59</b>
VI	<b>Tax expense:</b>			
	Current Tax		0.39	0.00
VII	<b>Profit after tax for the period</b>		<b>1.53</b>	<b>30.59</b>
IX	<b>Earnings per equity share:</b>			
	Basic and Diluted		0.07	1.39
	Face Value of Equity Shares ₹ 10/- each			
	Significant Accounting Policy	I		
	The accompanying Notes I to 37 are an integral part of the Financial Statements			

As per our Report of even date attached.

For **Ankit & Co.,**  
Chartered Accountants  
ICAI Firm Registration No. 000181S

**S. Brij Kumar**  
Partner  
M.No. 19357  
Place : Ahmedabad

For **Haribhakti & Co. LLP,**  
Chartered Accountants  
ICAI Firm Registration No.103523W

**Atul Gala**  
Partner  
M.No. 048650  
Place : Mumbai

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

<b>Ravi Sanghi</b>	- Chairman and Managing Director
<b>Aditya Sanghi</b>	- Executive Director
<b>Alok Sanghi</b>	- Executive Director
<b>Bina Engineer</b>	- Executive Director
<b>N. B. Gohil</b>	- Executive Director
<b>D. K. Kambale</b>	- Director
<b>Sadashiv Sawrikar</b>	- Director
<b>D. B. N. Rao</b>	- Director
<b>R. K. Pandey</b>	- Director
<b>T. M. Jagan Mohan</b>	- Director
<b>M.K. Doogar</b>	- Director
<b>Jayesh Desai</b>	- Director

**Anil Agrawal** - Company Secretary

Place : Ahmedabad  
Date : May 25, 2016

**CASH FLOW STATEMENT FOR THE PERIOD (NINE MONTHS) ENDED MARCH 31, 2016**

(₹ in crore)

Particulars	March 31, 2016	June 30, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	1.92	30.59
<b>Adjustments for:</b>		
Depreciation and amortisation	54.05	106.43
Loss on sale of Fixed Assets	0.71	0.13
Exceptional cost	(78.12)	-
Interest Income	(0.33)	(1.09)
Foreign Exchange (gain)/loss	-	(1.71)
Interest and other Financial Charges	27.23	27.47
<b>Operating Profit before Working Capital Changes</b>	<b>5.46</b>	<b>161.82</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Inventories	4.20	(19.34)
(Increase)/Decrease in Debtors	(3.89)	(2.04)
(Increase)/Decrease in Other Current Assets and Loans and Advances	(6.57)	(35.77)
Increase/(Decrease) in Trade Creditors	(9.53)	89.07
Increase/(Decrease) in Long Term Provisions	-	-
Increase/(Decrease) in Other Current Liabilities and Provisions	14.35	3.77
<b>Cash from operating activities</b>	<b>4.02</b>	<b>197.51</b>
Income Taxes paid	(0.11)	(0.58)
<b>Net Cash from operating activities</b>	<b>3.91</b>	<b>196.93</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Additions of Fixed Assets	(46.38)	(74.52)
Sale of Fixed Assets	0.01	0.23
Investment in Fixed Deposit with Banks	(77.56)	28.54
Interest Received	0.41	1.25
<b>Net Cash used in investing activities</b>	<b>(123.52)</b>	<b>(44.50)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Movement in Working Capital Borrowing	12.47	5.26
Long term borrowings	284.95	89.35
Repayment of long term borrowings	(109.87)	(192.60)
Interest and other Financial Charges	(25.34)	(27.44)
Payment towards OCCPPS	(42.66)	(26.88)
<b>Cash from Financing activities</b>	<b>119.55</b>	<b>(152.31)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(0.06)</b>	<b>0.12</b>

## Sanghi Industries Limited

(₹ in crore)		
Particulars	March 31, 2016	June 30, 2015
Cash and Cash equivalents (Opening Balance)	0.30	0.18
Cash and Cash equivalents (Closing Balance)	<b>0.24</b>	<b>0.30</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash and Cheques on hand	0.13	0.14
Bank Balances	0.12	0.16
<b>Cash and Cash Equivalents as above</b>	<b>0.25</b>	<b>0.30</b>
Fixed Deposits with original maturity of more than 3 months	82.78	5.23
<b>Cash and Cash Equivalents as per Note No.15</b>	<b>83.03</b>	<b>5.53</b>
Significant Accounting Policy (Note I)		
The accompanying Notes I to 37 are an integral part of the Financial Statements		

As per our Report of even date attached.

For **Ankit & Co.,**  
Chartered Accountants  
ICAI Firm Registration No. 000181S

**S. Brij Kumar**  
Partner  
M.No. 19357  
Place : Ahmedabad

For **Haribhakti & Co. LLP,**  
Chartered Accountants  
ICAI Firm Registration No.103523W

**Atul Gala**  
Partner  
M.No. 048650  
Place : Mumbai

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

**Ravi Sanghi** - Chairman and Managing Director  
**Aditya Sanghi** - Executive Director  
**Alok Sanghi** - Executive Director  
**Bina Engineer** - Executive Director  
**N. B. Gohil** - Executive Director  
**D. K. Kambale** - Director  
**Sadashiv Sawrikar** - Director  
**D. B. N. Rao** - Director  
**R. K. Pandey** - Director  
**T. M. Jagan Mohan** - Director  
**M.K. Doogar** - Director  
**Jayesh Desai** - Director

**Anil Agrawal** - Company Secretary

Place : Ahmedabad  
Date : May 25, 2016

## Notes to the Financial Statements for the Period (Nine Months) Ended 31.03.2016

### Note: I (a) : ABOUT THE COMPANY

Sanghi Industries Limited was incorporated in 1985 and is engaged in the manufacturing and marketing of cement and cement products in domestic and export market. The Company's manufacturing facilities are at Sanghipuram, Gujarat. Equity shares of the Company are listed on The National Stock Exchange and Bombay Stock Exchange.

### Note: I (b) : SIGNIFICANT ACCOUNTING POLICIES

In conformity to the Companies Act 2013, the Company has changed its Accounting year to 31<sup>st</sup> March and hence, the current reporting period ended on 31<sup>st</sup> March 2016 is for the period of 9 months.

1. The financial statements are prepared and presented under the historical cost convention on accrual basis of accounting in accordance of generally accepted accounting principles in India. These financial statements comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013/Companies Act, 1956 as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.
2. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.
3. Significant Accounting Policies adopted in preparation of financial statements are consistent with those of previous years, unless otherwise stated, and are as under:-

#### a) Fixed Assets & Depreciation/Amortisation:

Fixed Assets (Tangible or Intangible) are stated at cost of acquisition or construction and all costs, net of accumulated depreciation/ amortisation and accumulated impairment losses, if any, relating to the acquisition and installation of fixed assets are capitalized up to the date the asset is put to use.

Depreciation on Fixed assets is provided on straight line method as per useful life provided in Schedule II of the Companies Act, 2013. Cement manufacturing plant is considered as continuous process plant. Expenditure on Power Transmission Lines is depreciated over the period of useful life of Thermal Power Plant.

#### b) Foreign Currency Transactions:

Foreign Currency transactions are initially recognized at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of Balance Sheet. All exchange differences are dealt with in the Statement of Profit & Loss 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 as per MCA notification dated December 29, 2011, Para 46A, GSR\_914 for accounting period starting from 01.04.2011.

#### c) Inventory and its valuation:

- i) Finished and semi-finished goods are valued at lower of cost and net realizable value.
- ii) Raw Materials, Consumables, Stores, Packing Material and Work-in-Progress are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- iii) Cost is determined on a weighted average basis.

#### d) Employee Benefits:

- 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 recognized in the Statement of Profit and Loss.

## Sanghi Industries Limited

- iv) Defined Contribution Plans: Contributions payable to the recognized Provident Fund which are defined contribution schemes are charged to the statement of profit and loss.

e) **Borrowing Cost:**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account.

f) **Revenue Recognition:**

- i) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of date of Bill of Lading. Revenue from operations includes sale of goods and services, Excise Duty and adjustment for discounts and exclusive of VAT/CST.
- ii) Export Incentives and insurance claims are recognized when the right to receive materializes and there is no significant uncertainty regarding realization of the claims.
- iii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

g) **Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. A provision is derecognized when the enterprise has ascertained, based on sufficient documentary evidence, that the present obligation does not require an outflow of resources to settle that obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date and adjusted to reflect the current management estimates.

No provision is recognized for any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and not wholly within the control of the Company; or any present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or a reliable estimate of the amount of obligation cannot be made. Such obligations are recorded as contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

h) **Taxation:**

Income-tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax asset and deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognized, only to the extent there is a reasonable certainty of its realization. Deferred tax assets are reviewed at each Balance Sheet date to reassure realization.

MAT credit asset is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period. Deferred tax asset on unabsorbed depreciation and carried forward losses is recognised only if there is virtual certainty supported by convincing evidence.

i) **Impairment of Fixed Assets:**

The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

## Sanghi Industries Limited

j) **Earning per Share:**

The Company reports basic and diluted Earnings Per Share in accordance with Accounting Standard 20 on 'Earnings Per Share'. Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

k) **Segment Reporting:**

The Company is engaged mainly in the business of manufacturing of cement. This, in the context of Accounting Standard 17 on Segment Reporting are considered to constitute a single primary segment. Further, the sales of the Company are made primarily in a domestic market and a small proportion is exported. The geographical segments identified on this basis have been reported as the secondary segment.

l) **Investment:**

Long-term investments are carried at cost. Provision for diminution is made to recognize a decline, other than temporary in value of long-term investments and is determined separately for each individual investment. Current investments are carried at lower of cost and fair value computed separately in respect of each category of investment.

m) **Leases:**

Where the Company is the lessee:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating Lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor:

- i. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.
- ii. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

n) **Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash Equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## Sanghi Industries Limited

### Note 2 Share Capital

Share Capital	As at March 31, 2016		As at June 30, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	275,000,000	275.00	275,000,000	275.00
Preference shares of ₹ 100/- each	27,500,000	275.00	27,500,000	275.00
<b>Total</b>	–	<b>550.00</b>	–	<b>550.00</b>
<b>Issued</b>				
Equity Shares of ₹ 10/- each Fully paid Up	219,979,000	219.98	219,979,000	219.98
Redeemable preference shares of face value ₹ 100/- each	–	–	8,484,230	84.84
<b>Total</b>	<b>219,979,000</b>	<b>219.98</b>	–	<b>304.82</b>
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each Fully paid-up	219,979,000	219.98	219,979,000	219.98
Redeemable preference shares of face value ₹ 100/- each	–	–	8,484,230	42.66
<b>Total</b>	<b>219,979,000</b>	<b>219.98</b>	–	<b>262.64</b>

**a. Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b. Terms of redemption of Redeemable Preference Shares**

Preference Shares has been fully redeemed during the financial period ended on 31<sup>st</sup> March 2016

**c. Reconciliation of Equity shares outstanding at the beginning and at the end of the year**

Particulars	For the FY 2015-16		For the FY 2014-15	
	Number	(₹ in Crores)	Number	(₹ in Crores)
Shares outstanding at the beginning of the year	219,979,000	219.98	219,979,000	219.98
Shares Issued during the year	–	–	–	–
Shares repaid during the year	–	–	–	–
Shares outstanding at the end of the year	219,979,000	219.98	219,979,000	219.98

**Reconciliation of preference shares outstanding at the beginning and at the end of the year**

Particulars	For the FY 2015-16		For the FY 2014-15	
	Number	(₹ in Crores)	Number	(₹ in Crores)
Shares outstanding at the beginning of the year	8,484,230	42.66	8,484,230	69.54
Shares Issued during the year	–	–	–	–
Redeemed during the year	8,484,230	42.66	–	26.88
Shares outstanding at the end of the year	–	–	8,484,230	42.66

**d. Details of shareholders holding more than 5 % of the share capital**

Name of Shareholder	As at March 31, 2016		As at June 30, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity shares</b>				
Samruddhi Investors Services Private Limited	52,614,532	24%	52,614,532	24%
Ravi Sanghi	36,062,150	16%	36,062,150	16%
<b>Preference shares</b>				
Sangam Investors Services Pvt Ltd	–	–	5,408,140	64%
IDBI Bank Limited	–	–	2,700,000	32%

## Sanghi Industries Limited

### Note 3 Reserves and Surplus

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>a. Capital Redemption Reserve</b>		
Opening Balance	42.18	15.30
Add : Transfer from Surplus	42.66	26.88
Closing Balance	<b>84.84</b>	<b>42.18</b>
<b>b. Securities Premium Reserve</b>		
Opening Balance	49.82	49.82
Closing Balance	<b>49.82</b>	<b>49.82</b>
<b>c. Surplus</b>		
Opening balance	598.89	595.17
(+) Net Profit/(Net Loss) for the current year	1.53	30.59
(-) Capital Redemption Reserve	42.66	26.88
Closing Balance	<b>557.75</b>	<b>598.88</b>
<b>Total</b>	<b>692.41</b>	<b>690.88</b>

### Note 4 Long Term Borrowings

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>Term loans – Secured</b>		
From Banks - Footnote 1	62.82	108.70
From Others – Footnote 2	156.98	173.59
<b>Total</b>	<b>219.80</b>	<b>282.29</b>
<b>Debentures</b>		
15.50% Redeemable and Non-convertible Debenture of ₹ 1000/- each - Footnote 3	256.48	-

### Footnote 1

<b>Terms of Borrowing from Banks</b>			
<b>As at March 31, 2016</b>		<b>(₹ in Crore)</b>	
<b>Security</b>	<b>Repayment Terms</b>	<b>Amount payable in next 12 months</b>	<b>Amount payable after 12 months</b>
Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	47 equated monthly instalments starting from June 30, 2013 – Kotak Loan 1	3.01	0.28
Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	48 equated monthly instalments starting from June 2, 2013 – Kotak Loan 2	3.47	0.58
Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	45 monthly instalments starting from April 25, 2015 – Kotak Loan 3	15.16	26.54
Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	42 equated monthly instalments starting from Feb 12, 2016 – Kotak Loan 4	13.36	35.43
<b>Total</b>		<b>35.00</b>	<b>62.82</b>

## Sanghi Industries Limited

### Average Cost of borrowing in loans from banks is 6.79 %

As at June 30, 2015			
Security	Repayment Terms	Amount payable in next 12 months	Amount payable after 12 months
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	28 quarterly instalments starting from June 30, 2011 – Dena Bank & Laxmi Vilas Bank	28.27	55.73
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	28 quarterly instalments starting from June 30, 2011 – IDBI Bank	4.68	9.31
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	48 equated monthly instalments starting from June 2, 2013 – Kotak Mahindra Bank	3.47	3.18
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	47 equated monthly instalments starting from June 30, 2013 – Kotak Mahindra Bank	2.71	2.57
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	45 monthly instalments starting from April 25, 2015 – Kotak Mahindra Bank	15.16	37.91
<b>Total</b>		<b>54.29</b>	<b>108.70</b>

### Average Cost of borrowing in loans from banks is 7.66%.

#### Footnote 2

#### Terms of Borrowing from others

As at March 31, 2016

(₹ in Crore)			
Security	Repayment Terms	Amount payable in next 12 months	Amount payable after 12 months
Hypothecation of specific equipments	Equated Monthly Installments – Reliance	0.64	1.42
Hypothecation of property	Equated Monthly Installments – India bulls	0.06	0.80
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and pledge of some equity shares	Payable at the end of 5 <sup>th</sup> Year – Piramal Finance Pvt. Ltd.	-	68.52
Hypothecation of movable equipments	Equated Monthly Installments – SREI	8.19	40.53
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others	48 equated monthly instalments starting from April, 2015 – FMO	21.53	43.06
Hypothecation of cars	Equated Monthly Installments – Car Loan	1.12	2.65
<b>Total</b>		<b>31.54</b>	<b>156.98</b>

## Sanghi Industries Limited

**Average Cost of borrowing in loans from others is 3.75 %**

**As at June 30, 2015**

(₹ in crore)

Security	Repayment Terms	Amount payable in next 12 months	Amount payable after 12 months
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	28 Stepped up quarterly installments starting from December 31, 2012 – Sangam Investors Service Pvt. Ltd.	–	4.05
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	81 equated monthly installments starting from October 15, 2012 – Sangam Investors Service Pvt. Ltd.	–	4.86
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	46 monthly installments starting from May 16, 2012 – India Debt Management Pvt. Ltd.	57.74	–
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	48 equated monthly installments starting from April, 2015 – FMO	20.68	87.11
Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others	-	–	46.65
Hypothecation of cars and some of the movable equipments	Equated Monthly Instalments – Reliance Capital, SREI Equipment Fin. Pvt. Ltd., Various Vehicle Loans	24.72	30.92
<b>Total</b>		<b>103.14</b>	<b>173.59</b>

**Average Cost of borrowing in loans from banks is 2.62%.**

### Footnote 3

#### Terms of Debentures

**As at March 31, 2016**

Paripasu Charge on some of the Fixed Assets and personal guarantee by a Director and pledge of some equity shares	12 quarterly Installments starting from June '2018 – Piramal Enterprises Ltd.	–	256.48
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**As at June 30, 2015**

Not Applicable	Not Applicable	Not Applicable	Not Applicable
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### Note 5 Other Long-term Liabilities

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
Security Deposits from Customers and other long term liability	47.41	38.58
<b>Total</b>	<b>47.41</b>	<b>38.58</b>

### Note 6 Long term Provisions

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>Provision for Employee Benefits</b>		
Gratuity	3.97	3.79
Leave Encashment	1.39	1.47
<b>Other Provisions</b>		
Provision for Mines Restoration, District Mineral Fund and National Mineral Exploration Trust	6.83	0.14
Provision for electricity duty	42.13	32.56
<b>Total</b>	<b>54.31</b>	<b>37.96</b>

## Sanghi Industries Limited

**Note 6.1** Movement of provisions during the year as required by Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets"

Particulars	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>Provision for Mines Restoration Expenses</b>		
Opening Balance	0.14	—
Add: Provision during the year	0.01	0.14
Less: Utilisation during the year	—	—
<b>Closing Balance</b>	<b>0.15</b>	<b>0.14</b>
<b>Provision for District Mineral Fund</b>		
Opening Balance		
Add: Provision during the year	6.18	—
Less: Utilisation during the year	—	—
<b>Closing Balance</b>	<b>6.18</b>	—
<b>Provision for National Mineral Exploration Trust</b>		
Opening Balance		
Add: Provision during the year	0.50	—
Less: Utilisation during the year	—	—
<b>Closing Balance</b>	<b>0.50</b>	—
<b>Provision for Electricity Duty</b>		
Opening Balance	32.56	22.08
Add: Provision during the year	9.57	10.47
Less: paid during the year	—	—
<b>Closing Balance</b>	<b>42.13</b>	<b>32.56</b>

### Note 7 Short Term Borrowings

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>Secured</b>		
<b>Loans repayable on demand</b>		
Working Capital Loans From Banks	65.22	52.75
Secured against hypothecation of current assets of the company, 2nd charge on some of the fixed assets of the company and guaranteed by some of the directors of the company and pledge of shares of promoters. Average cost of borrowing is 10.71%		
	<b>65.22</b>	<b>52.75</b>

### Note 8 Trade Payable

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
Due to Micro and Small Enterprises	0.01	0.04
Due to Others	143.94	153.45
<b>Total</b>	<b>143.96</b>	<b>153.49</b>

There is no principal amount and interest overdue to Micro and Small Enterprises. During the year no interest has been paid to such parties (Previous year ₹ 0.004 Cr.). This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.

## Sanghi Industries Limited

### Note 9 Other Current Liabilities

	As at March 31, 2016 (₹ in crore)		As at June 30, 2015 (₹ in crore)	
(a) Current maturities of Long Term borrowings		66.55		157.43
(b) Interest accrued but not due on borrowings		0.55		0.40
(c) Advance received from Customers		12.13		7.73
(d) Payable for Capital Goods		12.22		17.82
(e) Other payables includes		42.19		57.56
Prov for Expenses	23.22		28.78	
Salary payable	3.39		3.31	
Other Employee Related liabilities	3.00		2.99	
Statutory dues	12.25		22.16	
Other Payables	0.32		0.31	
<b>Total</b>		<b>133.64</b>		<b>240.93</b>

### Note 10 Short Term Provisions

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>Provision for employee benefits</b>		
Gratuity	0.46	0.30
Leave Encashment	0.16	0.20
<b>Total</b>	<b>0.62</b>	<b>0.50</b>

## Sanghi Industries Limited

### Note I | FIXED ASSETS

		GROSS BLOCK			DEPRECIATION				NET BLOCK		
Particulars	As on 01.07.2015	Additions during the year	Deductions / Adjustments during the year	As on 31.03.2016	As on 01.07.2015	For the year	Deductions/ Adjustment during the year	Other adjustment	As on 31.03.2016	W.D.V. as on 31.03.2016	W.D.V. as on 30.06.2015
Owned Assets											
Freehold land	4.25	0.00	—	4.25	—	—	—	—	—	4.25	4.25
Building	155.31	1.35	—	156.66	38.70	5.57	—	—	44.26	112.39	116.61
Plant and Machinery	1,937.03	19.57	0.68	1,955.92	887.07	37.45	0.39	—	924.13	1,031.79	1,049.96
Furniture and Fixtures	8.10	—	—	8.10	4.71	0.89	—	—	5.60	2.50	3.39
Vehicles	18.68	0.13	2.83	15.98	7.68	1.33	2.64	—	6.37	9.60	11.00
Office Equipment	2.95	0.27	2.10	1.12	2.28	0.24	1.98	—	0.55	0.57	0.67
Electrical Installations	113.32	0.21	—	113.52	66.96	8.11	—	—	75.07	38.46	46.36
Laboratory Equipment	2.00	—	—	2.00	0.31	0.16	—	—	0.46	1.54	1.69
Computers	7.55	0.31	1.19	6.67	5.61	0.30	1.09	—	4.82	1.85	1.94
Sub Total	2,249.18	21.84	6.81	2,264.22	1,013.32	54.05	6.09	—	1,061.27	1,202.95	1,235.87
Assets Given on lease											
Land	0.27	—	—	0.27	—	—	—	—	—	0.27	0.27
Building	9.68	—	—	9.68	9.19	—	—	—	9.19	0.48	0.48
Plant and Machinery	19.32	—	—	19.32	18.36	—	—	—	18.36	0.96	0.96
Furniture and Fixtures	0.31	—	—	0.31	0.30	—	—	—	0.30	0.01	0.01
Vehicles	1.04	—	—	1.04	1.00	—	—	—	1.00	0.04	0.04
Office Equipment	0.28	—	—	0.28	0.26	—	—	—	0.26	0.02	0.02
Electrical Installations	6.71	—	—	6.71	6.37	—	—	—	6.37	0.34	0.34
Fire Fighting Equipments	0.10	—	—	0.10	0.10	—	—	—	0.10	—	—
Laboratory Equipment	0.11	—	—	0.11	0.11	—	—	—	0.11	0.01	0.01
Temple	0.03	—	—	0.03	—	—	—	—	—	0.03	0.03
Computers	0.24	—	—	0.24	0.22	—	—	—	0.22	0.02	0.02
Sub Total	38.09	—	—	38.09	35.92	—	—	—	35.92	2.18	2.18
Total	2,287.27	21.84	6.81	2,302.31	1,049.24	54.05	6.09	—	1,097.19	1,205.13	1,238.04
Capital work in progress	56.34	26.01	—	82.35	—	—	—	—	—	82.35	56.34

# Sanghi Industries Limited

## Note 11 FIXED ASSETS (Contd..)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 01.07.2014	Additions during the year	Deductions / Adjustments during the year	As on 30.06.2015	For the year	Deductions / Adjustment during the year	Other adjustment	As on 30.06.2015	W.D.V. as on 30.06.2015
<b>Owned Assets</b>									
Freehold land	4.25	—	—	4.25	—	—	—	—	4.25
Building	141.57	13.74	—	155.31	9.27	—	2.35	38.70	116.61
Plant and Machinery	1,867.28	69.75	—	1,937.03	86.77	—	1.65	887.07	1,049.96
Furniture and Fixtures	8.00	0.09	—	8.10	1.09	—	0.40	4.71	3.39
Vehicles	13.21	6.14	0.67	18.68	2.02	0.32	0.04	7.68	11.00
Office Equipment	2.87	0.08	—	2.95	0.22	—	1.15	2.28	0.67
Electrical Installations	113.32	—	—	113.32	6.28	—	—	66.96	46.36
Laboratory Equipment	0.90	1.10	—	2.00	0.19	—	0.01	0.31	1.69
Computers	5.39	2.16	—	7.55	0.59	—	0.21	5.61	1.94
<b>Sub Total</b>	<b>2,156.79</b>	<b>93.07</b>	<b>0.67</b>	<b>2,249.19</b>	<b>106.43</b>	<b>0.32</b>	<b>5.81</b>	<b>1,013.32</b>	<b>1,235.87</b>
<b>Assets Given on lease</b>									
Land	0.27	—	—	0.27	—	—	—	—	0.27
Building	9.68	—	—	9.68	—	—	5.66	9.19	0.48
Plant and Machinery	19.32	—	—	19.32	—	—	0.34	18.36	0.96
Furniture and Fixtures	0.31	—	—	0.31	—	—	0.14	0.30	0.01
Vehicles	1.04	—	—	1.04	—	—	0.15	1.00	0.04
Office Equipment	0.28	—	—	0.28	—	—	0.13	0.26	0.02
Electrical Installations	6.71	—	—	6.71	—	—	1.50	6.37	0.34
Fire Fighting Equipments	0.10	—	—	0.10	—	—	0.01	0.10	—
Laboratory Equipment	0.11	—	—	0.11	—	—	0.05	0.11	—
Temple	0.03	—	—	0.03	—	—	—	—	0.03
Computers	0.24	—	—	0.24	—	—	0.01	0.22	0.02
<b>Sub Total</b>	<b>38.09</b>	<b>—</b>	<b>—</b>	<b>38.09</b>	<b>—</b>	<b>—</b>	<b>7.99</b>	<b>35.92</b>	<b>2.17</b>
<b>Total</b>	<b>2,194.88</b>	<b>93.07</b>	<b>0.67</b>	<b>2,287.28</b>	<b>106.43</b>	<b>0.32</b>	<b>13.80</b>	<b>1,049.24</b>	<b>1,238.04</b>
<b>Capital work in progress</b>	<b>59.30</b>	<b>—</b>	<b>2.96</b>	<b>56.34</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>56.34</b>
									<b>59.30</b>

## Sanghi Industries Limited

### Note 12 Long term loans and advances

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
Capital advances – unsecured, considered good	19.45	17.44
<b>Total</b>	<b>19.45</b>	<b>17.44</b>

### Note 13 Inventories

Inventories	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
a. Raw Materials and components	1.79	0.57
b. Fuel Stock	49.17	21.37
c. Work-in-progress	0.38	0.40
d. Finished goods	27.58	43.74
e. Stores, Spares & Packing Material	84.01	101.05
<b>Total</b>	<b>162.93</b>	<b>167.13</b>

(Inventories are valued at lower of Cost or net realisable value.)

### Note 14 Trade Receivables

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	18.44	14.54
<b>Total</b>	<b>18.44</b>	<b>14.54</b>

### Note 15 Cash and cash equivalents

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>a. Balances with banks</b>		
In Current Account	0.12	0.16
Fixed Deposit *	82.78	5.23
<b>b. Cash on hand</b>	0.13	0.14
<b>Total</b>	<b>83.03</b>	<b>5.53</b>

\* Out of above Fixed Deposit of ₹ 6.06 Crores (Previous Year ₹ 5.00 Crores) is lying with banks as margin money against Letter of Credit and Bank Guarantee.

### Note 16 Short term Loans and advances

	As at March 31, 2016 (₹ in crore)	As at June 30, 2015 (₹ in crore)
<b>Loans and advances</b>		
Unsecured, considered good		
Includes :		
Advances to employees	0.16	0.06
Advance to suppliers	46.59	50.25
Deposit with Govt Dept	46.11	46.11
MAT Credit Entitlement	37.13	37.13
Advance Income Tax (Net of provision)	6.46	6.74
Others	67.54	62.19
<b>Total</b>	<b>203.99</b>	<b>202.48</b>

## Sanghi Industries Limited

### Note 17 Other Income

	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
Interest Income	0.33	1.09
Other non-operating income	2.49	6.01
<b>Total</b>	<b>2.82</b>	<b>7.10</b>

### Note 18 Cost of Material consumed

	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
Opening Stock	0.57	1.59
Add: Purchase	53.62	53.08
Less: Closing Stock	1.79	0.57
<b>Raw Material Consumed</b>	<b>52.39</b>	<b>54.10</b>
<b>Details of Raw Material Consumption</b>		
i) Lime Stone	24.82	29.37
ii) Fly Ash	6.24	10.66
iii) Gypsum	3.12	2.80
iv) Purchased Clinker	6.15	5.46
v) Raw Material for Ready Mix Concrete	2.33	2.53
vi) Other Raw Materials	9.73	3.28
<b>Total</b>	<b>52.39</b>	<b>54.10</b>

### Note 19 Changes in inventories of finished goods work-in-progress and Stock-in-Trade

	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
<b>Closing Inventories</b>		
Work in progress	0.38	0.40
Finished Goods	27.58	43.74
	<b>27.96</b>	<b>44.14</b>
<b>Opening Inventories</b>		
Work in progress	0.40	0.20
Finished Goods	43.74	27.63
	<b>44.14</b>	<b>27.83</b>
Add : Decrease / (Increase) in inventories	14.48	(14.10)
Add : Decrease / (Increase) in excise duty on inventories	1.71	(2.21)
<b>Total</b>	<b>16.19</b>	<b>(16.31)</b>

### Note 20 Employee Benefits Expense

Particulars	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
Salaries & Wages and Bonus	35.55	43.23
Contribution to PF & Other Benefits	0.60	0.84
Staff Welfare Expenses	1.65	2.39
<b>Total</b>	<b>37.80</b>	<b>46.46</b>

## Sanghi Industries Limited

### Note 21 Selling Expenses

	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
Freight outward	211.24	265.43
Stevedoring expenses	15.84	15.29
Port & shipping expenses	2.34	2.03
Sales and promotion expenses	28.13	44.74
<b>Total</b>	<b>257.55</b>	<b>327.48</b>

### Note 22 Other Expenses

	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
<b>Manufacturing Expenses</b>		
Consumption of Packing Material	22.59	32.20
Consumption of Stores & Spares	16.32	18.99
Other manufacturing expenses	7.22	10.41
<b>Other Operating Expenses</b>		
Repairs to Plant & Machinery	31.21	14.30
Repairs to Building	1.84	1.67
Advertisement	2.51	4.45
Audit Fees (Foot Note 1)	0.22	0.22
Conveyance & Travelling	4.03	5.78
Membership, Subscriptions, Books & Periodicals	0.19	0.23
Consultancy, Legal & Professional Charges	2.88	3.33
Insurance	1.35	2.21
Postage, Telephone & Telex	0.48	0.71
Printing & Stationery	0.15	0.34
Foreign exchange loss	2.45	2.89
Vehicle Running Expenses	0.81	1.16
Rent ,Rates, Taxes & Fees	5.21	6.19
Corporate Social Responsibility expenses (Foot Note 2)	2.32	1.70
Other operating administrative expenses	9.83	9.81
<b>Total</b>	<b>111.59</b>	<b>116.56</b>

### Footnote 1 : Payments to Auditors (Excluding Service Tax)

	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
Payment as Auditors	0.15	0.15
For Taxation matters	0.05	0.05
For Other Services	0.02	0.02
<b>Total</b>	<b>0.22</b>	<b>0.22</b>

### Footnote 2 : Corporate Social Responsibility Expenses

- Gross amount required to be spent by the Company during the year is ₹ 0.85 Cr. based on average net profit of last three years as per Section 198 of the Companies Act, 2013.
- Amount spent during the year in cash on purposes other than construction/acquisition of any asset is ₹ 2.32 Cr.

## Sanghi Industries Limited

### Note 23 Finance Cost

	For FY 16 (9 Months) (₹ in crore)	For FY 15 (12 Months) (₹ in crore)
Borrowing cost	24.49	25.62
Other interest	2.74	1.85
<b>Total</b>	<b>27.23</b>	<b>27.47</b>

### Note 24 Exceptional Items

During the year, the company has raised ₹ 256.48 Crores by issue of 15.50% Redeemable Non-Convertible Debentures on Private Placement basis. The funds have been partly utilised to make early settlement of Loans and redemption of Preference Shares. The balance funds are retained for general corporate expenses. Net expenditure arising out of this transactions aggregating to ₹ 60.39 Crores is shown under exceptional items.

### Note 25 Contingent Liabilities and Commitments

The claims against the company not acknowledged as debt amount to ₹ 130.75 Cr. (Previous year ₹ 151.94 Cr.) 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 ₹ 50.64 Cr. (Previous Year ₹ 52.95 Cr.) with respective authorities as deposit.

(₹ in crore)

	As at 31.03.2016	As at 30.06.2015
Excise & Service Tax	83.74	104.58
Customs	12.41	12.41
Sales Tax	1.76	1.76
Claims of Gujarat Water Supply and Sewerage Board	26.38	26.38
Land Revenue Tax	1.17	1.17
Electricity Duty	3.30	3.30
Other Claims against the Company	1.99	2.34
<b>Total</b>	<b>130.75</b>	<b>151.94</b>

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 87.86 Cr. Net of advances (Previous year ₹ 4.46 Cr.)

### Note 26 Earning Per Share

	Particulars	2015-16 (9 Months)	2014-15 (12 Months)
(i)	Profit/ (Loss) after Tax as per Statement of Profit and Loss (₹ in crore)	1.53	30.59
(ii)	Weighted average number of equity shares (number)	21,99,79,000	21,99,79,000
(iii)	Basic and diluted Earnings per share in ₹ (Face Value: ₹ 10/- per share)	0.07	1.39

### Note 27 Deferred Tax (Assets) / Liabilities

For recognition of Deferred Tax Asset (DTA) where the Company has unabsorbed depreciation under Income Tax Act, 1961: the virtual certainty of realization of such assets is prescribed as a criteria in AS 22. For the current year, the Company has not recognized such DTA in the accounts on prudent basis.

## Sanghi Industries Limited

(₹ in Crore)

		Deferred Tax Liability / (Asset) as on 30.06.2015	Deferred Tax Liability / (Asset) as on 31.03.2016
<b>Deferred Tax Liabilities( DTL)</b>			
Difference between Tax Depreciation and Book Depreciation		29.06	29.06
<b>Total DTL</b>	<b>A</b>	<b>29.06</b>	<b>29.06</b>
<b>Deferred Tax Assets (DTA)</b>			
Unabsorbed Depreciation		(87.58)	(87.58)
<b>Total DTA</b>	<b>B</b>	<b>(87.58)</b>	<b>(87.58)</b>
<b>Deferred Tax (Asset)/Liability (Net) A + B</b>		<b>(58.52)</b>	<b>(58.52)</b>

### Note 28 Segment Reporting

The Company is in the business of manufacturing and sale of cement and clinker which is considered to constitute one single primary segment. The secondary segment based on geographical segmentation are considered to be business outside India and within India.

(₹ in crore)

Details	Within India		Outside India		Total	
	31.03.16	30.06.15	31.03.16	30.06.15	31.03.16	30.06.15
Revenues	772.96	967.64	81.20	65.42	854.16	1033.06
Debtors	18.08	13.52	0.36	1.02	18.44	14.54

Domestic revenue includes ₹ 0.25 crore self consumption (Previous Year ₹ 0.36 crore)

### Note 29 Related Party Disclosure as per Accounting Standard 18:

a. Key Management Personnel:

Mr. Ravi Sanghi	- Chairman and Managing Director
Mr. Aditya Sanghi	- Whole Time Director
Mr. Alok Sanghi	- Whole Time Director
Mrs. Bina Engineer	- Whole Time Director
Mr. N. B. Gohil	- Whole Time Director

b. Subsidiary, Joint Venture and Associates:

The Company has incorporated subsidiary Company in China named, Sange Testing Services (Shanghai) Co., Ltd. on March 20, 2015. However, no investment is made till March 31, 2016.

c. Enterprises over which persons described in (a) above are able to exercise significant influence

- Sanghi Infrastructure Ltd.
- Kachchh Steels Pvt. Ltd.

### Details of Transactions with Related Parties

(₹ in crore)

Particulars	For the year ended 31.03.2016 (9 Months)	For the year ended 30.06.2015
Remuneration to Mr. Ravi Sanghi	1.15	1.43
Remuneration to Mr. Aditya Sanghi	0.76	1.00
Remuneration to Mr. Alok Sanghi	0.76	1.00
Remuneration to Mrs. Bina Engineer	0.76	1.00
Remuneration to Mr. N. B. Gohil	0.38	0.49
<b>Total</b>	<b>3.81</b>	<b>4.92</b>

## Sanghi Industries Limited

Remuneration includes value of perquisites amounting to ₹ 29,700 for each key managerial person and commission for ₹ 4.94 lacs.

Name (s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transaction including the value, if any	Balance of Amount paid as advance , if any
Sanghi Infrastructure Limited	Two of the Directors are common	(1) Availing of Services (2) Purchase of Dredger	01/07/2015 to 31/03/2016	₹ 2,54,42,800 ₹ 5,61,00,000	- -
Kachchh Steels Private Limited	One of the Director is a Member	Purchase of Goods	01/07/2015 to 31/03/2016	₹ 7,29,41,558	₹ 13,05,12,511

### Note 30 Operating Lease

Operating lease expenditure incurred during the period in respect of cancellable lease is ₹ 1.17 Cr. (Previous Year ₹ 1.54 Cr.). Details of non cancellable lease are as follows:

(₹ in crore)

Company as a Lessee	31.03.2016	30.06.2015
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	0.48	0.48
Later than Five years	-	-
<b>Total</b>	<b>0.60</b>	<b>0.60</b>

### Note 31 Foreign currency exposure not hedge are as follows:

Particulars	Currency	As on 31.03.2016		As on 30.06.2015	
		In Foreign Currency (Mn)	₹ in Crore	In Foreign Currency (Mn)	₹ in Crore
Borrowings	USD	11.29	74.76	18.74	119.25
Trade Receivables (Net)	USD	-	-	0.06	0.38
Trade Payable (Net)	USD	4.88	32.32	8.96	57.01
Trade Payable (Net Advance)	CHF	-	-	0.54	3.69
Trade Payable (Net Advance)	EUR	1.23	9.25	1.35	9.60

**Note 32** Power and Fuel consumption include exchange loss of ₹ NIL. (Previous year ₹ 0.82 Crore)

**Note 33** Additional information pursuant to the provisions of Schedule III to the Companies Act, 2013 is as under:

#### A. Details of Major Raw Material Consumed

	31.03.2016		30.06.2015	
	Qty (MT)	Value (₹ In Crore)	Qty (MT)	Value (₹ In Crore)
Limestone	2,427,339	24.82	2,918,838	29.37
Fly Ash	169,698	6.24	361,075	10.51
Gypsum	90,158	3.19	101,451	2.80

#### B. CIF Value of Imports

(₹ in crore)

	31.03.2016	30.06.2015
Raw material	NIL	NIL
Stores and Spares	2.27	13.23
Capital Goods	6.34	11.40

## Sanghi Industries Limited

### C. Earnings in Foreign Currency

(₹ in crore)

	31.03.2016	30.06.2015
FOB Value of Export	81.20	65.42

### D. Expenditure in Foreign Currency

(₹ in crore)

	31.03.2016	30.06.2015
Professional and Consultation fees	0.17	1.33
Other matters	0.04	0.45

### Note 34 Raw Material and Stores Consumption

	31.03.2016		30.06.2015	
a. Raw Material Consumed:	(₹ in Crore)	%	(₹ in Crore)	%
(i) Imported	-	-	-	-
(ii) Indigenous	52.39	100	54.09	100
<b>Total</b>	<b>52.39</b>	<b>100</b>	<b>54.09</b>	<b>100</b>
b. Stores and Spares Consumed:				
(i) Imported	2.27	14	6.56	35
(ii) Indigenous	13.92	86	12.43	65
<b>Total</b>	<b>16.19</b>	<b>100</b>	<b>18.99</b>	<b>100</b>

### Note 35 Employee Defined Benefits: As per Actuarial Valuation in accordance with Revised Accounting Standard 15 as on March 31, 2016

(₹ in crore)

Particulars	31.03.2016		30.06.2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
<b>I. Expense recognized in the Statement of Profit and Loss for the year ended March 31, 2016</b>				
1. Current Service Cost	0.41	0.30	0.52	0.34
2. Interest Cost	0.25	0.10	0.31	0.21
3. Employee Contributions	-	-	-	-
4. Expected Return on Plan Assets	-	-	-	-
5. Actuarial (Gains)/Losses	(0.09)	(0.35)	(0.04)	(1.00)
6. Past Service Cost	-	-	-	-
7. Settlement Cost	-	-	-	-
8. Losses/(gains) on acquisition/divestiture	-	-	-	-
9. Total Expense	0.57	0.05	0.79	(0.45)
<b>II. Net (Asset)/Liability recognized in the Balance Sheet as at March 31, 2016</b>				
1. Present Value of Defined Benefit Obligation	4.43	1.55	4.09	1.67
2. Fair Value of Plan Assets	-	-	-	-
3. Funded Status [Surplus/Deficit]	-	-	-	-
4. Net (Asset)/Liability as at March 31, 2016	4.43	1.55	4.09	1.67

## Sanghi Industries Limited

III. Obligation as on March 31, 2016	31.03.2016		30.06.2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
1. Present value of Defined Benefit Obligation at the beginning of the year	4.09	1.67	3.50	2.32
2. Current service Cost	0.41	0.30	0.52	0.34
3. Interest Cost	0.25	0.10	0.31	0.21
4. Settlement Cost	-	-	-	-
5. Past Service Cost	-	-	-	-
6. Employee Contribution	-	-	-	-
7. Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
8. Actuarial (Gains)/Losses	(0.09)	(0.35)	(0.04)	(1.00)
9. Benefits Payments	(0.23)	(0.17)	(0.20)	(0.20)
10. Sick Leave	-	-	-	-
11. Present Value of Defined Benefit Obligation at the end of the year	4.43	1.55	4.09	1.67

<b>IV. Actuarial Assumption:</b>
1. Discount Rate 8.08% p.a (P.Y. 8.30% p.a.)
2. Salary Escalation 5% p.a (P.Y. 5% p.a.)
3. Mortality Rate Indian Assured Lives Mortality (2006-08) Ultimate. (P. Y. Indian Assured Lives Mortality 2006-08) Ultimate

### Experience adjustments

#### Gratuity (unfunded)

(₹ in crore)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligations	4.43	4.09	3.50	3.41	2.37
Fair Value of Plan Assets	-	-	-	-	-
Surplus/(deficit)	(4.43)	(4.09)	(3.50)	(3.41)	(2.37)
Expected adjustments on planned Liabilities (Gains)/Losses	-	0.11	(0.05)	0.36	(3.88)
Expected adjustments on planned Assets	-	-	-	-	-

#### Leave Encashment (unfunded)

(₹ in Crore)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligations	1.55	1.67	2.32	1.67	1.04
Fair Value of Plan Assets	-	-	-	-	-
Surplus/(deficit)	(1.55)	(1.67)	(2.32)	(1.67)	(1.04)
Expected adjustments on planned Liabilities (Gains)/Losses	-	(0.94)	0.67	0.41	(0.30)
Expected adjustments on planned Assets	-	-	-	-	-

**Note 36** In conformity to the Companies Act 2013, the Company has changed its Accounting year to 31<sup>st</sup> March and hence, the current financial year ended on 31<sup>st</sup> March 2016 is for the period of 9 months and not comparable with those of the previous year.

## Sanghi Industries Limited

**Note 37** The previous year's figures have been regrouped/reclassified wherever necessary to confirm with current year's classification.

Signatories to Note No. 1 to 37

As per our Report of even date attached.

For **Ankit & Co.,**  
Chartered Accountants  
ICAI Firm Registration No. 000181S

For **Haribhakti & Co. LLP,**  
Chartered Accountants  
ICAI Firm Registration No. 103523W

**S. Brij Kumar**  
Partner  
M.No. 19357  
Place : Ahmedabad

**Atul Gala**  
Partner  
M.No. 048650  
Place : Mumbai

Place : Ahmedabad  
Date : May 25, 2016

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

<b>Ravi Sanghi</b>	-	Chairman and Managing Director
<b>Aditya Sanghi</b>	-	Executive Director
<b>Alok Sanghi</b>	-	Executive Director
<b>Bina Engineer</b>	-	Executive Director
<b>N. B. Gohil</b>	-	Executive Director
<b>D. K. Kambale</b>	-	Director
<b>Sadashiv Sawrikar</b>	-	Director
<b>D. B. N. Rao</b>	-	Director
<b>R. K. Pandey</b>	-	Director
<b>T. M. Jagan Mohan</b>	-	Director
<b>M.K. Doogar</b>	-	Director
<b>Jayesh Desai</b>	-	Director

**Anil Agrawal** - Company Secretary

## NOTES

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*Turning Dreams into Concrete Reality*

## **Sanghi Industries Limited**

Registered Office :

Sanghinagar P.O., Hayatnagar Mandal, R R District, Telangana - 501 511

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