

**Date: 4<sup>th</sup> July, 2018**

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 the 31<sup>st</sup> Annual General Meeting (AGM).**

This is to inform you that the 31<sup>st</sup> Annual General Meeting (AGM) of the members of the Company was held on Tuesday, 3<sup>rd</sup> July, 2018 at Sanghinagar, P.O., Hayatnagar Mandal, R. R. District, Telangana - 501511.

In this regard, we are enclosing herewith the following:

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 2017-18 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly adopted by the members as per the provisions of the Companies Act, 2013.

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

Kindly take the same on your 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)

### Summary of the proceedings of the 31<sup>st</sup> Annual General Meeting of the Company.

The 31<sup>st</sup> Annual General Meeting of the Company was held on Tuesday, 3<sup>rd</sup> July, 2018 at Sanghinagar, P.O., Hayatnagar Mandal, R. R. District, Telangana – 501511 at 10.00 a.m. to seek the approval of members of the Company on resolutions set out in the notice convening Annual General Meeting. The Chairman welcomed the shareholders of the company and the requisite quorum being present, he called the meeting to be in order.

With the permission of the members present at the meeting, the Notice convening the Annual General Meeting of the Company alongwith Directors' Report and Auditors' Report as circulated to the shareholders of the Company were taken as read and thereafter the Company Secretary continued with the proceedings of the meeting. 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 Audited Financial Statements including the Audited Balance Sheet as at 31 <sup>st</sup> March, 2018, 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 Alok Sanghi (holding DIN: 00033506), who retires by rotation as a Director of the Company.	Ordinary
3.	Ratification of Appointment of M/s. Chaturvedi & Shah, Chartered Accountants (Firm Reg. no. 101720W), Mumbai and M/s. S. K. Mehta & Co., Chartered Accountants (Firm Reg. no.: 000478N), Delhi as the Joint Statutory Auditors.	Ordinary
<b>Special Business :</b>		
4.	Ratification of Remuneration payable to M/s N D Birla & Co., Cost Accountants, Ahmedabad for the financial year 2018-19.	Ordinary
5.	Appointment of Shri Sundaram Balasubramanian (holding DIN: 02849971), as an Independent Director of the Company, to hold office for a term of five consecutive years with effect from 9 <sup>th</sup> November, 2017.	Special
6.	Approval for continuing the Directorship of Shri Radha Krishna Pandey (holding DIN: 00190017), as an Independent director of the Company.	Special
7.	Affirmation for payment of Existing Remuneration to Shri Ravi Sanghi , Chairman and Managing Director for remaining tenure of his appointment	Special

**Sanghi Industries Limited**

CIN No. : L18209TG1985PLC005581

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

**Tel. :** 08415 - 242240 **E-mail :** companysecretary@sanghicement.com

**Website :** www.sanghicement.com



The Company Secretary further informed the members about the remote e-voting facility provided to the shareholders which commenced on 30<sup>th</sup> June, 2018 (10.00 a.m.) and ended on 2<sup>nd</sup> July, 2018 (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 then cast their votes accordingly.

The Board of Directors has 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.

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.

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

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

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### Voting results

Record date	26-06-2018
Total number of shareholders on record date	29446
<b>No. of shareholders present in the meeting either in person or through proxy</b>	
a) Promoters and Promoter group	1
b) Public	37
<b>No. of shareholders attended the meeting through video conferencing</b>	
a) Promoters and Promoter group	0
b) Public	0
<b>No. of resolution passed in the meeting</b>	<b>7</b>
Disclosure of notes on voting results	<a href="#">Add Notes</a>

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## Resolution (1)

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter/promoter group are interested in the agenda/resolution?				No				
Description of resolution considered				Adoption of Audited Financial Statements including Audited Balance Sheet as at 31.03.2018, Statement of P & L and Cash Flow with Directors' and Auditors' Report.				
Category	Mode of voting	No. of shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
Public-Institutions	E-Voting	42291516	23186946	54.8265	23186946	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	42291516	23186946	54.8265	23186946	0	100.0000	0.0000
Public- Non Institutions	E-Voting	43762702	15696677	35.8677	15696677	0	100.0000	0.0000
	Poll		1245	0.0028	1245	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	43762702	15697922	35.8706	15697922	0	100.0000	0.0000
Total		251000000	203830650	81.2074	203830650	0	100.0000	0.0000
Whether resolution is Pass or Not.							Yes	
Disclosure of notes on resolution							Add Notes	

\* this fields are optional

Details of Invalid Votes	
Category	No. of Votes
Promoter and Promoter Group	
Public Insitutions	
Public - Non Insitutions	





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## Resolution (2)

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter/promoter group are interested in the agenda/resolution?				Yes				
Description of resolution considered				Re-appointment of Shri Alok Sanghi (holding DIN: 00033506), who retires by rotation as a Director of the Company.				
Category	Mode of voting	No. of shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
Public-Institutions	E-Voting	42291516	30853002	72.9532	30853002	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	42291516	30853002	72.9532	30853002	0	100.0000	0.0000
Public- Non Institutions	E-Voting	43762702	15696677	35.8677	15696677	0	100.0000	0.0000
	Poll		1245	0.0028	1245	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	43762702	15697922	35.8706	15697922	0	100.0000	0.0000
Total		251000000	211496706	84.2616	211496706	0	100.0000	0.0000
Whether resolution is Pass or Not.							Yes	
Disclosure of notes on resolution							Add Notes	

\* this fields are optional

Details of Invalid Votes	
Category	No. of Votes
Promoter and Promoter Group	
Public Insitutions	
Public - Non Insitutions	



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**Resolution (3)**

Resolution required: (Ordinary / Special)

Ordinary

Whether promoter/promoter group are interested in the agenda/resolution?

No

Description of resolution considered

Ratification of Appointment of M/s. Chaturvedi &amp; Shah, Chartered Accountants and M/s. S. K. Mehta &amp; Co., Chartered Accountants as the Joint Statutory Auditors.

Category	Mode of voting	No. of shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
Public- Institutions	E-Voting	42291516	30299803	71.6451	30299803	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	42291516	30299803	71.6451	30299803	0	100.0000	0.0000
Public- Non Institutions	E-Voting	43762702	15696677	35.8677	15696677	0	100.0000	0.0000
	Poll		1245	0.0028	1245	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	43762702	15697922	35.8706	15697922	0	100.0000	0.0000
Total		251000000	210943507	84.0412	210943507	0	100.0000	0.0000
Whether resolution is Pass or Not.							Yes	
Disclosure of notes on resolution							Add Notes	

\* this fields are optional

**Details of Invalid Votes**

Category	No. of Votes
Promoter and Promoter Group	
Public Insitutions	
Public - Non Insitutions	



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## Resolution (4)

Resolution required: (Ordinary / Special)				Ordinary				
Whether promoter/promoter group are interested in the agenda/resolution?				No				
Description of resolution considered				Ratification of Remuneration payable to M/s N D Birla & Co., Cost Accountants, Ahmedabad for the financial year 2018-19.				
Category	Mode of voting	No. of shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
Public-Institutions	E-Voting	42291516	30853002	72.9532	30853002	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	42291516	30853002	72.9532	30853002	0	100.0000	0.0000
Public- Non Institutions	E-Voting	43762702	15696677	35.8677	15696677	0	100.0000	0.0000
	Poll		1245	0.0028	1245	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	43762702	15697922	35.8706	15697922	0	100.0000	0.0000
Total		251000000	211496706	84.2616	211496706	0	100.0000	0.0000
Whether resolution is Pass or Not.							Yes	
Disclosure of notes on resolution							Add Notes	

\* this fields are optional

Details of Invalid Votes	
Category	No. of Votes
Promoter and Promoter Group	
Public Insitutions	
Public - Non Insitutions	





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## Resolution (5)

Resolution required: (Ordinary / Special)				Special				
Whether promoter/promoter group are interested in the agenda/resolution?				No				
Description of resolution considered				Appointment of Shri S Balasubramanian (holding DIN: 02849971), as an Independent Director, to hold office for a term of five consecutive years w.e.f 9th November, 2017.				
Category	Mode of voting	No. of shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
Public-Institutions	E-Voting	42291516	30853002	72.9532	30843465	9537	99.9691	0.0309
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	42291516	30853002	72.9532	30843465	9537	99.9691	0.0309
Public- Non Institutions	E-Voting	43762702	15696677	35.8677	15696677	0	100.0000	0.0000
	Poll		1245	0.0028	1245	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	43762702	15697922	35.8706	15697922	0	100.0000	0.0000
Total		251000000	211496706	84.2616	211487169	9537	99.9955	0.0045
Whether resolution is Pass or Not.							Yes	
Disclosure of notes on resolution							Add Notes	

\* this fields are optional

Details of Invalid Votes	
Category	No. of Votes
Promoter and Promoter Group	
Public Insitutions	
Public - Non Insitutions	



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## Resolution (6)

Resolution required: (Ordinary / Special)				Special				
Whether promoter/promoter group are interested in the agenda/resolution?				No				
Description of resolution considered				Approval for continuing the Directorship of Shri Radha Krishna Pandey (holding DIN: 00190017), as an Independent director of the Company.				
Category	Mode of voting	No. of shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
Public-Institutions	E-Voting	42291516	30853002	72.9532	19481308	11371694	63.1423	36.8577
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	42291516	30853002	72.9532	19481308	11371694	63.1423	36.8577
Public- Non Institutions	E-Voting	43762702	15696677	35.8677	15696677	0	100.0000	0.0000
	Poll		1245	0.0028	1245	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	Total	43762702	15697922	35.8706	15697922	0	100.0000	0.0000
Total		251000000	211496706	84.2616	200125012	11371694	94.6232	5.3768
Whether resolution is Pass or Not.							Yes	
Disclosure of notes on resolution							Add Notes	

\* this fields are optional

Details of Invalid Votes	
Category	No. of Votes
Promoter and Promoter Group	
Public Insitutions	
Public - Non Insitutions	



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## Resolution (7)

Resolution required: (Ordinary / Special)				Special				
Whether promoter/promoter group are interested in the agenda/resolution?				Yes				
Description of resolution considered				Affirmation for payment of Existing Remuneration to Shri Ravi Sanghi , Chairman and Managing Director for remaining tenure of his appointment				
Category	Mode of voting	No. of shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	<b>Total</b>	164945782	164945782	100.0000	164945782	0	100.0000	0.0000
Public-Institutions	E-Voting	42291516	30853002	72.9532	30299803	553199	98.2070	1.7930
	Poll		0	0.0000	0	0	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	<b>Total</b>	42291516	30853002	72.9532	30299803	553199	98.2070	1.7930
Public- Non Institutions	E-Voting	43762702	15696677	35.8677	15696677	0	100.0000	0.0000
	Poll		1245	0.0028	1245	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	0	0	0	0
	<b>Total</b>	43762702	15697922	35.8706	15697922	0	100.0000	0.0000
<b>Total</b>		251000000	211496706	84.2616	210943507	553199	99.7384	0.2616
Whether resolution is Pass or Not.							Yes	
Disclosure of notes on resolution							Add Notes	

\* this fields are optional

Details of Invalid Votes	
Category	No. of Votes
Promoter and Promoter Group	
Public Insitutions	
Public - Non Insitutions	



**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,  
31<sup>st</sup> Annual General Meeting of the Equity Shareholders of  
Sanghi Industries Limited  
(CIN: L18209TG1985PLC005581)  
Held on 3<sup>rd</sup> July, 2018 at  
Sanghinagar, P.O.,  
Hayatnagar Mandal,  
R. R. District,  
Telangana - 501511

Dear Sir,

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

I, A. A. Narayana Murthy, Practicing Company Secretary 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 31<sup>st</sup> Annual General Meeting of Equity shareholders of M/s. Sanghi Industries Limited held on Tuesday, 3<sup>rd</sup> July, 2018 at 10.00 a.m.

**I submit the report as under:**

The Notice convening Annual General Meeting dated 19<sup>th</sup> May, 2018 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 26<sup>th</sup> June, 2018 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 Saturday, 30<sup>th</sup> June, 2018 at 10.00 a.m. (IST) and concluded on Monday, 2<sup>nd</sup> July, 2018 at 5.00 p.m. (IST) and thereafter the CDSL e-voting platform was blocked.

The votes cast under remote e-voting facility were thereafter unblocked in the presence of two witnesses 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.



COP: 15438



**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:

### **SPECIAL BUSINESS:**

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

**Adoption of Audited Financial Statements including the Audited Balance Sheet as at 31<sup>st</sup> March, 2018, 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:**

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	95	203829405	100
Poll / Ballot	37	1245	100
<b>Total</b>	<b>132</b>	<b>203830650</b>	<b>100</b>

#### **II. Voted against the resolution:**

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	----	----	----
Poll / Ballot	----	----	----
<b>Total</b>	<b>----</b>	<b>----</b>	<b>----</b>



cop: 15438

A.A. Narayana Murthy  
Company Secretary

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Amberpet, Opp. Papaji Dhaba  
Hyderabad, Telangana – 500013  
Email : [aanmurthy@rediffmail.com](mailto:aanmurthy@rediffmail.com)  
Cell : 09000063783

III. Invalid votes:

Type of Voting	Number of members voted (In person or by proxy) whose votes were declared invalid	Number of votes cast by them
Remote E-voting	----	----
Poll / Ballot	----	----

Resolution No. 2: ( 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:

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	100	211495461	100
Poll / Ballot	37	1245	100
<b>Total</b>	<b>137</b>	<b>211496706</b>	<b>100</b>

II. Voted **against** the resolution:

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	----	----	----
Poll / Ballot	----	----	----
<b>Total</b>	<b>----</b>	<b>----</b>	<b>----</b>

III. Invalid votes:

Type of Voting	Number of members voted (In person or by proxy) whose votes were declared invalid	Number of votes cast by them
Remote E-voting	----	----
Poll / Ballot	----	----

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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

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

Ratification of Appointment of M/s. Chaturvedi & Shah, Chartered Accountants (Firm Reg. no. 101720W), Mumbai and M/s. S. K. Mehta & Co., Chartered Accountants (Firm Reg. no.: 000478N), Delhi as the Joint Statutory Auditors.

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

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	97	210942262	100
Poll / Ballot	37	1245	100
<b>Total</b>	<b>134</b>	<b>210943507</b>	<b>100</b>

#### II. Voted against the resolution:

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	----	----	----
Poll / Ballot	----	----	----
<b>Total</b>	<b>----</b>	<b>----</b>	<b>----</b>

#### III. Invalid votes:

Type of Voting	Number of members voted (In person or by proxy) whose votes were declared invalid	Number of votes cast by them
Remote E-voting	----	----
Poll / Ballot	----	----



COP: 15438

A.A. Narayana Murthy  
Company Secretary

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

**Ratification of Remuneration payable to M/s N D Birla & Co., Cost Accountants, Ahmedabad for the financial year 2018-19.**

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

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	100	211495461	100
Poll / Ballot	37	1245	100
<b>Total</b>	<b>137</b>	<b>211496706</b>	<b>100</b>

**II. Voted against the resolution:**

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	----	----	----
Poll / Ballot	----	----	----
<b>Total</b>	<b>----</b>	<b>----</b>	<b>----</b>

**III. Invalid votes:**

Type of Voting	Number of members voted (In person or by proxy) whose votes were declared invalid	Number of votes cast by them
Remote E-voting	----	----
Poll / Ballot	----	----



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A.A. Narayana Murthy  
Company Secretary

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

**Appointment of Shri Sundaram Balasubramanian (holding DIN: 02849971), as an Independent Director of the Company, to hold office for a term of five consecutive years with effect from 9<sup>th</sup> November, 2017.**

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

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	99	211485924	100
Poll / Ballot	37	1245	100
<b>Total</b>	<b>136</b>	<b>211487169</b>	<b>100</b>

**II. Voted against the resolution:**

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	1	9537	0
Poll / Ballot	----	----	----
<b>Total</b>	<b>1</b>	<b>9537</b>	<b>0</b>

**III. Invalid votes:**

Type of Voting	Number of members voted (In person or by proxy) whose votes were declared invalid	Number of votes cast by them
Remote E-voting	----	----
Poll / Ballot	----	----



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A.A. Narayana Murthy  
Company Secretary

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Cell : 09000063783

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

**Approval for continuing the Directorship of Shri Radha Krishna Pandey (holding DIN: 00190017), as an Independent director of the Company.**

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

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	88	200123767	94.62
Poll / Ballot	37	1245	100.00
<b>Total</b>	<b>125</b>	<b>200125012</b>	<b>94.62</b>

**II. Voted against the resolution:**

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	12	11371694	5.38
Poll / Ballot	----	----	----
<b>Total</b>	<b>12</b>	<b>11371694</b>	<b>5.38</b>

**III. Invalid votes:**

Type of Voting	Number of members voted (In person or by proxy) whose votes were declared invalid	Number of votes cast by them
Remote E-voting	----	----
Poll / Ballot	----	----



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A.A. Narayana Murthy  
Company Secretary

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Cell : 09000063783

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

Affirmation for payment of Existing Remuneration to Shri Ravi Sanghi , Chairman and Managing Director for remaining tenure of his appointment

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

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	97	210942262	99.74
Poll / Ballot	37	1245	100.00
<b>Total</b>	<b>134</b>	<b>210943507</b>	<b>99.74</b>

#### II. Voted against the resolution:

Type of Voting	Number of members voted (In person or by proxy)	Number of votes cast by them	% of total number of valid votes cast
Remote E-voting	3	553199	0.26
Poll / Ballot	----	----	----
<b>Total</b>	<b>3</b>	<b>553199</b>	<b>0.26</b>

#### III. Invalid votes:

Type of Voting	Number of members voted (In person or by proxy) whose votes were declared invalid	Number of votes cast by them
Remote E-voting	----	----
Poll / Ballot	----	----



cop: 15438

**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**

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All relevant records of electronic voting will remain in my safe custody until the Chairman considers, approves and signs the minutes of the 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**  
**COP No. : 15438**  
**Scrutinizer**  
**Company Secretary**



**Date : 3<sup>rd</sup> July, 2018**  
**Place : Hyderabad**





**SANGHI INDUSTRIES LIMITED**

**31<sup>st</sup> ANNUAL REPORT 2017-18**



Adaptation from a Painting by Shri Jagannath Panda  
Created at Sanghi Live Art Fest, Sanghipuram, organized for Promotion of Art & Culture.



Artist : Jagannath Panda  
Medium : Acrylic on Canvas  
Size : 3x4 Ft.  
Year : 2016

The above painting is created by renowned Indian Artist Shri Jagannath Panda at Sanghi Live Art Fest, Sanghipuram, Kutch during Dec 14, 2016 to Jan 02, 2017.

During the art camp Jagannath went to our school to have an interactive session and to create a 60 feet large wall mural in the school wall along with the students. He ask the students to respond and draw any inspiration and dream from the phrase "We are here for a reason". While interacting with the students, Jagannath inspired a student to draw his dream architecture drawing. The Student who want to become an architect created a wonderful drawing of his imaginary building.

Jagannath got inspired from this interaction with the student and created the above painting in which he depicted his time with the students. The background of grey color, which is the color of transition and further he has shown a building that depicts the imagination of the child and the white lights in some part of the building that depicts hope.

In Indian Culture, there is a tradition to worship Tree and a tree is considered as a holy form of life. Here in the painting the tree form shown in the foreground is the symbol of the pure mind of a child – the dried colored branches of the tree are being converted to blue color showing the transformation of the child's thought process and his dreams. Overall this painting is a multi faceted painting showcasing a mix of hope both sprit and substance.



## 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

## Contents

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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	Independent Director
Shri Sadashiv Sawrikar	Independent Director
Shri D.B.N.Rao	Independent Director
Shri R.K. Pandey	Independent Director
Shri M.K. Doogar	Independent Director
Shri S. Balasubramanian	Independent Director

## Company Secretary

Shri Anil Agrawal

## Joint Statutory Auditors

M/s. Chaturvedi & Shah  
Chartered Accountants  
Mumbai

M/s. S. K. Mehta & Co.  
Chartered Accountants  
Delhi

## 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: Makaraba,  
District: Ahmedabad – 380 051  
Tel Nos. 079 - 2683 8000  
Fax Nos.079 - 2683 8111

## Mumbai Office

110, B Wing, Krishna Commercial Centre,  
6, Udyog Nagar, Near Kamath Club,  
S. V. Road, Goregaon (West), Mumbai – 400 062  
Tel Nos. 022 – 2871 3120  
Fax Nos. 022 – 2871 3126

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

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

CIN : **L18209TG1985PLC005581**



## DIRECTORS' REPORT

**To  
The Members of  
Sanghi Industries Limited**

Your Directors take pleasure in presenting the 31<sup>st</sup> Annual Report together with the audited financial statements for the year ended 31<sup>st</sup> March, 2018.

### Financial Performance:

(₹ in Crore)

Particulars	2017-2018	2016-2017
Total Income	1074.03	1104.26
Profit before Interest, Depreciation and Taxation	237.81	200.43
Interest	72.12	64.23
Operating Profit	165.69	136.20
Depreciation	72.38	73.06
Profit Before Tax (PBT)	93.31	63.14
(Add) / Less : Provision for Tax	-	-
Profit After Tax (PAT)	93.31	63.14
Other Comprehensive Income	0.05	(0.17)
<b>Total Comprehensive Income</b>	<b>93.36</b>	<b>62.97</b>

### Dividend

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

### Dividend Distribution Policy

Securities and Exchange Board of India ('SEBI') has vide notification dated 8<sup>th</sup> July, 2016, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by introducing new Regulation 43A which requires the top 500 listed companies (based on the market capitalization calculated as on 31<sup>st</sup> March of every year) to formulate a Dividend Distribution Policy and disclose the same on their websites and in the Annual Reports.

The Company's market capitalization as on 31<sup>st</sup> March, 2018 is ₹ 2965.57 Crore as per closing price of ₹ 118.15 at NSE and the Company falls under the list of top 500 listed companies as per the market capitalization as on 31<sup>st</sup> March, 2018, it has formulated the Dividend Distribution Policy which is uploaded on the Company's website at <http://www.sanghiment.com/policies>

### Transfer To Reserves

During the year under review, the company has transferred ₹ 0.88 Crores to Debenture Redemption Reserve.

### Operations and Performance of the Company

During the year ended 31<sup>st</sup> March, 2018, the total revenue was ₹ 1074.03 Crores against ₹ 1104.26 Crores in the previous year. The Profit Before and after Tax for the year has been ₹ 93.31 Crores against ₹ 63.14 Crores in previous year. The Total Comprehensive Income for the year is ₹ 93.36 Crores, against ₹ 62.97 Crores in previous year. Goods and Service Tax (GST) has been implemented w.e.f. 1<sup>st</sup> July 2017. Accordingly, GST is being levied as against Excise duty applicable hitherto. Since, excise duty is included in the revenue and GST is not included in revenue, total revenue for the year ended 31<sup>st</sup> March 2018 are not comparable with the previous year.

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

### **Raising of Funds through Qualified Institutional Placement (QIP)**

During the year under review, Company has issued 3,10,21,000 Equity Shares of ₹10/- each at an issue price of ₹ 129/- each (including premium of ₹ 119/- each) to Qualified Institutional Buyers (QIB). The amount raised through QIP was ₹ 400.17 Crores. Pursuant to allotment of equity shares in the QIP, the paid up share capital of the Company stands increased to ₹ 251 Crores (comprising of 25,10,00,000 equity shares of ₹10/- each) as on 31<sup>st</sup> March, 2018.

### **Issue of Non-Convertible Debentures (NCDs) on Private Placement Basis and Early Redemption of existing NCDs**

During the year under review, Company has issued 2,560 Secured, Listed, Rated, Redeemable, Non-Convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- each aggregating to ₹ 2,56,00,00,000/- (Rupees Two Hundred Fifty Six Crores Only) on Private Placement basis with a fixed coupon rate of 10.50% listed on 'Wholesale Debt Market' Segment of BSE Limited.

The proceeds of above NCDs have been utilised for early redemption of existing 25,64,829 Secured, Unlisted, Redeemable, Non-Convertible Debentures of ₹ 1,000/- each aggregating to ₹ 256,48,29,000/- (Rupees Two Hundred Fifty Six Crore Forty Eight Lacs Twenty Nine Thousand Only) which were issued in the month of March 2016 with a tenure of Five years on private placement basis having fixed coupon rate of 15.50%.

Consequent to above, as on date there are 2,560 outstanding Non-Convertible Debentures of the Company aggregating to ₹ 256 Crores which were issued on 7<sup>th</sup> March, 2018.

### **Change in Nature of Business**

There are no material changes in the nature of business during the year under review.

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

There have been 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.

### **Significant and material orders passed by the Regulators or Courts or Tribunals**

During the year under review, there were no significant or material order passed by any regulatory authority, court or tribunal which shall affect the going concern status of the Company's operations in future.

### **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.

### **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 2017-18.

### **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.

### **Corporate Governance Report**

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance is attached as **Annexure I** forming part of this report along with the certificate from auditors confirming the compliance.

## **Details of Board of Directors and Key Managerial Personnel**

### **Board of Directors**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Rules framed thereunder, Shri Alok Sanghi (holding DIN: 00033506) whole-time Director of the Company retires by rotation at the forthcoming Annual General Meeting and he being eligible, offers himself for re-appointment.

Shri Nirubha B. Gohil (DIN 05149953) has been re-appointed as Whole-time Director of the Company for the period of three years w.e.f. 22nd December, 2017 for which necessary approval has been obtained from the members at the Extra-ordinary General Meeting held on 3rd March, 2018.

In accordance with the provisions of Section 149, 161 and other applicable provisions the Companies Act, 2013 and the Rules framed thereunder, Shri Sundaram Balasubramanian (DIN: 02849971) has been appointed as an Additional Director in the category of Non-Executive Independent Director of the Company with effect from 9<sup>th</sup> November, 2017 to hold the office till the conclusion of forthcoming Annual General meeting. The resolution proposing regularization of his appointment is set out in the Notice convening the Annual General Meeting.

Your Directors recommend their appointment/regularization of appointment.

During the year under review, Shri T. M. Jagan Mohan (DIN: 00423263) has resigned as Independent Director of the company with effect from 14<sup>th</sup> December, 2017 due to pre-occupation.

### **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

There were no changes in Key Managerial Personnel during the year.

### **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).

### **Policy on Directors' appointment and 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.

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

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 evaluation of the working of the Board, its committees, experience and expertise, performance of specific duties and obligations etc were carried out. 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.

### **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 financial statement, the applicable accounting standards had been followed and that no material departures have been made for the same;
- 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, 2018 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 year ended 31<sup>st</sup> March, 2018 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.

### **Number of Board Meetings**

During the year under review, the Board of Directors duly met Five (5) times. The details of the Board Meetings are provided in the Corporate Governance Report which is annexed to the Report. The intervening gap between the two meetings was within the limit prescribed under the Companies Act, 2013 and Listing Regulations.

Disclosure on the compliance of Secretarial Standards:

The Directors confirm to the best of their knowledge and belief that the Company has complied with the applicable provisions of Secretarial Standards on the Meeting of the Board of Directors issued by the Institute of Company Secretaries of India.

### **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, 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 organization 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.

### **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, your company has established a vigil mechanism termed as Whistle Blower Policy for Directors and employees to report the unethical behavior, 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 <http://www.sanghiment.com/policies>

**Policy on prevention, prohibition and redressal of sexual harassment at workplace**

Company has framed a policy on Sexual Harassment at workplace which aims to provide protection to women employees at workplace and prevent and redress complaints of sexual harassment and for matters connected therewith or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint under the Sexual Harassment of women at Workplace during the financial year under review.

**Insurance**

The properties and assets of the Company are adequately insured.

**Auditors**

**Statutory Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration Number: 101720W), Mumbai and M/s. S. K. Mehta & Co., Chartered Accountants (Firm Registration Number: 000478N) Delhi, were appointed as Joint Statutory Auditors of the Company for the consecutive term of 5 years to hold office till the conclusion of 35<sup>th</sup> Annual General Meeting of the Company subject to ratification of appointment at every Annual General Meeting at such remuneration as shall be fixed by Shri Ravi Sanghi, Chairman and Managing Director of the Company in consultation with the Joint Statutory Auditors.

Members are requested to consider the ratification of appointment of M/s. Chaturvedi & Shah and M/s. S. K. Mehta & Co. Both the auditors have submitted a certificate confirming that their appointment, if ratified, will be in accordance with Section 139 read with Section 141 of the Companies Act, 2013.

Accordingly, a resolution for ratification of appointment of Joint Statutory Auditors is proposed. The Board recommends passing of proposed resolution.

**Secretarial Auditors**

M/s. Parikh Dave & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditors of the Company for the financial year 2017-18 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.

**Cost Auditors**

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 2018-19. The Audit report of the cost accounts of the Company for the year ended 31<sup>st</sup> March, 2018 will be submitted to the Central Government in due course.

**Audit Committee**

During the year under review, Company has reconstituted the Audit Committee. The Audit Committee of the Company as on 31<sup>st</sup> March, 2018 consists of following Directors as its members:

- |    |                        |   |          |
|----|------------------------|---|----------|
| 1. | Shri Sadashiv Sawrikar | - | Chairman |
| 2. | Shri R. K. Pandey      | - | Member   |
| 3. | Shri D. K. Kambale     | - | Member   |

**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.

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

During the year under review, there were no Related Party Transactions entered by the company with related parties falling under Section 188 of the Companies Act, 2013 hence reporting 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 is not applicable to the Company.

Necessary related party disclosures are provided in Note 34 which is forming the part of the notes to financial statements.

The policy on Related Party Transactions has been uploaded on the website i.e <http://www.sanghiment.com/policies>

### **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 IV** 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.

### **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 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 <http://www.sanghiment.com/policies>. The requisite details on CSR Activities pursuant to Section 135 of the Companies Act, 2013 and rules framed thereunder are annexed as **Annexure V** 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.

### **Business Responsibility Statement**

As per Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment thereof for the time-to-time, top 500 listed companies are required to submit, as part of Annual Report, Business Responsibility Report, describing the initiatives taken by them from the environmental, social and governance perspective, in the format prescribed by SEBI. As the company falls under the list of top 500 companies, as per the market capitalization as on 31<sup>st</sup> March, 2018, it is applicable to your company. The Business Responsibility Report of the Company for the year ended 31<sup>st</sup> March, 2018 is annexed to this report as **Annexure VI**.

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

Extract of the Annual Return as on 31<sup>st</sup> March, 2018 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**.

### **Familiarization Programme for Independent Directors**

In compliance with the requirements of SEBI regulations, the Company has put in place a familiarization programme for Independent Directors to familiarize them with their role, rights and responsibilities as directors, the working of the Company, nature of industry in which company operates, business model, etc. The details of familiarization programme are explained in the Corporate Governance Report. The details of the familiarization programme of Independent Directors of the Company is available on the website of the Company at the following link: <http://www.sanghicement.com/independent-director>

### **Listing**

The Company's equity shares are listed with the Stock Exchanges, namely National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Non-Convertible Debentures (NCDs) of the Company issued on private placement basis during the year under review are listed on 'Wholesale Debt Market' segment of BSE Limited. The Company has paid the listing fees for the year 2018-19 to both the Stock Exchanges.

### **Environment And Pollution Control**

The Company has established centralized Environmental team for environment management and vigorously pursued its goal of sustainable development through exacting standard in environmental conservation, emission control, promotion of alternative fuel & raw materials and waste management. The company has certified with ISO:14001 standard since 2004. The company has installed state of the art air pollution control systems like ESP, Bag house with membrane technology, Fugitive emission control systems like dust extraction & dust suppression system in all required locations. The Company has installed state of the art Clinker storage and loading system. The mining activities are being carried out by eco-friendly surface miner. The Company has concreting of internal roads, truck parking area and plant floors.

The Company has implemented series of measures for environment and pollution control. Some of the measures implemented during the year are:

- Commissioning of 13.5 MW waste heat recovery system;
- Utilization of pond Ash in raw mix - 1<sup>st</sup> in Indian Cement sector since last three years;
- Up-gradation of air pollution control systems of Raw mill and coal mills to latest technology;
- Development of new composite cement mix and enhancement of ash utilization in blended cement;
- Implementation of carbon footprint analysis for greenhouse gas emission reduction; and
- Massive plantation in the entire complex.

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

<b>(a) Conservation of energy</b>		
(i)	the steps taken or impact on conservation of energy	<ul style="list-style-type: none"> <li>Up-gradation of Raw Mill Classifier to improve energy efficiency and product quality;</li> <li>Up-gradation to Coal Mills Classifier to improve energy efficiency and product quality;</li> <li>Modification in Kiln inlet seal to reduced specific heat consumption;</li> <li>Up-gradation of cement mill 2 circuit to improve productivity and energy efficiency;</li> <li>Continuous process optimization &amp; reduction in false air ingress;</li> <li>Up-gradation of cooler ESP fields to reduce pressure drop;</li> <li>Higher usage of alternative fuel in Kiln;</li> <li>Conducted energy audit and implemented the energy conservation action plan;</li> <li>Adaption of best practices and processes of the sector; and</li> <li>Replacement of conventional lighting system with LED lighting system in Plant &amp; Colony;</li> </ul>
(ii)	the steps taken by the company for utilizing alternate sources of energy	<ul style="list-style-type: none"> <li>Installed automated Alternative Fuel &amp; Raw Material (AFR) system in Clinker plant for utilizing waste like Oil, Coal Tar, Plastics, Oily cotton waste, ETP sludge, Paint sludge etc. generated by other industries as an alternative fuel in Kiln.</li> <li>Increase thermal substitution rate year on year and achieved 8% TSR during the year.</li> <li>Commissioning of 13.5 MW Waste Heat Recovery System for power generation.</li> </ul>
iii)	the capital investment on energy conservation equipments	₹ 1238 Lakhs
<b>(b) Technology absorption</b>		
(i)	the efforts made towards technology absorption	<ul style="list-style-type: none"> <li>The MIS Cell &amp; Energy Steering Committee is working on energy accounting and conservation program by handling issues associated with it.</li> <li>The Company strives to implement latest technologies for energy efficiency, alternative resources &amp; minimize adverse impact on environment.</li> <li>The regular energy audit is carried out by the third party to identify the area for improvement.</li> </ul>
(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
	a) the details of technology imported	NA
	b) the year of import	NA



## Sanghi Industries Limited

	c) whether the technology been fully absorbed	NA												
	d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA												
<b>(c) Research and Development</b>														
(i)	Specific areas in which R&D carried out by the Company	<ul style="list-style-type: none"> <li>• New Product / Process Developed.</li> <li>• Improvement in existing production process(s).</li> <li>• Energy conservation.</li> <li>• Pollution control.</li> <li>• Alternative fuel and raw material.</li> <li>• Water conservation</li> </ul>												
(ii)	Benefits derived as result of the above R&D	<ul style="list-style-type: none"> <li>• Enhancement in cooler recuperation and cooling efficiency</li> <li>• Enhancement in TSR (Thermal Substitution Rate) through increased AFR (Alternative Fuel Raw Material).</li> <li>• Development of various types of composite cement which is Eco-friendly.</li> <li>• Up-gradation of Coal Mills classifier to improve thermal efficiency.</li> <li>• Kiln inlet seal modification for reduction of false air ingress to reduce energy consumption.</li> <li>• Reduction in overall % of Specific Limestone Consumption</li> <li>• Improve conversion factor from raw meal to clinker</li> <li>• Reduction in specific water consumption</li> </ul>												
(iii)	Future Plan of Action	<ul style="list-style-type: none"> <li>• Improvement in cement properties by utilizing nano particles technology.</li> <li>• Enhancement in product quality through computational fluid dynamic analysis.</li> <li>• Design of experiment in testing analysis.</li> <li>• New product development for specific usage i.e. Sleeper Cement and Limestone Calcined Clay Cement.</li> </ul>												
(iv)	Expenditure on R&D	<div style="text-align: right;">(₹ In Lakhs)</div> <table border="1"> <thead> <tr> <th></th><th>2017-18</th><th>2016-17</th></tr> </thead> <tbody> <tr> <td>Capital</td><td>50.87</td><td>128.48</td></tr> <tr> <td>Recurring</td><td>158.25</td><td>129.90</td></tr> <tr> <td><b>Total R&amp; D Expenditure</b></td><td><b>209.12</b></td><td><b>258.38</b></td></tr> </tbody> </table>		2017-18	2016-17	Capital	50.87	128.48	Recurring	158.25	129.90	<b>Total R&amp; D Expenditure</b>	<b>209.12</b>	<b>258.38</b>
	2017-18	2016-17												
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Recurring	158.25	129.90												
<b>Total R&amp; D Expenditure</b>	<b>209.12</b>	<b>258.38</b>												

### Foreign Exchange Earnings and Outgo

During the year under review, Foreign Exchange earnings was ₹ 4968.40 Lacs and outgo was ₹ 1630.49 Lacs .

### 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 8000:2014 (Social Accountability System Certificate)
- ISO/ IEC 17025:2005 (NABL accreditation for Chemical and Mechanical Testing)

### **Recognitions for Best Practices**

Awards conferred during the “8<sup>th</sup> Metalliferous Mines Safety, Swachhata & Silicosis Awareness Week 2017” under the aegis of Directorate General of Mines Safety, Ahmedabad Region are as below:-

<b>S. No.</b>	<b>Awards conferred to Jadua Limestone Mines</b>	<b>Awarded</b>
1	Mine lighting & electrical installation	Second Prize
2	Publicity Propaganda & Fire Fighting	Third Prize
	<b>Awards conferred to Motiber Silica Sand Mines</b>	
1	Overall Performance	Third Prize
2	Quarry Working & General Safety	First Prize

The company has also won following award during celebration of “25<sup>th</sup> Mines Environment & Mineral Conservation Week Celebrations – 2017-18”, MEMC

Council of Gujarat, under the aegis of Indian Bureau of Mines, Gandhinagar Region:-

<b>S. No.</b>	<b>Awards conferred to Jadua Limestone Mines</b>	<b>Awarded</b>
1	Systematic & Scientific Development	Second Prize

### **Best CFO Award**

Mrs. Bina Engineer , Whole Time Director and Chief Financial Officer (CFO) of the Company is awarded “Best Woman CFO Award 2018” by Yes Bank and Business World Magazine on 11<sup>th</sup> May 2018 at Delhi. She has also received the prestigious award “Best CFO Award in Women Category- 2016” from the Institute of Chartered Accountants of India.

### **India’s Most Trusted Company Award - 2017**

Company has also won the India’s Most Trusted (Cement Manufacturing) Company Award 2017 from International Brand Consulting Corporation, USA.

### **India’s Top Challengers 2016-17**

Company has also won the India’s Top Challengers 2016-17 Trophy award from Construction World Magazine & Media.

### **Most Preferred Cement Brand by Real Estate Sector Award 2017**

Company has also won the most preferred Cement brand by Real Estate Sector Award 2017 from DNA's Real Estate & Infrastructure Round Table & Awards.

### **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.

### **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 :** 19<sup>th</sup> May 2018

**Ravi Sanghi**  
Chairman & Managing Director  
(DIN: 00033594)



**AUDITORS AND DIRECTORS' VISIT TO FACTORY**



**OUR CFO MRS. BINA ENGINEER RECEIVING THE YES BANK BUSINESS WORLD BEST WOMAN CFO AWARD 2018**



**TROPHY WINNER - MUMBAI SALES TEAM**

## RECOGNITION AND AWARDS



**SUCCESSFUL FINANCIAL CLOSURE OF OUR EXPANSION PLAN**



**INDIA'S TOP CHALLENGERS  
2016-17 TROPHY  
BY CONSTRUCTION WORLD  
MAGAZINE & MEDIA**



**INDIA'S MOST TRUSTED  
COMPANY AWARD - 2017  
BY IBCC, USA**



**MOST PREFERRED BRAND  
REAL ESTATE SECTOR CEMENT  
CATEGORY BY REAL ESTATE & INFRA  
ROUND TABLE & AWARDS**



**OUR CFO MRS. BINA ENGINEER  
RECOGNIZED FOR EXCELLENCE IN  
INVESTORS' RELATION 2018  
BY CFO INDIA**



**WON 'EMERGING  
BRAND OF THE YEAR'  
AWARD CEMENT &  
CONCRETE CATEGORY**



**OUR BIG LEAP INTO POWER SAVING : COMMISSIONED 13.5 MW WASTE HEAT RECOVERY PROJECT**



**WHR AQC BOILER**



**WHR AIR COOL CONDENSER**



**WHR CONTROL ROOM**

**PROUD TO INITIATE COASTAL SHIPPING OF BULK CEMENT**

**SANGHI TRISHUL**



**SANGHI SUDARSHAN**



**ECO-SENSITIVE ROUTE TO MOVE RAW MATERIAL  
3 KM CONVEYOR BELT CONNECTING MINES AND FACTORY**



## MANAGEMENT DISCUSSION AND ANALYSIS

The Management presents the analysis of your Company's performance during the year ended on 31<sup>st</sup> March 2018 ("2018"). 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. Further, the information on the economy and industry is based on various reports on industry and websites and the Company is not responsible for any discrepancy/error in the information.

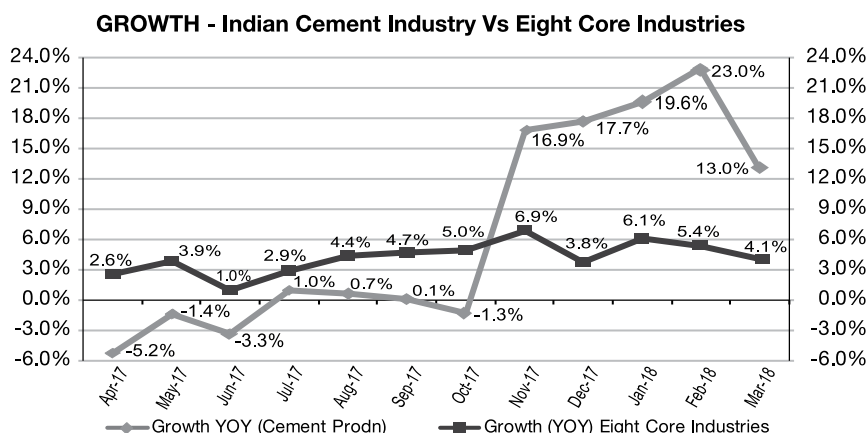
### Macro Economics of India

The Indian economy is estimated to have a GDP growth of 6.5 per cent in 2017-18, as compared to the growth of 7.1 per cent in 2016-17.

While our country's Revenue Deficit to GDP ratio is estimated to reduce to 1.9% in 2017-18 from 2.1% in 2016-17, the revised estimate of Gross Fiscal Deficit to GDP is same at 3.5% in 2017-18 from 3.5% in 2016-17.

### Cement Industry – Present Scenario and Outlook

The monthly growth trend during FY-18 of our cement industry compared to eight core industries of India is shown below.



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 cement industry's production increased by 6.3% in FY-18 compared to a negative growth of 1.2% in FY-17. The cement production was 297.56 million tonne in FY-18 against 279.98 million tonne in FY-17. The capacity utilization during FY-18 was around 65% against 68% during FY-17.

India has a potential for development in the infrastructure and construction sector and the cement sector is expected to largely benefit from it. Our Government's continued focus on nation-wide infrastructure growth and various affordable housing projects, amongst other initiatives including smart cities, are expected to support demand for cement.

### Highlights on End-User Industries

The Construction sector is estimated to grow at 3.6% in FY-18 (on Gross Value Added) compared to 1.7% in FY-17. The production of Infrastructure /Construction goods industry has grown by 3.8% during April to November 2017 against 3.9% in FY-17.

In construction sector (comprising of infrastructure activities and townships, housing), the Foreign Direct Investment by way of equity has grown by 22% during April to October 2017 against a negative growth of 57% in FY-17.

### Real Estate

In Budget 2018-19, Government of India announced setting up of an Affordable Housing Fund of ₹ 25,000 crore (US\$ 3.86 billion) under the National Housing Bank (NHB) which will be utilised for easing credit to homebuyers. The move is expected to boost the demand of cement from the housing segment.

The Government of India has launched new flagship urban missions like the Pradhan Mantri Awas Yojana (Urban), Atal Mission for Rejuvenation and Urban Transformation (AMRUT), and Swachh Bharat Mission (Urban) under the urban habitat model. In February 2018, creation of National Urban Housing Fund was approved with an outlay of ₹ 60,000 crore (US\$ 9.27 billion). Under the Pradhan Mantri Awas Yojana (PMAY) Urban 1,427,486 houses have been sanctioned in 2017-18. In March 2018, construction of additional 3,21,567 affordable houses was sanctioned under the scheme.

Under Union Budget 2018-19, Pradhan Mantri Awas Yojana (PMAY) (Gramin) was allocated ₹ 33,000 crore (US\$ 5.10 billion) while the urban programme of the scheme was allocated ₹ 31,500 crore (US\$ 4.87 billion).

India's rank in the Global House Price Index has jumped 13 spots to reach the ninth position among 55 international markets, due to increasing prices in mainstream residential sector. India stood third in the US Green Building Council's (USGBC) ranking of the top 10 countries for Leadership in Energy and Environmental Design (LEED) certified buildings.

### **Infrastructure**

In October 2017, road projects worth ₹ 6.92 trillion (US\$ 107.64 billion) were approved to build an 83,677 km road network in the country. All villages in India will be connected through a road network by 2019 under Pradhan Mantri Gram Sadak Yojana (PMGSY). In August 2017, a new Metro Rail Policy was announced to boost private investment in the sector.

In January 2018, the National Investment and Infrastructure Fund (NIIF) partnered with UAE-based DP World to create a platform that will mobilise investments worth US\$ 3 billion into ports, terminals, transportation, and logistics businesses in India.

Under Union Budget 2018-19, US\$ 92.22 billion was allocated to the infrastructure sector.

India and Japan have joined hands for infrastructure development in India's north-eastern states and are also setting up an India-Japan Co-ordination Forum for Development of North East to undertake strategic infrastructure projects in the North East.

### **Performance of the Company**

#### **I. Recognitions for the Company**

The Company has received the following awards.

- India's Most Trusted Company 2017 by International Brand Consulting Corporation, USA, in September 2017.
- India's Top Challengers 2016-17 at the 15<sup>th</sup> Construction World Annual Awards 2017, in October 2017.
- Most Preferred Brand by DNA - Real Estate Sector : Cement Category, in November 2017

The Company has also received the following awards during the "8<sup>th</sup> Gujarat Metalliferous Mines Safety, Swachhata & Silicosis Awareness Week 2017" under the aegis of Directorate General of Mines Safety, Ahmedabad Region.

<b>S. No.</b>	<b>Awards conferred to Jadua Limestone Mines:</b>	<b>Awarded</b>
1	Mine lighting & electrical installation	Second Prize
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The Company has also won the following award during celebration of "25th Mines Environment & Mineral Conservation Week - 2017-18", MEMC Council of Gandhinagar Region, under the aegis of Indian Bureau of Mines, Gandhinagar Region :-

<b>S. No.</b>	<b>Awards conferred to Jadua Limestone Mines</b>	<b>Awarded</b>
1	Systematic & Scientific Development	Second Prize



The Institute of Chartered Accountants of India has conferred the award of “Best CA-CFO – Woman for the Year 2017” to Mrs. Bina Engineer, our Executive Director and CFO for her stellar contribution to the Company. She has also been awarded under CFO 100 Roll of Honour in March 2018 and Best Woman CFO 2017-18 by BW Businessworld presented by Yes Bank.

## 2. 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.

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

## 3. Sales

### Sales Volume

Product	FY-18 (lac mt)	FY-17 (lac mt)	%
Cement	23.62	25.30	(7%)
Clinker	0.77	3.60	(79%)
RMC (M <sup>3</sup> )	0.63	0.30	109%
<b>Total</b>	<b>25.02</b>	<b>29.20</b>	<b>(14%)</b>

Due to longer maintenance programme and upgradation work, the production and sales volume was lower in FY-18.

The higher realizations for the Company has in FY-18 over FY-17 has resulted in gross sales for FY-18 to increase by around 4% to ₹1279 crore compared to ₹1232 crore during FY-17.

### Gross Sales (₹Crore)

Product	FY-18	FY-17	Increase/(Decrease) in FY-18
Cement Domestic	1215.78	1113.95	9%
Cement Export	38.09	37.41	2%
Clinker Domestic	3.19	0.13	24 times
Clinker Export	13.07	69.98	(81%)
RMC (M <sup>3</sup> )	19.36	10.90	78%
<b>Total</b>	<b>1289.49</b>	<b>1232.37</b>	<b>5%</b>

## 4. Costs

The major cost analysis for FY-18 over FY-17 is given below.

- The raw material cost per tonne of sale has increased by around 21% in FY-18 over FY-17. This is mainly because of purchase of clinker during the last quarter due to maintenance of Raw Mill. The Company has used high quality-high cost gypsum for further improving quality of its cement. There was also increase in prices of fly ash and slag.
- Power and fuel cost per tonne of sale has increased by around 23% in FY-18 over FY-17 mainly because of increase in coal and petcoke cost and comparatively lower production over FY-17. The Company has been able to optimize the cost by blending more of cost effective fuel and lignite.

## Sanghi Industries Limited

- Selling and distribution cost per tonne of sale has increased by around 17% in FY-18 over FY-17 mainly because of increase in freight cost. The Company's logistic cost for distributing in Maharashtra has reduced by around 10% due to deployment of its owned ships during FY-18. Earlier, the Company had chartered the vessels for bringing cement to Maharashtra market.
- Increase in other expenses is mainly due to increase in other manufacturing expenses on account of High Speed Diesel used for vehicle movement within the plant and higher Consultancy and Legal charges due to additional borrowing during the year.

### 5. Profits and Margins

The Company has earned Profit before Depreciation, Interest and Tax (PBDIT) of ₹ 237.8 crore in FY-18 against ₹ 200.4 crore in FY-17.

The PBDIT margin was 22.7% for FY-18 and 20.0% for FY-17.

The profit before tax and profit after tax were ₹ 93.3 crore and ₹ 63.1 crore respectively for FY-18 and FY-17. The Company was not required to make any income tax provision due to carried forward set-offs available to it under the Income Tax laws.

### 6. Switchover to Goods and Service Tax

During the year, Company has implemented upgraded software system and operating procedures and successfully migrated to Goods and Service Tax regime

### 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 measures and initiatives planned and/or taken by the Central and State Governments of India on infrastructure spending, real estate development and other macro-economic issues, the Company expects a good demand 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.
- Company requires heavy use of fuel such as lignite, 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 fuel 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.

## **12. Expansion Plans**

The Company has planned expansion of its capacity from 4.1 to 8.1 mtpa. The financial tie-up for the same is completed and Company has also raised equity capital through Qualified Institutional Placement issuance. The work on the project is expected to commence in FY-19.

## 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.

Composition and category of Directors as on 31<sup>st</sup> March, 2018 is as under:

Sl. No.	Category	Name of Director
I.	Executive Directors	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 (Independent Directors)	Shri Sadashiv Sawrikar Shri R. K. Pandey, Shri D. B. N. Rao Shri D. K. Kambale Shri M. K. Doogar Shri S. Balasubramanian

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 2017-18, five (5) Board Meetings were held on 24<sup>th</sup> May, 2017, 9<sup>th</sup> August, 2017, 9<sup>th</sup> November, 2017, 3<sup>rd</sup> February, 2018 and 10<sup>th</sup> February, 2018. The Company has observed the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 held</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<sup>#</sup></b>	<b>No. of Chairmanship of other Board Committees<sup>#</sup></b>
Shri Ravi Sanghi	5	5	Yes	1	-	-
Shri Aditya Sanghi	5	5	No	3	-	-
Shri Alok Sanghi	5	5	No	3	-	-
Smt. Bina Engineer	5	5	No	1	-	-
Shri N. B. Gohil	5	4	No	1	-	-
Shri Sadashiv Sawrikar	5	4	Yes	1	-	-
Shri T. M. Jagan Mohan*	5	3	Yes	-	-	-
Shri R. K. Pandey	5	3	No	6	5	1
Shri D. K. Kambale	5	5	No	3	2	1
Shri D. B. N. Rao	5	4	No	3	-	-
Shri M. K. Doogar	5	3	No	7	5	2
Shri S. Balasubramanian ^	5	1	N.A.	7	8	-

\* Ceased to be the Independent Director w.e.f. 14.12.2017

^ Appointed as Independent Director w.e.f. 09.11.2017

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

<sup>#</sup> Includes only Audit Committee and Stakeholders Relationship Committee.

The Board of the Company comprises of an optimum combination of Executive, Non - Executive and Independent Directors. Shri Aditya Sanghi and Shri Alok Sanghi Executive Directors of the Company are sons of Shri Ravi Sanghi, Chairman and Managing Director. Apart from that none of the other Directors on the Board have any relation with the other Directors on the Board.

### **Familiarization Programme**

In order to enable the Independent Directors of the Company to fulfill their role in the Company and to keep them updated, various presentations are made on business models, business opportunities, new initiatives taken by the Company, changes taking place in the Industry scenario etc. The company has organized plant visit for independent Directors for their better understanding of the manufacturing process of clinker and cement. During plant visit, the respective department heads/ technical heads have explained in detail about the manufacturing and other operational facilities at the Plant. The details of the familiarization programme of Independent Directors of the Company is available on the website of the Company at the following link: <http://www.sanghicement.com/independent-director>

**Shareholding of Non-Executive Directors as on 31<sup>st</sup> March, 2018 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 S. Balasubramanian	NIL
Shri D. B. N. Rao	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.

#### I. Brief description of Terms of Reference:

- 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; and
- To carry out any other function that relates to accounts and audit of the Company.

#### II. Composition and Attendance:

During the year 2017-18, four (4) meetings of Audit Committee were held on 24<sup>th</sup> May, 2017, 9<sup>th</sup> August, 2017, 9<sup>th</sup> November, 2017 and 10<sup>th</sup> February, 2018.

The composition, details of no. of meetings held during the year and attendance of each member at the meetings are mentioned as under:

Name of Members	Designation	No. of Meetings held	No. of Meetings attended
Shri Sadashiv Sawrikar	Chairman	4	4
Shri T. M. Jagan Mohan*	Member	4	3
Shri R. K. Pandey	Member	4	3
Shri D. K. Kambale ^	Member	4	1

\* Ceased to be the Committee member from the conclusion of meeting held on 09.11.2017

^ Appointed as Committee member from the conclusion of meeting held on 09.11.2017

The Chairman & Managing Director and Executive Director - Finance & 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.

All the members of the Audit Committee are Independent Directors of the Company and the constitution of the Committee is in compliance of the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**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".

**I. Brief description of Terms of Reference:**

- 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.
- To undertake the activities / matters relating to raising of funds by issue of Equity Shares and/or Preference Shares and/or Convertible and/or Non-Convertible Debentures and/or Bonds, and/or any other financial instruments convertible into equity shares, or such other securities by way of a public or private offering, including through a Qualified Institutional Placement (QIP) in one or more tranches.

## **II. Composition and Attendance:**

The composition, no. of meetings held during the year and attendance of each member at the meetings are mentioned as under:

<b>Name of Members</b>	<b>Designation</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Shri Sadashiv Sawrikar	Chairman	10	10
Shri Ravi Sanghi	Member	10	10
Smt. Bina Engineer	Member	10	10
Shri Aditya Sanghi ^	Member	10	7
Shri Alok Sanghi ^	Member	10	7
Shri N. B. Gohil ^	Member	10	7

^ Appointed as Committee members from the conclusion of meeting held on 09.11.2017

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.

### **I. Brief description of Terms of Reference:**

- 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.

### **II. Composition and Attendance:**

During the year 2017-18, two (2) meetings of Nomination and Remuneration Committee were held on 24<sup>th</sup> May, 2017 and 9<sup>th</sup> November, 2017.

The composition, details of no. of meetings held during the year and attendance of each member at the meetings are mentioned as under:

Name of Members	Designation	No. of Meetings held	No. of Meetings attended
Shri D. K. Kambale	Chairman	2	2
Shri T. M. Jagan Mohan*	Member	2	2
Shri Sadashiv Sawrikar	Member	2	2
Shri R. K. Pandey ^	Member	2	-

\* Ceased to be the Committee member from the conclusion of meeting held on 09.11.2017

^ Appointed as Committee member from the conclusion of meeting held on 09.11.2017

All the members of the Nomination and Remuneration Committee are Independent Directors and the composition of the committee is in compliance of provisions of Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### III. Performance Evaluation Criteria of Independent Directors:

The Performance of the Independent Directors 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.

### IV. 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.

#### I. 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.

#### II. Composition and Attendance:

The composition, details of no. of meetings held during the year and attendance of each member at the meetings are mentioned as under:

Name of Members	Designation	No. of Meetings held	No. of Meetings attended
Shri T. M. Jagan Mohan*	Chairman	11	5
Shri R. K. Pandey ^	Chairman	11	6
Shri Sadashiv Sawrikar	Member	11	11
Shri Ravi Sanghi	Member	11	11

\* Ceased to be the chairman of Committee from the conclusion of the meeting held on 09.11.2017

^ Appointed as chairman of Committee from the conclusion of the meeting held on 09.11.2017

The Chairman of the Stakeholders Relationship Committee is an Independent Director of the Company. The Company Secretary acts as a Secretary and Compliance officer of the Company.

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 constituted in line with the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII of the Companies Act, 2013 for the purpose of activities to be undertaken by the Company towards the Corporate Social Responsibility (CSR).

**I. 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.

**II. Composition and Attendance:**

During the year 2017-18, two (2) meetings of the Corporate Social Responsibility Committee were held on 24<sup>th</sup> May, 2017 and 10<sup>th</sup> February, 2018.

The composition, details of no. of meetings held during the year and attendance of each member at the meetings are mentioned as under:

Name of Members	Designation	No. of Meetings held	No. of Meetings attended
Shri R. K. Pandey	Chairman	2	2
Shri Aditya Sanghi	Member	2	2
Shri N. B. Gohil	Member	2	2

The Chairman of the Corporate Social Responsibility Committee is an Independent Director of the Company.

**f. Risk Management Committee**

Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires top 100 listed companies (determined on the basis of market capitalization as at the end of the immediate previous financial year) to constitute Risk Management Committee. The Company is not falling under the list of top 100 listed companies as on 31<sup>st</sup> March, 2018. Hence, it is non-mandatory requirement for the Company. However, the Company has constituted a committee known as "Risk Management Committee".

**I. 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 coordinate 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.



## II. Composition and Attendance:

It is not mandatory to convene meeting of Risk Management Committee, hence no meeting was held during the year 2017-18.

The composition of the Committee is mentioned as under:

<b>Name of Members</b>	<b>Designation</b>
Shri Sadashiv Sawrikar	Chairman
Shri Ravi Sanghi	Member
Shri N. B. Gohil	Member

### 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, 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 10<sup>th</sup> February, 2018. All Independent Directors were present at the meeting.

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. The Independent Directors were satisfied with the performance of the Executive Directors of the Company and with the flow of information between the Company and the Management.

## 4. Managerial Remuneration:

### Executive Directors

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:

<b>Name of Director</b>	<b>Shri Ravi Sanghi</b>	<b>Shri Aditya Sanghi</b>	<b>Shri Alok Sanghi</b>	<b>Smt. Bina Engineer</b>	<b>Shri N. B. Gohil</b>
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. 06.09.2017	Five Years w.e.f. 06.09.2017	Three Years w.e.f. 06.09.2016	Three Years w.e.f. 22.12.2017
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, 2018 towards Salary of Chairman & Managing Director and Executive Director(s) are as follows:

(₹ in Lakhs)

Name of Director	Shri Ravi Sanghi, Chairman & Managing Director	Other Executive Directors
Salary and Allowances	187.50	435.00
Commission	96.51	144.76

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 2017-2018.

#### **Non-Executive Directors**

None of the Non-Executive Directors have any pecuniary interest or transactions with the Company, except receiving sitting fee of ₹ 9000 (Rupees Nine Thousand Only) and incidental expenses of ₹ 6000 (Rupees Six Thousand Only) from the Company for attending each meeting of the Board and receiving sitting fee of ₹ 6000 (Rupees Six Thousand Only) and incidental expenses of ₹ 4000 (Rupees Four Thousand Only) from the Company for attending each meeting of the 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, 2018, the Company has paid the following amount towards sitting fees & 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 Expenses (₹)	Total Amount (₹)
Shri Sadashiv Sawrikar	78000	52000	130000
Shri R. K. Pandey	63000	42000	105000
Shri D. K. Kambale	69000	46000	115000
Shri D. B. N. Rao	42000	28000	70000
Shri M. K. Doogar	33000	22000	55000
Shri T. M. Jagan Mohan*	57000	38000	95000
Shri S. Balasubramanian ^	15000	10000	25000

\* Ceased to be a Director w.e.f. 14.12.2017 and committee member from the conclusion of meeting held on 09.11.2017

^ Appointed as Independent Director w.e.f. 09.11.2017

#### **5. 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 till date in the said subsidiary company.

#### **6. Particulars for Investors:**

##### **Name and Designation of Compliance Officer:**

Shri Anil Agrawal - Company Secretary & Compliance Officer.

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

The Company has established In-house electronic connectivity with National Securities Depository Limited (NSDL) & 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, 2018, only one investor complaint out of the total complaints received during the year, was pending for redressal.

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 Investors' Complaints during the Financial Year 2017-18 are as under:**

Particulars	No. of Complaints
Complaints at the beginning of the year	-
Complaints received during the year	9
Complaints resolved during the year	8
Complaints remain unresolved at the end of the year	1

**7. General Body Meetings**

Location, date and time of Annual General Meetings held during the last three years and special resolutions passed:

Year	Date	Venue	Time	No. of Special Resolutions passed
2017	24.06.2017	Registered Office at Sanghinagar P.O. Hayatnagar Mandal, Ranga Reddy District Telangana – 501 511	10.00 a.m.	8
2016	09.07.2016	Registered Office at Sanghinagar P.O. Hayatnagar Mandal, Ranga Reddy District Telangana – 501 511	11.00 a.m.	1
2015	14.11.2015	Registered Office at Sanghinagar P.O. 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 2017-18.

**8. Disclosures**

Particulars of the related party transactions are listed out in Note 34 of the Notes of Accounts of Annual Report. However, there were no materially significant related party transactions during the financial year 2017-18 that may have potential conflict with the interest of the Company at large. The Company has duly formed policy for related party transaction which is uploaded on the website of the Company at <http://www.sanghiment.com/policies>

- The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties/strictures imposed by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital market during the last three years.
- 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 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 uploaded on the website of the Company at <http://www.sanghiment.com/policies>
- 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.

The following non-mandatory requirements have been adopted by the Company.

- The report of Auditors is with unmodified opinion with respect to the Audited Financial Results of the Company for the quarter and year ended 31<sup>st</sup> March, 2018.
- The Internal Auditors report directly to the Audit Committee.
- 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.

## **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 <http://www.sanghiment.com/investors-relations>

### **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 <http://www.sanghiment.com/investors-relations>

### **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. General Shareholder Information

### A. General Information:

<b>Annual General Meeting</b> Day, Date & Time Venue	:	Tuesday, the 3rd July, 2018 at 10.00 a.m. at Sanghinagar P.O. Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511
<b>Financial Year / Calendar</b> 1. Results for first quarter ending 30 <sup>th</sup> June, 2018 2. Results for second quarter ending 30 <sup>th</sup> September, 2018 3. Results for third quarter ending 31 <sup>st</sup> December, 2018 4. Results for fourth quarter ending 31 <sup>st</sup> March, 2019	:	<b>1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019</b> : On or before 14 <sup>th</sup> August, 2018 : On or before 14 <sup>th</sup> November, 2018 : On or before 14 <sup>th</sup> February, 2019 : On or before 30 <sup>th</sup> May, 2019
<b>Listing on Stock Exchanges</b> Equity Shares          Debt Securities (Debentures)	:	<b>1. BSE Limited (BSE)</b> : Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  <b>2. National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051  <b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 The Company has paid the listing fees for both Equity and Debt Securities as applicable to the above stock exchanges.
<b>Stock Code</b> BSE NSE ISIN (NSDL & CDSL)	:	526521 SANGHIIND INE999B01013
Dividend Payment Date	:	Not Applicable
Registered Office	:	Sanghinagar P.O. Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511
Phone, Fax, E-mail	:	Phone : 08415 – 242240 Fax : 08415 – 242239 E-mail: <a href="mailto:companysecretary@sanghicement.com">companysecretary@sanghicement.com</a>
Plant Location	:	Sanghipuram, Village Motiber, Taluka Abdassa, District Kutch, Gujarat – 370 511
Address for Investors Correspondence	:	To the Company at its registered office address
Registrar & Transfer Agent (RTA)	:	The Company has established In House electronic connectivity with NSDL & 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



## **B. Share Transfer System:**

The Company 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.

## **C. 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.

## **D. Market Price Data:**

**Monthly high / low price of shares of the company traded on BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE) during the financial year 2017-18 are as under:**

Sl. No.	Month	BSE		NSE	
		High	Low	High	Low
1	Apr-2017	79.00	68.35	78.40	68.20
2	May-2017	91.25	70.05	91.30	69.65
3	Jun-2017	94.05	78.00	93.90	78.10
4	Jul-2017	99.40	84.00	99.40	84.00
5	Aug-2017	94.90	72.80	95.00	72.50
6	Sept-2017	104.05	84.50	104.35	84.45
7	Oct-2017	135.40	101.55	135.45	101.60
8	Nov-2017	137.00	113.00	137.20	113.50
9	Dec-2017	144.00	111.30	143.90	111.00
10	Jan-2018	144.00	120.65	143.80	120.30
11	Feb-2018	130.00	106.00	127.70	105.05
12	Mar-2018	128.50	106.50	128.85	106.50

## **E. Distribution of Equity Shareholding as on 31<sup>st</sup> March, 2018**

No. of Shares	No. of Shareholders		No. of Shares	
	Total	%	Total	% of Share Capital
1 – 500	24176	83.16	3639540	1.45
501 – 1000	2375	8.17	1963030	0.78
1001 – 2000	1102	3.79	1737298	0.69
2001 – 3000	437	1.50	1144527	0.46
3001 – 4000	199	0.68	728824	0.29
4001 – 5000	198	0.68	951378	0.38
5001 – 10000	284	0.98	2176293	0.87
10001 – and above	301	1.04	238659110	95.08
<b>Total</b>	<b>29072</b>	<b>100.00</b>	<b>251000000</b>	<b>100.00</b>

**F. Distribution of Equity Shareholding according to categories of Shareholders as on 31<sup>st</sup> March, 2018**

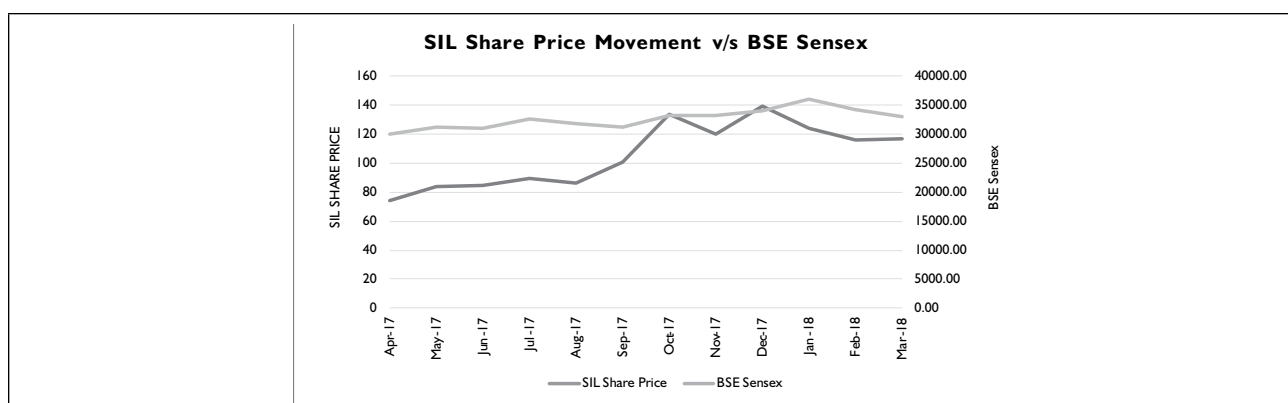
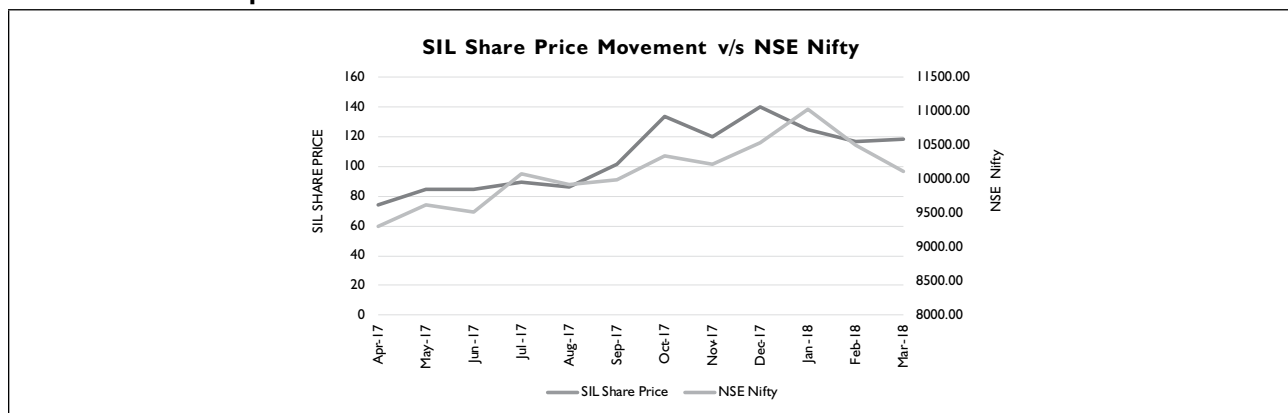
Category	No. of Shares	Amount (in Rs)	% to total
Promoter & Promoter Group	164945782	1,64,94,57,820	65.72
Public			
a) Mutual Funds	17726543	17,72,65,430	7.06
b) Alternative Investment Funds	1942838	1,94,28,380	0.77
c) Foreign Portfolio Investor	21967262	21,96,72,620	8.75
d) FIs / Banks	187694	18,76,940	0.07
e) Insurance Companies	3490350	3,49,03,500	1.39
f) FI	40918	4,09,180	0.02
g) Non-resident Indians / OCBs	716951	71,69,510	0.29
h) Trust	31000	3,10,000	0.01
i) Clearing Members	512535	51,25,350	0.20
j) Bodies Corporate	19442560	19,44,25,600	7.75
k) Individual / HUF	19995567	19,99,55,670	7.97
<b>Total</b>	<b>251000000</b>	<b>251,00,00,000</b>	<b>100.00</b>

**G. 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, 2018, more than 99.99% of the Equity Share Capital, representing 25,09,89,795 shares were held in demat mode.

**Performance in comparison to the Broad-based indices:**



**H. Non-Convertible Debentures:**

The Company has issued following Non-Convertible Debentures on Private Placement basis with a fixed coupon rate of 10.50% listed on 'Wholesale Debt Market' Segment of BSE Limited.

Sr.	Script Code	ISIN	Description
I	957688	INE999B07028	2560 Secured, Listed, Rated, Redeemable, Non-Convertible Debentures of Face Value of ₹ 10,00,000/- each

**I. Details of Debenture Trustee:**

M/s. IDBI Trusteeship Services Limited  
Mr. Subrat Udgata  
17, R. Kamani Marg, Ballard Estate,  
Mumbai – 400 001.  
Tel: +91 22-40807000  
Fax: +91 22-66311776  
Email: [subrat@idbitrustee.com](mailto:subrat@idbitrustee.com)  
Website: <http://www.idbitrustee.com>

**J. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**

There is no outstanding GDRs / ADRs / warrants or any convertible instruments as on date.

**K. Commodity price risk or foreign exchange risk and hedging activities:**

Not Applicable

**9. 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. 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.

**10. Declaration regarding affirmation of Code of Conduct:**

Pursuant to the provisions of Regulation 17 and requirement of Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 2017-2018. The Code of Conduct is also posted on the website of the Company [www.sanghiment.com/policies](http://www.sanghiment.com/policies).

For and on behalf of the Board

**Place:** Ahmedabad  
**Date :** 19<sup>th</sup> May, 2018

**Ravi Sanghi**  
**Chairman & Managing Director**  
**(DIN: 00033594)**

## **CEO / CFO CERTIFICATION**

The Board of Directors

Sanghi Industries Limited

We certify that:

1. We have reviewed the financial statements and cash flow statement of Sanghi Industries Limited (the “**Company**”) for the financial year ended 31st March, 2018 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (b) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year ended 31st March, 2018, which are fraudulent, illegal or violative of the Company’s Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - (a) significant changes in internal control over financial reporting during the year, if any;
  - (b) significant changes in accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements; and
  - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

Place: Ahmedabad  
Date: 19th May, 2018

**Ravi Sanghi**  
**Chairman & Managing Director**  
**(DIN: 00033594)**

**Bina Engineer**  
**Whole-time Director & CFO**  
**(DIN: 01653392)**

**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, 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.
- 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 :** 19<sup>th</sup> May, 2018

**Ravi Sanghi**  
**Chairman & Managing Director**  
**(DIN: 00033594)**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

[Pursuant to Section 204(I) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We 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 our opinion thereon.

Based on our 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; we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 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:

We 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, 2018 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, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - (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;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - The Company has established In-house electronic connectivity with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) for Share Transfer Registry work. All Share Transfer / Demat work are being processed In-house by the Company.
- (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, 1998 - 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.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) and made effective from time to time.
- (ii) The 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 complied with all the material aspects/provisions of the applicable Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**We 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. The Atomic Energy Act, 1962 read with Atomic Energy (Radiation Protection) Rules, 2004
2. India Boiler Act, 1923 read with Gujarat Boiler Rules, 1966
3. The Petroleum Act, 1934
4. Mines Act, 1952
5. The Mines and Mineral (Development and Regulations) Amendment Act, 2015
6. Mineral Conservation and Development (Amendment) Rules, 2016
7. Explosive Rules, 2008
8. Ammonium Nitrate Rules, 2012
9. Mineral (Auction) Rules, 2015
10. The Minerals (Evidence of Mineral Contents) Rules, 2015
11. Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008
12. Bio-Medical Waste (Manufacturing and Handling) Rules, 2008

**We further report that:**

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

Adequate notice is given to all directors to schedule the Board Meetings in due compliance of law. 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. We were 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.

**We 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, Factories Act, 1948, Environmental Laws, The Trade Marks Act, 1999, The Indian Copyright Act, 1957 and The Patents Act, 1970.

**We 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.

**We further report that:**

During the Audit period under review, the events / actions having major bearing on the Company's affairs in pursuance of the above mentioned laws, rules, regulations, guidelines, standards, etc. are as mentioned below:

- a. The Company has re-classified its authorized share capital by obtaining necessary consent of the members at the Extra-Ordinary General meeting of the Company held on 9<sup>th</sup> September, 2017. Post re-classification the authorized share capital of the Company is ₹ 550,00,00,000/- divided into 35,00,00,000 Equity Shares of ₹ 10/- each and 2,00,00,000 Preference Shares of ₹ 100/- each.
- b. The Company made the Qualified Institutional Placement and allotted 3,10,21,000 Equity Shares of ₹ 10/- each at a price of ₹ 129/- per share to the eligible Qualified Institutional Buyers. The aggregate amount raised through QIP is ₹ 400.17 Crores.
- c. The Company has issued and allotted 2,560 secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 10,00,000/- each on private placement basis bearing fixed coupon rate of 10.50 % aggregating to ₹ 256 Crores . The said non-convertible debentures are listed on "Wholesale Debt Market" segment of BSE Limited.
- d. The Company has made pre-mature redemption of 25,64,829 secured, unlisted, redeemable, non-convertible debentures of face value of ₹ 1,000/- each issued in the month of March, 2016 bearing fixed coupon rate of 15.50% aggregating to ₹ 256.48 Crores.

**For Parikh Dave & Associates  
Company Secretaries**

**Umesh G. Parikh  
Partner**

**Practicing Company Secretary  
FCS No. 4152 C P No. 2413**

**Place : Ahmedabad  
Date : 14<sup>th</sup> May, 2018**

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**

Sanghi Nagar, P.O. Hayatnagar Mandal,

Ranga Reddy District,

Telangana – 501511.

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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. Our examination was limited to verification of procedure 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 Parikh Dave & Associates  
Company Secretaries**

**Umesh G. Parikh  
Partner**

**Practicing Company Secretary  
FCS No. 4152 C P No. 2413**

**Place : Ahmedabad  
Date : 14<sup>th</sup> May, 2018**



## Annexure IV

**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, 2018:**

Sr. No.	Director	Remuneration (₹ in lacs P.A.)	Median Remuneration (₹ in lacs P.A.)	Ratio
1.	Shri Ravi Sanghi	284.01	5.24	54
2.	Shri Aditya Sanghi	173.25	5.24	33
3.	Shri Alok Sanghi	173.25	5.24	33
4.	Smt. Bina Engineer	173.25	5.24	33
5.	Shri N. B. Gohil	60.00	5.24	11

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

Sr. No.	Name	Designation	% Increase
1.	Shri Ravi Sanghi	Chairman and Managing Director	25.00
2.	Shri Aditya Sanghi	Whole Time Director	25.00
3.	Shri Alok Sanghi	Whole Time Director	25.00
4.	Smt. Bina Engineer	Whole Time Director and Chief Financial Officer	25.00
5.	Shri N. B. Gohil	Whole Time Director	20.00
6.	Shri Anil Agrawal	Company Secretary	9.27

The Other Directors are Non Executive Directors and are receiving sitting fee of ₹ 9000 (Rupees Nine Thousand Only) and incidental expenses of ₹ 6000 (Rupees Six Thousand Only) from the Company for attending each meeting of the Board and receiving sitting fee of ₹ 6000 (Rupees Six Thousand Only) and incidental expenses of ₹ 4000 (Rupees Four Thousand Only) from the Company for attending each meeting of the Audit Committee/ Nomination and Remuneration Committee/ Corporate Social Responsibility Committee/ Risk Management Committee of Directors and for attending the Independent Directors meeting.

- (iii) **The percentage increase/decrease in the median remuneration of employees in the financial year: -6.09%**

- (iv) **The number of permanent employees on the rolls of company :**

795 Employees.

- (v) **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/decrease in salaries of employees other than managerial personnel in 2017-18 was -7.85%. Percentage increase in the managerial remuneration for the year was 24.50%.

Note: Please note that since five years there has been no increase in the remuneration of Chairman & Managing Director and other Executive Directors except Mr. N. B. Gohil whose last revision in remuneration was made in the year 2014. They voluntarily waived their increment in the interest of the Company. Looking to their expertise and contribution in the growth of the Company, Nomination & Remuneration Committee has increased the remuneration of all the Executive Directors during the financial year 2017-18.

**(vi) 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 :** 19<sup>th</sup> May, 2018

**Ravi Sanghi**  
**Chairman & Managing Director**  
**(DIN: 00033594)**

## Annexure V

**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 <http://www.sanghiment.com/policies> 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	52.01

4. **Prescribed CSR expenditure**

Prescribed CSR expenditure is as detailed below:

Particulars	(₹ In Crore)
Prescribed CSR expenditure (2% of ₹ 52.01 Crore)	1.04

5. **Details of CSR spent during the financial year 2017-18**

Particulars	(₹ In Crore)
(a) Total amount spent during the year	1.18
(b) Amount unspent if any	Nil

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

(Amount in ₹)

Sr. 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.	Animal Welfare Activity	Animal Welfare	Kutch, Gujarat	1,40,000	1,35,360	1,35,360	Direct
2.	Dada Dadi Park	Setting up of old age homes, day care centers and such other facilities for senior citizens	Kutch, Gujarat	1,20,000	1,19,078	2,54,438	Direct

Sr. 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*
3.	Green Belt Development	Ensuring the environment sustainability, ecological balance and protection of flora and fauna	Kutch, Gujarat	31,00,000	30,80,206	33,34,644	Direct
4.	Sponsored the National Conference on Behavioral Ecology	Ensuring the environment sustainability, ecological balance and protection of flora and fauna	Gujarat	1,60,000	1,55,000	34,89,644	Direct
5.	Scholarship to village students	Promoting education including special education and employment enhancing vocation skills	Kutch, Gujarat	30,000	30,000	35,19,644	Direct
6.	Donation to Akshay Patra for sponsoring mid day meals for students	Eradicating hunger, poverty and malnutrition	Across India	1,90,000	1,90,000	37,09,644	Direct
7.	Shree Mata na Madh Devi Pilgrim Seva Camp	Protection and promotion of Culture	Kutch, Gujarat	1,50,000	1,56,255	38,65,899	Direct
8.	Social & Welfare Activity	Rural Development	Kutch, Gujarat	10,000	10,810	38,76,709	Direct
9.	Water pipeline-Water project	Promoting health care and sanitation	Kutch, Gujarat	50,000	50,000	39,26,709	Direct
10.	Construction of Toilets (Swachh Bharat Abhiyan)	Promoting health care and sanitation	Kutch, Gujarat	9,00,000	8,87,500	48,14,209	Direct
11.	Donation to Widows of Army Jawans	Benefit of armed forces veterans, war widows and their dependents	Kutch, Gujarat	20,000	20,000	48,34,209	Direct
12.	Education activities-School Expenses	Promoting Education including special education and employment enhancing vocation skills	Kutch, Gujarat	29,00,000	29,13,905	77,48,114	Trust
13.	Providing Medical Treatment and facilities.	Promoting health care	Kutch, Gujarat	20,00,000	20,38,209	97,86,323	Trust
14.	Donation for the Development of underprivileged children	Livelihood enhancement projects.	Ahmedabad, Gujarat	20,00,000	20,09,156	1,17,95,479	Direct
				<b>1,17,70,000</b>	<b>1,17,95,479</b>	<b>1,17,95,479</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.

Place: Ahmedabad  
Date : 19<sup>th</sup> May, 2018

**R. K. Pandey**  
**Chairman-CSR Committee**  
**(DIN: 00190017)**

**Ravi Sanghi**  
**Chairman & Managing Director**  
**(DIN: 00033594)**



## Annexure VI

**BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2017-18****Section A: General Information about the Company**

1	Corporate Identity Number (CIN)	LI8209TG1985PLC005581	
2	Name of the Company	Sanghi Industries Limited	
3	Registered Address	Sanghinagar P.O. Hayatnagar Mandal, R R District, Telangana – 501 511	
4	Website	<a href="http://www.sanghiment.com">www.sanghiment.com</a>	
5	E-mail id	<a href="mailto:companysecretary@sanghiment.com">companysecretary@sanghiment.com</a>	
6	Financial Year reported	2017-18	
7	Sector(s) that the Company is engaged in (industrial activity code wise)	Industrial Group	Description
		2394	Ordinary Portland and Portland Pozzolana Cement
8	List three key product/services that the Company manufactures/provides (as in balance sheet)	Cement Clinker RMC	
9	Total number of locations where business activity is undertaken by the Company: i. Number of International Locations ii. Number of National Locations	NIL Seven	
10	Markets served by the Company (Local/State/ National/International)	Local - Yes State - Yes National - Yes International - Yes	

**Section B: Financial Details of the Company**

1	Paid up capital (INR)	₹ 251.00 Crore
2	Total turnover (INR)	₹ 1074.03 Crore
3	Total Profit after taxes (INR)	₹ 93.31 Crore
4	Total Profit after taxes and other Comprehensive income (INR)	₹ 93.31 Crore
5	Total Spending on CSR as percentage of profit After tax (%)	The Company has spent ₹1.18 crores during financial year 2017-18 which amounts to 2.27% of the average net profits for last three years.
6	List of activities in which expenditure in 5 above has been incurred	<ol style="list-style-type: none"> <li>1. Animal Welfare</li> <li>2. Setting up old age homes, day care centers and such other facilities for senior citizens</li> <li>3. Ensuring the environment sustainability, ecological balance and protection of flora and fauna</li> <li>4. Promoting education including special education and employment enhancing vocation skills</li> <li>5. Eradicating hunger, poverty and malnutrition</li> <li>6. Protection and Promotion of Culture</li> <li>7. Rural Development</li> <li>8. Promoting health care and sanitation</li> <li>9. Benefit of armed forces veterans, war widows and their dependents</li> <li>10. Livelihood enhancement projects</li> <li>11. Promoting Art &amp; Culture</li> </ol>

**Section C: Other Details**

1	Does the Company have any Subsidiary Company / Companies?	Yes, the Company has incorporated a wholly-owned subsidiary Company viz. Sange Testing Service (Sanghai) Co. Ltd. at Shanghai. However, the Company has not invested any funds in the said subsidiary company.
2	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)?	No. The subsidiary company does not participate in the BR initiatives of the parent company as the said subsidiary company has also not started any operations.
3	Do any other entity / entities (e.g. suppliers, distributors etc) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30- 60%, More than 60%]	No other entity / entities with whom Company does business i.e. suppliers, distributors, etc. do not participate in the BR initiatives of the Company.

**Section D: BR Information**
**I. Details of Director / Directors responsible for BR:**
**a) Details of the Director / Directors responsible for implementation of the BR Policy / Policies:**

Sr. No	Particulars	Details
1	DIN (if applicable)	05149953
2	Name	Shri N. B. Gohil
3	Designation	Whole Time Director

**b) Details of the BR Head:**

Sr. No	Particulars	Details
1	DIN (if applicable)	05149953
2	Name	Shri N. B. Gohil
3	Designation	Whole Time Director
4	Telephone Number	02831-274131/32/33
5	E mail Id	info@sanghicement.com

**2. Principle-wise (as per NVGs) BR Policy / Policies:**
**(a) Details of compliance (Reply in Y/N)**

Sr. No	Questions	Business Ethics P1	Product Life Responsibility P2	Employee Well-being P3	Stakeholder Engagement P4	Human Rights P5	Environment P6	Policy Advocacy P7	Inclusive Growth P8	Customer Value P9
1	Do you have a policy / policies for .....	Y	Y	Y	Y	Y	Y	-	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	-	Y	-	Y	-
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y

Sr. No	Questions	Business Ethics P1	Product Life Responsibility P2	Employee Well-being P3	Stakeholder Engagement P4	Human Rights P5	Environment P6	Policy Advocacy P7	Inclusive Growth P8	Customer Value P9
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	www.sanghiment.com/policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to key stakeholders of the Company. The communication is an on-going process to cover all stakeholders.								
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	Not Applicable								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 Months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3. Governance related to BR:

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The management of the Company oversees the implementation and monitor the BR performance on periodical basis.
2	Does the Company publish a BR or a Sustainability Report? What is the hyper-link for viewing this report? How frequently it is published?	The Business Responsibility Report (BRR) is applicable to our company w.e.f. 31 <sup>st</sup> March, 2018. Company will publish BRR annually alongwith Annual Report.

## Section E: Principle-wise Performance

### Principle-1: Business should conduct and govern themselves with Ethics, Transparency and Accountability:

1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers / Contractors /NGOs / Others?	Company has adopted a policy of Code of Business Conduct and Ethics. The policy relating to ethics, bribery and corruption covers the Directors as well as employees of the organization. Additionally, the Company has also adopted Code of Conduct for Vendors & Business Ethics Policy. The said policy covers suppliers/vendors/ agents/contractors etc.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	Nil

### Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and /or opportunities.	The Company has established centralized sustainable development cell and vigorously pursued its goal of sustainable development through exacting standard in environmental conservation, emission control, promotion of alternative fuel & raw materials and waste management. The Company has devised the manufacturing process of cement in a manner taking care of social and environmental concerns, risks and opportunities. The Company has adopted best in class technologies and processes to manufacture its product, which use optimal resources. Manufacturing process involves use of six stage three strings pre-heater, vertical roller mill, state of the art clinker loading terminals, surface miner for mining and closed circuit cement grinding systems which are most energy efficient and technologically advanced as on date. The Company has implemented series of measures during the year like commissioning of 13.5 MW waste heat recovery system, installation of online water monitoring system for water conservation, enhancement in fly ash utilization, co-processing of plastic, industrial & hazardous waste from different industries as an alternative fuel.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional): a. Reduction during sourcing / production / distribution achieved since the previous year through the value chain: b. Reduction during usage by consumers (energy, water) achieved since the previous year?	The Company strives its best to reduce the specific resources consumed per unit of cement produced. The Company has Installed automated Alternative Fuel & Raw Material (AFR) system in Clinker plant for utilizing waste like Oil, Coal Tar, Plastics, Oily cotton waste, ETP sludge, Paint sludge etc. generated by other industries as an alternative fuel in Kiln. The Company is also Commissioning 13.5 MW Waste Heat Recovery System for power generation. The details of the reduction during usage by consumers achieved since previous year are not available with the Company.
3	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The Company has established centralized Environmental team for environment management and vigorously pursued its goal of sustainable development through exacting standard in environmental conservation, emission control, promotion of alternative fuel & raw materials and waste management. The Company has certified with ISO:14001 standard since 2004. The Company has system in place to comply with the applicable standards related to environment. All inputs are sourced on sustainable basis. Company has installed automated Alternative Fuel & Raw Material (AFR) system in Clinker plant for utilizing waste like oil, coal, tar, plastics, oily cotton waste, ETP sludge, paint sludge, etc. generated by other industries as an alternative fuel in Kiln. The Company has long term Leases/ Agreements for sourcing limestone , Silica Sang, Latrite and clay. The Company believes that sustainability in logistics may be achieved by using less polluting and less fuel consuming transport option and therefore the Company has hired transport service from nearby transporter service providers. The Company has established its own Bulk Cement Terminals & owns a fleet of specialised Bulk Cement Carriers (Ships) for transportation of cement by sea route as a sustainable source of transportation of cement. The Company is also having a system in place to ensure that transporters follow all the stipulated rules and regulations.

4	Has the Company undertaken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?	Yes, the Company is procuring products and services from local producers/small scale vendors and communities surrounding to its plant location at a reasonably good price and on fair terms and conditions which is in their benefit so that they can improve their capacity / capability. The contractors who are engaged in operations, maintenance and housekeeping, mostly employ workmen from surrounding villages.
5	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.	100% fly ash and bottom ash utilization, which is generated through own captive thermal power plant in cement production. 50% recycling of Kiln Process Dust in to final product circuit. Waste water generated from colony is recycled and reused in dust suppression and greenbelt development.

**Principle 3: Business should promote the well being of all employees**

1	Please indicate total number of employees	795			
2	Please indicate total number of employees hired on temporary / contractual / casual basis	751			
3	Please indicate the number of permanent women employees	17			
4	Please indicate the number of permanent employees with disabilities	4			
5	Do you have an employee association that is recognized by the Management?	No			
6	What percentage of permanent employees is members of this recognized employee association?	Nil			
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Sr. No.	Category	No. of Complaints filed during Financial Year	No. of complaints pending as on end of Financial Year
		1	Child Labour / Forced Labour / Involuntary Labour	Nil	Nil
		2	Sexual Harassment	Nil	Nil
		3	Discriminatory employment	Nil	Nil
8	What percentage of undermentioned employees were given safety and skill up-gradation training in the last year?	A.	Permanent employees	85%	
		B.	Permanent women employees	85%	
		C.	Casual / Temporary / Contractual employee	50%	
		D.	Employees with disabilities	100%	

**Principle 4: Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:**

1	Has the Company mapped its internal and external stakeholders? Yes/No	Yes, the Company has mapped its internal and external stakeholders.
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	The Company has identified the disadvantaged, vulnerable and marginalized stakeholders viz. communities around plants and its workers / contractual workers.
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	Company has established full-fledged hospital with full functioning Pathological Lab at Plant site under the name of "Sarvodaya Health Care Centre" for the employees and nearby villagers. Free Medical Check ups and free medicines are being provided to villagers of surrounding 15 villages. The Company is also running the Sarvodaya Trust a CBSE affiliated High School - "Smt. Kamla Rani Sanghi Public School" at Sanghipuram, Kutch. The School is having its own building with adequate teaching and support staff, laboratories, library and a huge play ground. Apart from running this school, the Trust has opened Balwadies in the 3 nearby villages - Akri, Jadva & Motibar. The Trust also encourages adult education in the nearby villages. Teachers of the school are moving in the nearby villages educating the children and adults by taking special classes. Further, the Company is Industry partner at ITI - Panandhro - Kutch in developing 'Centre of Excellence' through Public Private Partnership Scheme of Central Government for up-gradation of ITIs since 2008-09.



**Principle 5: Business should respect and promote human rights:**

1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company is having IMS Policy which supports and respects the human rights. Our Company is committed to provide necessary resources to safeguard the quality, health, safety, environment and welfare of our employees and all the people affected by our operations. The Company addresses the human rights by complying applicable laws like Factories Act, Labour Welfare Act, etc. Company has embodied some human rights principals such as child labour, forced labour, etc. The Company has well established policy for prohibition of sexual harassment of women at workplace.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	Nil

**Principle 6: Business should respect, protect, and make effort to restore the environment**

1	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/others.	The Environment Policy is applicable to Sanghi Industries Limited.
2	Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming etc? Y/N. If yes, please give hyper-link for webpage etc.	The Company has established centralized Environmental team for environment management and vigorously pursued its goal of sustainable development through exacting standard in environmental conservation, emission control, promotion of alternative fuel & raw materials and waste management. The Company is certified with ISO:14001 standard since 2004. Moreover, Company's sustainability policy covers mitigation of climate change. Company has installed state of art air pollution control systems like ESP Bag house with membrane technology, Fugitive emission control systems like Dust extraction & dust suppression system in all required locations.
3	Does the Company identify and assess potential environmental risks? Y/N	Yes
4	Does the Company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company has participated in CDM project in the year 2007 of installation of C2 string for energy efficiency. This project was designed to accrue 18636 Certified Emission Reduction for next 10 years. The Company had obtained Host Country Approval.
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes. The Company has focused priority on clean technology, energy efficiency and renewable energy. The Company has commissioned 13.5 MW waste heat recovery system in clinker plant. The Company has monitoring its specific electrical and thermal energy consumption and employs measures for improving energy efficiency. The Company has carried out carbon footprint analysis to identify GHG reduction potential.
6	Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?	Yes. The Company implemented various measures to ensure complete compliance to the applicable emission / waste standards.
7	Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.	No show cause / legal notices received from CPCB / SPCB which are pending as on end of the financial year.

**Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1	Is your Company a member of any trade and chambers of association? If yes, name only those major ones that your business deals with.	The Company is a member of several industry associations through which it interacts with its peers and discusses key issues in the products which it manufactures. The major associations where the Company is a member are:- 1. Confederation of Indian Industry (CII) 2. Federation of Indian Mineral Industries (FIMI) 3. Cement Manufacturers' Association (CMA) 4. Gujarat Chamber of Commerce & Industry (GCCCI) 5. Federation of Kutch Industries Association (FOKIA) 6. Gujarat Mineral Industry Association (GMIA)
2	Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)	Yes. We continue to work with Associations for advocating good practices in the Industry, energy conservation, sustainable mining practices, use of alternative fuels, Economic Reforms, and Policy interventions in environment, climate change and sustainability.

**Principle 8: Business should support inclusive growth and equitable development**

1	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company 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. The Company is undertaking various socio-economic welfare activities relating to - Rural Development - Public Welfare & Charitable Work - Health & Education - Drinking Water Supply - Conservation of Wild Life - Protection of Environment - Maintaining sanitation & hygiene - Medical help to needy people The above programs / initiatives are aligned with CSR Policy in line with Section 135 and Schedule-VII of the Companies Act, 2013.
2	Are the programmes/projects undertaken through inhouse team/own foundation / external NGO / government structures/ any other organization?	The Company is undertaking the above mentioned CSR activities either directly or through its registered trust called "SARVODAYA TRUST".
3	Have you done any impact assessment of your initiative?	All CSR activities shall be monitored by the CSR Committee. The assessment is done through discussions among the Committee members/and CSR execution team and other participants for further improvement.
4	What is the Company's direct contribution to community development projects- Amount in INR and details of the projects undertaken?	The Company has spent ₹1.18 crores on CSR activities during the year 2017-18 which includes sustainability development, animal welfare, education, community development, health care & sanitation, etc.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Company has developed monitoring mechanism for ensuring implementation of the projects / programs/activities proposed to be undertaken by the Company. Our team members identify the needs of the nearby community and supervise the programs which are being implemented and whether they are benefiting to them or not. The Company is always eager to promote new initiatives for community development.

**Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner**

1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	No customer complaints/consumer cases are pending as on the end of the Financial Year.
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)	The Company displays Product information as mandated by Bureau of Indian Standard (BIS)
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	There is no such case filed by any stakeholder during last five years and pending as on end of financial year i.e. 31.03.2018.
4	Did your Company carry out any consumer survey / consumer satisfaction trends?	Yes, we do carry consumer survey for continuous improvement in our product and services.

## Annexure – VII

## FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN**as on financial year ended on 31<sup>st</sup> March, 2018

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

**I REGISTRATION & OTHER DETAILS:**

i	CIN	LI8209TG1985PLC005581
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/Indian 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. (Note - I)	Sanghi Industries Limited, Sanghinagar P.O., Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511, Tel. No. 08415 – 242240, Fax No. 08415- 242239

Note-I

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	97.24%

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

Sr. 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(01.04.2017)				No. of Shares held at the end of the year(31.03.2018)				% change during the year (Refer below Note)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(I) Indian									
a) Individual/HUF	81580750	1000000	82580750	37.54	81132307	-	81132307	32.32	-5.22
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	82360032	-	82360032	37.44	83813475	-	83813475	33.39	-4.05
d) Bank/FI	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year(01.04.2017)				No. of Shares held at the end of the year(31.03.2018)				% change during the year (Refer below Note)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (1)</b>	<b>163940782</b>	<b>1000000</b>	<b>164940782</b>	<b>74.98</b>	<b>164945782</b>	<b>-</b>	<b>164945782</b>	<b>65.72</b>	<b>-9.26</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
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>163940782</b>	<b>1000000</b>	<b>164940782</b>	<b>74.98</b>	<b>164945782</b>	<b>-</b>	<b>164945782</b>	<b>65.72</b>	<b>-9.26</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	11009500	-	11009500	5.00	17726543	-	17726543	7.06	2.06
b) Banks/Fl	26475	-	26475	0.01	187694	-	187694	0.07	0.06
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	3490350	-	3490350	1.39	1.39
g) FIIS	-	-	-	-	40918	-	40918	0.02	0.02
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
(a) Alternate Investment Funds	-	-	-	-	1942838	-	1942838	0.77	0.77
(b) Foreign Portfolio Investor	344018	-	344018	0.16	21967262	-	21967262	8.75	8.60
<b>SUB TOTAL (B)(1):</b>	<b>11379993</b>	<b>-</b>	<b>11379993</b>	<b>5.17</b>	<b>45355605</b>	<b>-</b>	<b>45355605</b>	<b>18.07</b>	<b>12.90</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	26414159	-	26414159	12.01	19434930	7630	19442560	7.75	-4.26
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakhs	10615823	2680	10618503	4.83	12184009	2575	12186584	4.86	0.03
ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs	5451306	-	5451306	2.48	7808983	-	7808983	3.11	0.63
c) Others (specify)									
NRI	785331	-	785331	0.36	716951	-	716951	0.29	-0.07
Clearing Members	388926	-	388926	0.18	512535	-	512535	0.20	0.03
Trust	-	-	-	-	31000	-	31000	0.01	0.01
<b>SUB TOTAL (B)(2):</b>	<b>43655545</b>	<b>2680</b>	<b>43658225</b>	<b>19.85</b>	<b>40688408</b>	<b>10205</b>	<b>40698613</b>	<b>16.21</b>	<b>-3.63</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>55035538</b>	<b>2680</b>	<b>55038218</b>	<b>25.02</b>	<b>86044013</b>	<b>10205</b>	<b>86054218</b>	<b>34.28</b>	<b>9.26</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>218976320</b>	<b>1002680</b>	<b>219979000</b>	<b>100.00</b>	<b>250989795</b>	<b>10205</b>	<b>251000000</b>	<b>100.00</b>	<b>-</b>

**Note :** The promoters holding has been diluted by 9.26% and public holdings were increased by 9.28% compared to previous year because during the year under review, Company has issued 3,10,21,000 Equity Shares of ₹10/- each at an issue price of ₹129/- each (including premium of ₹119/- each) to Qualified Institutional Buyers (QIB). Pursuant to allotment of equity shares in the QIP, the paid up share capital of the Company stands increased to ₹ 251 Crores (comprising of 25,10,00,000 equity shares of ₹10/- each) as on 31<sup>st</sup> March, 2018.



(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the Beginning of the year (01.04.2017)			Shareholding at the end of the year(31.03.2018)			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Sri Ram Sharan Sanghi	187000	0.09	100.00	187000	0.07	100.00	-0.01
2	Sri Sudhir Sanghi	187000	0.09	100.00	-	-	-	-0.09
3	Sri Ravi Sanghi	36062150	16.39	100.00	49878750	19.87	77.95	3.48
4	Sri Gireesh Sanghi	2802900	1.27	6.67	1354457	0.54	13.81	-0.73
5	Smt. Kamala Rani Sanghi	140250	0.06	100.00	140250	0.06	100.00	-0.01
6	Smt. Usha Sanghi	140250	0.06	100.00	-	-	-	-0.06
7	Smt. Anita Sanghi	1020200	0.46	100.00	1020200	0.41	100.00	-0.06
8	Smt. Alka Sanghi	1074150	0.49	13.06	1074150	0.43	13.06	-0.06
9	Ms. Pooja Sanghi	343750	0.16	100.00	-	-	-	-0.16
10	Ms. Ekta Sanghi	343750	0.16	100.00	343750	0.14	100.00	-0.02
11	Ms. Aarti Sanghi	343750	0.16	100.00	343750	0.14	100.00	-0.02
12	Sri Sudhir Sanghi HUF	7866000	3.58	100.00	-	-	-	-3.58
13	Sri Ravi Sanghi HUF	7866000	3.58	100.00	7866000	3.13	100.00	-0.44
14	Sri Gireesh Sanghi HUF	7866000	3.58	100.00	7866000	3.13	100.00	-0.44
15	Sri Siddharth Sanghi	5279600	2.40	100.00	-	-	-	-2.40
16	Sri Aditya Sanghi	2889500	1.31	100.00	2889500	1.15	100.00	-0.16
17	Sri Alok Sanghi	2889500	1.31	100.00	2889500	1.15	100.00	-0.16
18	Sri Ashish Sanghi	2639500	1.20	100.00	2639500	1.05	100.00	-0.15
19	Sri Gaurav Sanghi	2639500	1.20	100.00	2639500	1.05	100.00	-0.15
20	SZF Private Limited	6884000	3.13	100.00	6884000	2.74	100.00	-0.39
21	Sanghi Threads Private Limited	1754000	0.80	100.00	1754000	0.70	100.00	-0.10
22	Sanghi Filaments Private Limited	2287500	1.04	100.00	2287500	0.91	100.00	-0.13
23	Sanghi Poly Zips Private Limited	1482500	0.67	100.00	1482500	0.59	100.00	-0.08
24	Sanghi Synthetics Private Limited	1675000	0.76	100.00	1675000	0.67	100.00	-0.09
25	Alpha Zippers Private Limited	1675000	0.76	100.00	1675000	0.67	100.00	-0.09
26	Fancy Zippers Private Limited	1468750	0.67	100.00	1468750	0.59	100.00	-0.08
27	Balaji Zippers Private Limited	2775000	1.26	100.00	2775000	1.11	100.00	-0.16
28	SKK Zippers Private Limited	3575000	1.63	100.00	3575000	1.42	100.00	-0.20
29	Maruti Fastners Private Limited	1468750	0.67	100.00	1468750	0.59	100.00	-0.08
30	Sanghi Polymers Private Limited	4700000	2.14	100.00	4700000	1.87	100.00	-0.26
31	Samruddhi Investors Services Pvt.Ltd.	52614532	23.92	100.00	54067975	21.54	14.13	-2.38
	<b>Total:</b>	<b>164940782</b>	<b>74.98</b>	<b>70.58</b>	<b>164945782</b>	<b>65.72</b>	<b>63.91</b>	<b>-9.26</b>

**Note :** The promoters holding has been diluted by 9.26% and public holdings were increased by 9.28% compared to previous year because during the year under review, Company has issued 3,10,21,000 Equity Shares of ₹10/- each at an issue price of ₹129/- each (including premium of ₹119/- each) to Qualified Institutional Buyers (QIB). Pursuant to allotment of equity shares in the QIP, the paid up share capital of the Company stands increased to ₹ 251 Crores (comprising of 25,10,00,000 equity shares of ₹10/- each) as on 31st March, 2018.

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

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
<b>1</b>	<b>Shri Sudhir Sanghi</b>				
	At the beginning of the year	187000	0.09	187000	0.09
	<b>Decrease in Shareholding</b>				
	Transfer on 20 <sup>th</sup> July, 2017	187000	0.09	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>2</b>	<b>Sri Ravi Sanghi</b>				
	At the beginning of the year	36062150	16.39	36062150	16.39
	<b>Increase in Shareholding</b>				
	Transfer on 20 <sup>th</sup> July, 2017	13816600	6.28	49878750	22.67
	<b>At the end of the year</b>	49878750	19.87	49878750	19.87
<b>3</b>	<b>Sri Gireesh Sanghi</b>				
	At the beginning of the year	2802900	1.27	2802900	1.27
	<b>Decrease in Shareholding</b>				
	Sale of Shares in open market on various dates	-1448443	-0.58	1354457	0.54
	<b>At the end of the year</b>	1354457	0.54	1354457	0.54
<b>4</b>	<b>Smt. Usha Sanghi</b>				
	At the beginning of the year	140250	0.06	140250	0.06
	<b>Decrease in Shareholding</b>				
	Transfer on 20 <sup>th</sup> July, 2017	140250	0.06	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>5</b>	<b>Ms Pooja Sanghi</b>				
	At the beginning of the year	343750	0.16	343750	0.16
	<b>Decrease in Shareholding</b>				
	Transfer on 20 <sup>th</sup> July, 2017	343750	0.16	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>6</b>	<b>Shri Sudhir Sanghi HUF</b>				
	At the beginning of the year	7866000	3.58	7866000	3.58
	<b>Decrease in Shareholding</b>				
	Transfer on 20 <sup>th</sup> July, 2017	7866000	3.58	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>7</b>	<b>Shri Siddharth Sanghi</b>				
	At the beginning of the year	5279600	2.40	5279600	2.40
	<b>Decrease in Shareholding</b>				
	Transfer on 20 <sup>th</sup> July, 2017	5279600	2.40	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>8</b>	<b>Samruddhi Investors Services Private Limited</b>				
	At the beginning of the year	52614532	23.92	52614532	23.92
	<b>Increase in Shareholding</b>				
	<b>Purchase of Shares from open market</b>				
	29 <sup>th</sup> June 2017	606817	0.28	53221349	24.19
	27 <sup>th</sup> September 2017	726626	0.33	53947975	24.52
	27 <sup>th</sup> December 2017	120000	0.05	54067975	24.58
	<b>At the end of the year</b>	<b>54067975</b>	<b>21.54</b>	<b>54067975</b>	<b>21.54</b>

**Note:** At the end of the year, the promoters holding has been diluted because during the year under review, Company has issued 3,10,21,000 Equity Shares of ₹10/- each at an issue price of ₹129/- each (including premium of ₹119/- each) to Qualified Institutional Buyers (QIB). Pursuant to allotment of equity shares in the QIP, the paid up share capital of the Company stands increased to ₹ 251 Crores (comprising of 25,10,00,000 equity shares of ₹10/- each) as on 31st March, 2018.

(iv) 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	Government Pension Fund Global, Norway	-	-	9722000	3.87
2	Reliance Capital Trustee Co Ltd (through Multiple Schemes)	6276721	2.85	9186686	3.66
3	Navdurga Voyage Pvt. Ltd.	-	-	8143468	3.24
4	Balaji Voyage Private Limited	8430919	3.83	7519446	3.00
5	Aditya Birla Sun Life Trustee Private Limited (through Multiple Schemes)	3235779	1.47	6399857	2.55
6	The Nomura Trust And Banking Co. Ltd as The Trustee Of Nomura India Stock Mother Fund	-	-	5425600	2.16
7	Max Life Insurance Company Limited (through Multiple Schemes)	-	-	3490350	1.39
8	Suresh Kumar Agrawal	-	-	2000000	0.80
9	Rams Equities Portfolio Fund-India Equities Portfolio Fund	-	-	1944370	0.77
10	DSP Blackrock India T.I.G.E.R. Fund	-	-	1260000	0.50
11	Shreenathji Voyage Private Limited	6994587	3.18	-	-
12	Aavishkar Investors Services Private Limited	3557750	1.62	-	-
13	KMS Construction Pvt. Ltd.	2003491	0.91	465622	0.19
14	Ecap Equities Limited	750477	0.34	600382	0.24
15	Edelweiss Custodial Services Limited	712265	0.32	167901	0.07

(v) 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
<b>1</b>	<b>Sri Ravi Sanghi, Chairman and Managing Director</b>				
	At the beginning of the year	36062150	16.39	36062150	16.39
	Increase in shareholding				
	Transfer	13816600	6.28	49878750	22.67
	<b>At the end of the year</b>	<b>49878750</b>	<b>19.87</b>	<b>49878750</b>	<b>19.87</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 shareholder	-	-	-	-
	<b>At the end of the year</b>	<b>2889500</b>	<b>1.15</b>	<b>2889500</b>	<b>1.15</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 shareholder	-	-	-	-
	<b>At the end of the year</b>	<b>2889500</b>	<b>1.15</b>	<b>2889500</b>	<b>1.15</b>

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
<b>4</b>	<b>Smt. Bina Engineer, Whole Time Director &amp; CFO</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>5</b>	<b>Shri N. B. Gohil, Whole Time Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>6</b>	<b>Shri Sadashiv Sawarikar, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>7</b>	<b>Shri D. K. Kambale, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>8</b>	<b>Shri D. B. N. Rao, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>9</b>	<b>Shri R. K. Pandey, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>10</b>	<b>Shri M. K. Doogar, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>11</b>	<b>Shri S. Balasubramanian, Director</b>				
	At the beginning of the year	-	-	-	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	-	-	-	-
<b>12</b>	<b>Shri Anil Agrawal, Company Secretary</b>				
	At the beginning of the year	100	-	100	-
	Decrease / Increase in shareholder	-	-	-	-
	<b>At the end of the year</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>

**Note:** At the end of the year, the Directors holding has been diluted because during the year under review, Company has issued 3,10,21,000 Equity Shares of ₹10/- each at an issue price of ₹129/- each (including premium of ₹119/- each) to Qualified Institutional Buyers (QIB). Pursuant to allotment of equity shares in the QIB, the paid up share capital of the Company stands increased to ₹ 251 Crores (comprising of 25,10,00,000 equity shares of ₹10/- each) as on 31st March, 2018.

## V INDEBTEDNESS

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

(in ₹ in Crore)

	Secured Loans (without IND AS effect) excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	606.06	-	-	606.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.22	-	-	0.22
<b>Total (i + ii + iii)</b>	<b>606.28</b>	<b>-</b>	<b>-</b>	<b>606.28</b>
<b>Change in Indebtedness during the financial year</b>				
Additions (includes IND AS adjustments and changes in interest accrued during the year)	417.71	-	-	417.71
Reduction	273.09	-	-	273.09
<b>Net Change</b>	<b>144.62</b>	<b>-</b>	<b>-</b>	<b>144.62</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	746.71	-	-	746.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.19	-	-	4.19
<b>Total (i + ii + iii)</b>	<b>750.90</b>	<b>-</b>	<b>-</b>	<b>750.90</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

(in ₹)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
I	<b>Gross salary</b>	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	
(a)	Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	18,750,000	12,500,000	12,500,000	12,500,000	6,000,000	62,250,000
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-	-	-
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	9,650,860	4,825,429	4,825,429	4,825,429	-	24,127,147
	<b>Total (A)</b>	<b>28,400,860</b>	<b>17,325,429</b>	<b>17,325,429</b>	<b>17,325,429</b>	<b>6,000,000</b>	<b>86,377,147</b>
	<b>Ceiling as per the Act</b>	<b>10% of ₹ 102.19 Crore i.e. Net Profits calculated as per Section 198 of the Companies Act, 2013</b>					<b>102,189,530</b>

**B. Remuneration to other directors:**

(in ₹)

Sl. No	Particulars of Remuneration	Name of the Directors							Total Amount	
I	Non Executive Directors	Shri Sadashiv Sawarikar	Shri T. M. Jagan Mohan	Shri R. K. Pandey	Shri D. K. Kambale	Shri D. B. N. Rao	Shri M. K. Doogar	Shri S. Balasubramanian		
	(a) Fee for attending board committee meetings	78000	57000	63000	69000	42000	33000	15000	357000	
	(b) Commission	-	-	-	-	-	-	-	-	
	(c) Others - Incidental Expenses	52000	38000	42000	46000	28000	22000	10000	238000	
	Total	130000	95000	105000	115000	70000	55000	25000	595000	
	Total Managerial Remuneration								86972147	
	Overall Ceiling as per the Act.		11% of ₹ 102.19 Crore i.e. Net Profits calculated as per Section 198 of the Companies Act, 2013							112,408,482

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

(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.	2,379,420	<b>2,379,420</b>
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 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>	<b>2,379,420</b>	<b>2,379,420</b>

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,

Ravi Sanghi  
Chairman & Managing Director  
(DIN: 00033594)

Date: 19<sup>th</sup> May, 2018  
Place: Ahmedabad



## **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, 2018 as stipulated in Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, S K Mehta & Co.**

Chartered Accountants

FRN No. 000478N

**S.K. Mehta**

Partner

Membership No. 010870

Ahmedabad : May 19, 2018

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of Sanghi Industries Limited**

### **Report on the Indian Accounting Standards (Ind AS) Financial Statements**

We have audited the accompanying Ind AS financial statements of **Sanghi Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

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, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and Rules made thereunder including 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 of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 the 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 Ind AS 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 Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March 31, 2018,

## Sanghi Industries Limited

and its profit, total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - 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 (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 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, refer to our separate Report in "Annexure A"; 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 Ind AS financial statements – Refer Note 32 to the Ind AS financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. The Company does not have any liability which is required to be transferred to Investor Education and Protection Fund.

**For Chaturvedi & Shah,  
Chartered Accountants**  
Firm's Registration No: 101720W

**Vitesh D. Gandhi**  
**Partner**  
Membership Number: 110248

Place of Signature: Ahmedabad  
Date: May 19, 2018

**For S.K Mehta & Co,  
Chartered Accountants**  
Firm's Registration No: 000478N

**S. K. Mehta**  
**Partner**  
Membership Number: 010870

Place of Signature: Ahmedabad  
Date: May 19, 2018

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date) 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 31<sup>st</sup> March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year 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 (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. 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 Act.

### **Auditor’s 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial control, both applicable to an audit of internal financial controls and 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.

## Sanghi Industries Limited

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### 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 31<sup>st</sup> March, 2018, 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Chaturvedi & Shah,  
Chartered Accountants**  
Firm's Registration No: 101720W

**Vitesh D. Gandhi**  
**Partner**  
Membership Number: 110248

Place of Signature: Ahmedabad  
Date: May 19, 2018

**For S.K Mehta & Co,  
Chartered Accountants**  
Firm's Registration No:000478N

**S. K. Mehta**  
**Partner**  
Membership Number: 010870

Place of Signature: Ahmedabad  
Date: May 19, 2018

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph I under the heading of “Report on other legal and regulatory requirements” of our report of even date)**

- i) In respect of its fixed assets :
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets .
  - As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - As per the information and explanations provided to us, title deeds of immovable properties are held in the name of the Company.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- iii) 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. Consequently, the requirement of reporting under clause (iii) (a) to clause (iii) (c) of Paragraph 3 of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities. The Company has not granted any loans to any director or any person in whom director is interested as specified under Section 185 of the Companies Act, 2013 and hence reporting under clause (iv) of Paragraph 3 of the Order is not applicable to the Company to that extent.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the reporting under clause (v) of Paragraph 3 of the Order is not applicable to the Company.
- vi) We have broadly reviewed the books of accounts maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (I) of Section 148 of the Act and the rules framed there under and we are of opinion that prima facie, the prescribed amounts and records have been made and maintained. We have not, however, made detailed examination of the records with the view to determine whether they are accurate or complete.
- vii) In respect of Statutory dues :
- According to the records of the Company, undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax with effect from July 1, 2017 and other material statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.
  - According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax, on account of any dispute, which have not been deposited except other than disclosed hereunder:

Name of Statute	Nature of Dues	Amount (in Crore)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	40.00	Various years	Customs, Excise & service tax Appellate Tribunal
Service Tax The Finance Act, 1994	CENVAT Credit	32.67	Various years	Customs, Excise & service tax Appellate Tribunal
Custom Act, 1962	Custom Duty	12.41	2005-10	Customs, Excise & service tax Appellate Tribunal



## Sanghi Industries Limited

Name of Statute	Nature of Dues	Amount (in Crore)	Period to which amount relates	Forum where dispute is pending
Sales Tax	Sales Tax	1.76	Various years	Joint Commissioner Appeal, Rajkot
Gujarat Electricity Duty Act, 1968	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)** In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks, governments or dues to the debenture holders.
- ix)** In our opinion, and according to the information and explanations given to us, the money raised by way of term loans have been applied for the purpose for which they were obtained. The company has not raised any money by way of initial public offer or further public offer including debt instruments during the year.
- x)** In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi)** In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii)** The Company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the Order is not applicable.
- xiii)** In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- xiv)** The Company has not made any preferential allotment of shares or fully or partly converted debentures during the year. However, the Company has raised through Qualified Institutions Placement ("QIP") by allotting 31,021,000 Equity Shares at a price of ₹129 per share. The QIP placement is in compliance with Section 42 of the Companies Act, 2013. Further the Company has disclosed the end use of money received from QIP in Note 10 D) of notes to the Ind AS financial statements.
- xv)** In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transaction with its directors or persons connected with him and hence, reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company.
- xvi)** In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Chaturvedi & Shah,  
Chartered Accountants**  
Firm's Registration No: 101720W

**Vitesh D. Gandhi**  
**Partner**  
Membership Number: 110248

Place of Signature: Ahmedabad  
Date: May 19, 2018

**For S.K Mehta & Co,  
Chartered Accountants**  
Firm's Registration No: 000478N

**S. K. Mehta**  
**Partner**  
Membership Number: 010870

Place of Signature: Ahmedabad  
Date: May 19, 2018

# Sanghi Industries Limited

## BALANCE SHEET AS AT 31 MARCH 2018

		INR in crores	
Particulars	Note	31 March, 2018	31 March, 2017
<b>I ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	2	1,508.72	1,451.87
(b) Capital work in progress	2	293.58	167.13
(c) Deferred tax assets (net)	3	87.09	95.65
(d) Other non current assets	4	33.66	36.52
<b>Total non current assets</b>		<b>1,923.05</b>	<b>1,751.17</b>
<b>2 Current assets</b>			
(a) Inventories	5	147.49	186.58
(b) Financial Assets			
(i) Trade receivables	6	32.08	23.94
(ii) Cash and cash equivalents	7	0.41	0.17
(iii) Bank balances other than Cash and Cash Equivalent	8	427.64	16.10
(c) Other current assets	9	123.65	87.66
<b>Total current assets</b>		<b>731.27</b>	<b>314.45</b>
<b>TOTAL ASSETS</b>		<b>2,654.32</b>	<b>2,065.62</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	10	251.00	219.98
(b) Other Equity	11	1,346.88	894.00
<b>Total Equity</b>		<b>1,597.88</b>	<b>1,113.98</b>
<b>2 Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	550.83	459.02
(ii) Other financial liabilities	13	73.64	106.94
(b) Provisions	14	38.32	48.11
<b>Total non current liabilities</b>		<b>662.79</b>	<b>614.07</b>
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	163.00	127.81
(ii) Trade payables	15	132.70	142.13
(iii) Other financial liabilities	16	42.15	20.02
(b) Deferred Revenue	17	8.39	11.24
(c) Provisions	18	20.16	10.25
(d) Other current liabilities	19	27.25	26.12
<b>Total current liabilities</b>		<b>393.65</b>	<b>337.57</b>
<b>Total liabilities</b>		<b>1,056.44</b>	<b>951.64</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,654.32</b>	<b>2,065.62</b>
Significant Accounting Policy	I		
The accompanying notes I to 39 are an integral part of the Financial Statements			

As per our report of even date attached.

**For Chaturvedi & Shah**  
Chartered Accountants  
FRN No. 101720W

**For S. K. Mehta & Co.**  
Chartered Accountants  
FRN No. 000478N

**Vitesh D. Gandhi**  
Partner  
M. No. 110248  
Place : Ahmedabad

**S. K. Mehta**  
Partner  
M. No. 010870  
Place : Ahmedabad

Place : Ahmedabad  
Date : May 19, 2018

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

Ravi Sanghi	- Chairman and Managing Director
Aditya Sanghi	- Executive Director
Bina Engineer	- Executive Director & CFO
N.B. Gohil	- Executive Director
D.K. Kambale	- Independent Director
Sadashiv Sawrikar	- Independent Director
D.B.N. Rao	- Independent Director
R.K. Pandey	- Independent Director
M.K. Doogar	- Independent Director
S. Balasubramanian	- Independent Director
Anil Agrawal	- Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018**

INR in crores			
	Notes	For the year ended 31 March, 2018	For the year ended 31 March, 2017
<b>Revenue</b>			
Sale of Products (Refer Note 38)		1,051.45	1,098.70
Other Operating Income		0.57	3.32
I. Revenue from Operations		<b>1,052.02</b>	<b>1,102.02</b>
II. Other income	20	22.01	2.24
<b>III. Total Income (I+II)</b>		<b>1,074.03</b>	<b>1,104.26</b>
<b>IV. Expenses</b>			
Cost of materials consumed	21	73.44	71.03
Excise duty paid		25.65	104.49
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(7.09)	7.84
Power and fuel		242.83	231.04
Employee Benefits Expenses	23	53.93	52.53
Selling Expenses	24	333.03	333.32
Finance costs	25	72.12	64.23
Depreciation and Amortization Expenses	26	72.38	73.06
Other Expenses	27	114.43	103.58
<b>Total Expenses (IV)</b>		<b>980.72</b>	<b>1,041.12</b>
<b>V. Profit/(loss) before Exceptional Items and Tax ( III – IV)</b>		<b>93.31</b>	<b>63.14</b>
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit/(loss) before Tax ( V – VI )</b>		<b>93.31</b>	<b>63.14</b>
<b>VIII. Tax expense:</b>			
I. Current Tax		-	-
2. Deferred tax		-	-
<b>IX. Profit/(Loss) for the year ( VII – VIII)</b>		<b>93.31</b>	<b>63.14</b>
<b>X. Other comprehensive income</b>	28		
A I) Items that will not be reclassified to profit or loss		0.05	(0.17)
II) Income tax related to items that will not be reclassified to profit or loss		-	-
B I) Items that will be reclassified to profit or loss		-	-
ii) Income tax related to items that will be reclassified to profit or loss		-	-
		<b>0.05</b>	<b>(0.17)</b>
<b>XI. Total comprehensive income for the year</b>		<b>93.36</b>	<b>62.97</b>
<b>XII. Earnings per equity share</b>	29		
1. Basic		4.14	2.87
2. Diluted		4.14	2.87
Significant Accounting Policy	I		
The accompanying notes 1 to 39 are an integral part of the Financial Statements			

As per our report of even date attached.

**For Chaturvedi & Shah**  
Chartered Accountants  
FRN No. 101720W

**Vitesh D. Gandhi**  
Partner  
M. No. 110248  
Place : Ahmedabad

Place : Ahmedabad  
Date : May 19, 2018

**For S. K. Mehta & Co.**  
Chartered Accountants  
FRN No. 000478N

**S. K. Mehta**  
Partner  
M. No. 010870  
Place : Ahmedabad

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

Ravi Sanghi	- Chairman and Managing Director
Aditya Sanghi	- Executive Director
Bina Engineer	- Executive Director & CFO
N.B. Gohil	- Executive Director
D.K. Kambale	- Independent Director
Sadashiv Sawrikar	- Independent Director
D.B.N. Rao	- Independent Director
R.K. Pandey	- Independent Director
M.K. Doogar	- Independent Director
S. Balasubramanian	- Independent Director
Anil Agrawal	- Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Crores)

	31 March, 2018	31 March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	93.36	62.97
<b>Adjustments for:</b>		
Depreciation and amortisation	72.38	73.06
Loss on sale of Fixed Assets	(0.02)	0.07
Exceptional cost	0.39	-
Interest Income	(15.89)	(0.54)
Interest and other Financial Charges	72.12	64.23
<b>Operating Profit before Working Capital Changes</b>	<b>222.34</b>	<b>199.79</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Inventories	39.09	(48.13)
(Increase)/Decrease in Debtors	(8.14)	(5.50)
(Increase)/Decrease in Other Current Assets and Loans and Advances	(36.11)	(48.85)
Increase/(Decrease) in Trade Creditors	(9.43)	(1.83)
Increase/(Decrease) in Other Current Liabilities and Provisions	2.64	(17.96)
<b>Cash from operating activities</b>	<b>210.39</b>	<b>77.52</b>
Income Taxes paid	11.39	(1.51)
<b>Net Cash from operating activities</b>	<b>221.78</b>	<b>76.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Additions of Fixed Assets	(289.12)	(75.22)
Sale of Fixed Assets	0.20	0.13
Investment in Fixed Deposit with Banks	(411.54)	66.68
Interest Received	16.05	0.54
<b>Net Cash used in investing activities</b>	<b>(684.41)</b>	<b>(7.87)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Issue of Equity Capital (Qualified Institutional Placement) (net of issue expenses)	390.54	-
Movement in Working Capital Borrowing	35.19	62.59
Long term borrowings	378.16	148.58
Repayment of long term borrowings	(272.86)	(209.10)
Interest and other Financial Charges	(68.16)	(70.29)
<b>Cash from Financing activities</b>	<b>462.87</b>	<b>(68.22)</b>

## Sanghi Industries Limited

(₹ in Crores)

	31 March, 2018	31 March, 2017
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS ( A+B+C)</b>	<b>0.24</b>	<b>(0.08)</b>
Cash and Cash equivalents (Opening Balance)	0.17	0.25
Cash and Cash equivalents (Closing Balance)	<b>0.41</b>	<b>0.17</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash and Cheques on hand	0.21	0.11
Bank Balances	0.20	0.06
<b>Cash and Cash Equivalents as above</b>	<b>0.41</b>	<b>0.17</b>
Fixed Deposits with original maturity of more than 3 months	-	-
<b>Cash and Cash Equivalents as per Note No.7</b>	<b>0.41</b>	<b>0.17</b>

As per our report of even date attached.

**For Chaturvedi & Shah**  
Chartered Accountants  
FRN No. 101720W

**For S. K. Mehta & Co.**  
Chartered Accountants  
FRN No. 000478N

**Vitesh D. Gandhi**  
Partner  
M. No. 110248  
Place : Ahmedabad

**S. K. Mehta**  
Partner  
M. No. 010870  
Place : Ahmedabad

Place : Ahmedabad  
Date : May 19, 2018

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

Ravi Sanghi	- Chairman and Managing Director
Aditya Sanghi	- Executive Director
Bina Engineer	- Executive Director & CFO
N.B. Gohil	- Executive Director
D.K. Kambale	- Independent Director
Sadashiv Sawrikar	- Independent Director
D.B.N. Rao	- Independent Director
R.K. Pandey	- Independent Director
M.K. Doogar	- Independent Director
S. Balasubramanian	- Independent Director
Anil Agrawal	- Company Secretary

**STATEMENT OF CHANGES IN EQUITY (SOCIE) AS AT 31 MARCH 2018**

Particulars	Reserves & Surplus				Total
	Security Premium Reserve	Capital redemption reserve	Debenture Redemption reserve	Retained earnings	
<b>Balance at March 31, 2016</b>	<b>49.82</b>	<b>84.84</b>	<b>-</b>	<b>696.37</b>	<b>831.03</b>
<b>Additions:</b>					
Profit for the year				63.14	63.14
Other comprehensive income for the year (Remeasurement of defined benefit plan)				(0.17)	(0.17)
Transfer from retained earnings			13.21		13.21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>13.21</b>	<b>62.97</b>	<b>76.18</b>
<b>Less:</b>					
Transfer to Debenture redemption reserve				(13.21)	(13.21)
<b>Balance at 31 March, 2017</b>	<b>49.82</b>	<b>84.84</b>	<b>13.21</b>	<b>746.13</b>	<b>894.00</b>
<b>Additions:</b>					
Profit for the year				93.31	93.31
Other comprehensive income for the year (Remeasurement of defined benefit plan)				0.05	0.05
Transfer from debenture redemption reserve				13.21	13.21
Transfer from retained earnings			0.88		0.88
Issue of Share capital	369.15				369.15
<b>Total</b>	<b>369.15</b>	<b>-</b>	<b>0.88</b>	<b>106.57</b>	<b>476.60</b>
<b>Less:</b>					
Transfer to retained earnings			(13.21)		(13.21)
Transfer to Debenture redemption reserve				(0.88)	(0.88)
Share Issue Expenses *	(9.63)	-		-	(9.63)
<b>Balance at 31 March, 2018</b>	<b>409.34</b>	<b>84.84</b>	<b>0.88</b>	<b>851.82</b>	<b>1,346.88</b>

\* Refer Note 11 on Other Equity

As per our report of even date attached.

**For Chaturvedi & Shah**  
Chartered Accountants  
FRN No. 101720W

**For S. K. Mehta & Co.**  
Chartered Accountants  
FRN No. 000478N

**Vitesh D. Gandhi**  
Partner  
M. No. 110248  
Place : Ahmedabad

**S. K. Mehta**  
Partner  
M. No. 010870  
Place : Ahmedabad

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

Ravi Sanghi	- Chairman and Managing Director
Aditya Sanghi	- Executive Director
Bina Engineer	- Executive Director & CFO
N.B. Gohil	- Executive Director
D.K. Kambale	- Independent Director
Sadashiv Sawrikar	- Independent Director
D.B.N. Rao	- Independent Director
R.K. Pandey	- Independent Director
M.K. Doogar	- Independent Director
S. Balasubramanian	- Independent Director
Anil Agrawal	- Company Secretary

Place : Ahmedabad  
Date : May 19, 2018



## **Significant Accounting Policies**

### **Note I**

#### **A. Company Information**

Sanghi Industries Limited 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 and Registered Office at Sanghi nagar, R.R. District, Telangana. Equity shares of the Company are listed on The National Stock Exchange and Bombay Stock Exchange. The Financial Statements were approved and adopted by Board of Directors of the Company in their meeting held on 19<sup>th</sup> May 2018.

#### **B. Significant accounting policies**

##### **a. Basis of preparation**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### **b. Revenue recognition**

###### **I) Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts & incentives and volume rebates. It includes excise duty and excludes value added tax/Goods and Service Tax.

###### **II) Interest Income**

Interest income is recognised in books of accounts on accrual basis.

##### **c. Property, plant and equipment**

In accordance with Ind AS 16, the Company has elected to fair value the freehold land. All other items of property, plant and equipment are stated at acquisition cost of the items. Acquisition cost includes expenditure that is directly attributable to getting the asset ready for intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Items of spare parts that meets the definition of 'Property, plant and equipment' has to be recognised as property, plant and equipment. The depreciation on such an item of spare part will begin when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of a spare part, as it may be readily available for use, it may be depreciated from the date of purchase of the spare part.

Capital work in progress is stated at cost, . All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment.

Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

## **Depreciation**

Depreciation is calculated to allocate the cost of assets, net of their residual values, over their estimated useful lives. Components having value significant to the total cost of the asset and life different from that of the main asset are depreciated over its useful life. Depreciation on Property, Plant and Equipment 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..

Depreciation on items of property, plant and equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal. Cost of lease-hold land is amortized equally over the period of lease.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **d. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

### **e. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that a company incurs in connection with the borrowing of funds.

### **f. Financial instruments**

#### **1. Financial assets**

Financial assets are measured as at amortised cost, contractual revenue receivables and lease receivables.

#### **Derecognition**

A Financial Asset is primarily derecognized when:

The rights to receive cash flows from asset has expired, or

The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement ; and either

- a) The Company has transferred substantially all the risks and rewards of the asset, or
- b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **2. Financial liabilities**

##### **Initial recognition and measurement**

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The same is recognized at fair value.

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

##### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### **Offsetting of Financial Instruments.**

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

## **g. Taxes**

### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their corresponding carrying amounts for the financial reporting purposes. The carrying amount and unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 recognized only if there is virtual certainty supported by convincing evidence.

## **h. Inventories**

Inventories are valued at the lower of cost and net realisable value. Raw materials cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. For finished goods and work in progress, cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Items of spare parts that does not meet the definition of 'property, plant and equipment are recognised as a part of inventories.

## **i. Employee benefits**

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Post-employment and other employee benefits are recognised as an expense at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post-employment and other long term benefits are charged to the statement of other comprehensive income.

## **j. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits.

## **k. Provisions, Contingent liabilities and Commitments**

Contingent liability is disclosed in the case of such events where it is not probable that an outflow of resources will be required to settle the obligation arising out of such event. Provisions, contingent liabilities and commitments are reviewed at each balance sheet date.

## **l. Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

**m. Use of estimates and judgments**

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**n. Statement of cash flows**

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

**o. Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- 1. It is expected to be settled in normal operating cycle;
- 2. It is held primarily for the purpose of trading;
- 3. It is due to be settled within twelve months after the reporting period, or
- 4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

**Foreign currency translation**

The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the respective currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss unless otherwise disclosed.

**p. Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**q. Rounding off**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirements of Schedule III, unless otherwise stated.

## Sanghi Industries Limited

### Note – 2 Property, Plant and Equipment

Current Year

INR in crores

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As on 1st April 2017	Additions	Disposals/ Adjustments	As on 31st March 2018	Upto 31.03.2017	Charge for the year	Disposals/ Adjustments	As on 31st March 2018	W.D.V as on 31st March 2018	W.D.V as on 31st March 2017
<b>Owned Assets</b>										
Freehold land	332.35	-	-	332.35	-	-	-	-	332.35	332.35
Building	168.16	2.26	-	170.42	61.22	5.16	-	66.38	104.04	106.94
Plant and Equipment	1,917.84	121.12	-	2,038.96	953.07	52.98	-	1,006.04	1,032.92	964.78
Furniture and Fixtures	19.03	2.76	-	21.79	7.07	0.88	-	7.96	13.83	11.95
Vehicles	17.13	1.90	0.71	18.32	9.04	1.73	0.52	10.25	8.07	8.09
Office Equipment	2.15	0.27	-	2.42	1.07	0.25	-	1.32	1.10	1.08
Electrical Installations	114.57	0.48	-	115.05	91.83	10.36	-	102.19	12.86	22.74
Laboratory Equipment	2.11	-	-	2.11	0.78	0.19	-	0.97	1.15	1.34
Computers	8.48	0.63	-	9.11	5.92	0.83	-	6.75	2.36	2.56
Fire Fighting Equipments	0.10	-	-	0.10	0.10	-	-	0.10	-	-
Temple	0.03	-	-	0.03	-	-	-	-	0.03	0.03
<b>Sub-total</b>	2,581.96	129.42	0.71	2,710.67	1,130.09	72.38	0.52	1,201.95	1,508.72	1,451.87
Capital work-in-progress	167.13	175.44	48.99	293.58	-	-	-	-	293.58	167.13
<b>TOTAL</b>	<b>2,749.09</b>	<b>304.85</b>	<b>49.70</b>	<b>3,004.25</b>	<b>1,130.09</b>	<b>72.38</b>	<b>0.52</b>	<b>1,201.95</b>	<b>1,802.30</b>	<b>1,619.00</b>

1. It includes INR 29.21 Cr interest capitalised during FY 2017-18 ( FY 2016-17 INR 6.27 Cr)

2. Refer Note 12 regarding information for Assets Hypothecation/ Pledged for Borrowings

3. Refer Note 32 regarding Capital Commitment for Property, Plant & Equipment

### Note – 2 Property, Plant and Equipment

Previous Year

INR in crores

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As on 1st April 2016	Additions	Disposals/ Adjustments	As on 31st March 2017	Upto 31.03.2016	Charge for the year	Disposals/ Adjustments	As on 31st March 2017	W.D.V as on 31st March 2017	W.D.V as on 31st March 2016
<b>Owned Assets</b>										
Freehold land	332.35	-	-	332.35	-	-	-	-	332.35	332.35
Building	166.35	1.81	-	168.16	53.48	7.74	0.01	61.22	106.94	112.87
Plant and Equipment	1,880.70	37.29	0.15	1,917.84	902.60	50.57	0.10	953.07	964.78	978.10
Furniture and Fixtures	14.81	4.22	-	19.03	5.90	1.18	-	7.07	11.95	8.92
Vehicles	16.29	1.16	0.32	17.13	7.37	1.84	0.17	9.04	8.09	8.92
Office Equipment	1.40	0.75	-	2.15	0.80	0.27	-	1.07	1.08	0.59
Electrical Installations	114.57	-	-	114.57	81.44	10.39	-	91.83	22.74	33.13
Laboratory Equipment	2.11	-	-	2.11	0.58	0.20	-	0.78	1.34	1.54
Computers	6.91	1.57	-	8.48	5.04	0.88	-	5.92	2.56	1.87
Fire Fighting Equipments	0.10	-	-	0.10	0.10	-	-	0.10	-	-
Temple	0.03	-	-	0.03	-	-	-	-	0.03	0.03
	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	2,535.63	46.81	0.47	2,581.96	1,057.30	73.06	0.27	1,130.09	1,451.87	1,478.33
Capital work-in-progress	82.35	91.98	7.20	167.13	-	-	-	-	167.13	82.35
<b>TOTAL</b>	<b>2,617.98</b>	<b>131.59</b>	<b>7.67</b>	<b>2,749.09</b>	<b>1,057.30</b>	<b>73.06</b>	<b>0.27</b>	<b>1,130.09</b>	<b>1,619.00</b>	<b>1,560.68</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Note - 3 Deferred tax Assets / (Liabilities)

Component of Deferred Tax Assets (Net) is provided as under

Particulars	31 March, 2018	31 March, 2017
<b>Deferred tax Assets ( DTA )</b>		
Unabsorbed depreciation	87.58	87.58
<b>Total DTA</b>	<b>87.58</b>	<b>87.58</b>
<b>Deferred tax Liabilities ( DTL )</b>		
Difference between Tax Depreciation & Book Depreciation	(29.06)	(29.06)
<b>Total DTL</b>	<b>(29.06)</b>	<b>(29.06)</b>
<b>A. Net deferred tax Assets</b>	<b>58.52</b>	<b>58.52</b>
<b>B. Mat Credit Entitlement</b>	<b>28.57</b>	<b>37.13</b>
<b>Total Deferred tax Assets ( A + B )</b>	<b>87.09</b>	<b>95.65</b>

#### Notes:

For recognition of Deferred Tax Asset ( DTA ) where the Company has unabsorbed depreciation under Income Tax Act, 1961, the virtual certainty of realisation of such assets is prescribed as a criteria in Ind AS 12. For the current year, the Company has not recognised such DTA in the accounts considering matter of prudence.

INR in crores

Particulars	As at 31 March, 2018	As at 31 March, 2017
<b>Note 4 Non Current assets : Others</b>		
<b>Unsecured, considered good</b>		
Capital Advances	28.53	28.55
Advance Income tax	5.13	7.97
<b>Total</b>	<b>33.66</b>	<b>36.52</b>
<b>Note 5 Inventories</b>		
Raw Materials	6.09	5.12
Fuel Stock	17.71	9.61
Work-in-progress	0.42	0.26
Finished goods	29.68	22.74
Stores, spares and components (including packing material)	93.60	148.85
<b>Total</b>	<b>147.49</b>	<b>186.58</b>
<b>Refer Note 12 regarding information for Hypothication / Pledged of Inventory for Borrowings Refer Note 1 (h) for valuation of Inventory</b>		
<b>Note 6 Trade Receivables</b>		
<b>Unsecured, Considered Good</b>		
From related parties	-	-
From others	32.08	23.94
	<b>32.08</b>	<b>23.94</b>



## Sanghi Industries Limited

INR in crores

Particulars	As at 31 March, 2018	As at 31 March, 2017
<b>Note 7 Cash and Cash Equivalent</b>		
Balances with banks		
In current accounts	0.20	0.06
Cash on hand	0.21	0.11
<b>Total</b>	<b>0.41</b>	<b>0.17</b>
<b>Note 8 Bank balances other than Cash and Cash Equivalent</b>		
Margin money *	72.82	6.21
Fixed deposits (Refer Note 10 D)	354.82	9.89
<b>Total</b>	<b>427.64</b>	<b>16.10</b>
<b>* Margin Money represents security deposited against borrowings / Non funded exposures from banks / financial institutions</b>		
<b>Note 9</b>		
<b>Current assets : Others</b>		
<b>Unsecured, Considered Good</b>		
Advances to employees	0.55	0.53
Advance to suppliers and contractors	33.11	12.50
Deposit with Government Department	52.41	53.75
Others	37.59	20.88
<b>Total</b>	<b>123.65</b>	<b>87.66</b>

### Note 10 Share Capital

INR in crores

Particulars	As at			
	31 March, 2018		31 March, 2017	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised share capital</b>				
Equity shares of INR 10/- each	350,000,000	350.00	275,000,000	275.00
Preference shares of INR 100/- each *	20,000,000	200.00	27,500,000	275.00
		<b>550.00</b>		<b>550.00</b>
<b>Issued share capital</b>				
Equity shares of INR 10/- each Fully paid Up	251,000,000	251.00	219,979,000	219.98
		<b>251.00</b>		<b>219.98</b>
<b>Subscribed and Fully paid up share capital</b>				
Equity shares of INR 10/- each Fully paid Up	251,000,000	251.00	219,979,000	219.98
	<b>251,000,000</b>	<b>251.00</b>	<b>219,979,000</b>	<b>219.98</b>
<b>Total share capital</b>	<b>251,000,000</b>	<b>251.00</b>	<b>219,979,000</b>	<b>219.98</b>

## Sanghi Industries Limited

Note (a) : Equity share capital	31 March, 2018		31 March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period Balance	219,979,000	219.98	219,979,000	219.98
Changes in equity share capital during the year (Refer Footnote D)	31,021,000	31.02	-	-
Balance at the end of the reporting period	251,000,000	251.00	219,979,000	219.98

\*The Company has reclassified its authorised share capital by obtaining consent of the members at the Extra Ordinary Meeting of the held on 9th September, 2017.

### The Reconciliation of Number of Shares outstanding at the beginning and at the end of the year

INR in crores

Particulars	31 March, 2018		31 March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>(a) Equity</b>				
Opening Balance	219,979,000	219.98	219,979,000	219.98
Shares issued	31,021,000	31.02	-	-
Closing Balance	<b>251,000,000</b>	<b>251.00</b>	<b>219,979,000</b>	<b>219.98</b>

#### Notes :

#### A) Rights, preferences and restrictions attached to shares

##### Equity Shares

The Company has one class of equity shares having par value of INR 10 per share. Each member is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

#### B) The details of Shareholders holding more than 5 % of Shares

INR in crores

Particulars	31 March, 2018		31 March, 2017	
	No. of shares held	% of Total paid up Equity Share Capital	No. of shares held	% of Total paid up Equity Share Capital
<b>Equity shares</b>				
Samruddhi Investors Services Private Limited	54,067,975	<b>21.54</b>	52,614,532	<b>23.92</b>
Ravi Sanghi	49,878,750	<b>19.87</b>	36,062,150	<b>16.39</b>
	<b>103,946,725</b>	<b>41.41</b>	<b>88,676,682</b>	<b>40.31</b>

#### C) For the period of preceeding five years as on the Balance Sheet date:

a) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	Nil
b) Aggregate number of shares allotted as fully paid up by way of bonus shares	Nil
c) Aggregate number and class of shares bought back	Nil

**D)** During the year, the Company has issued and allotted 3,10,21,000 equity shares of ₹ 10 each to the Qualified Institutional Buyers (QIB) on 25/01/2018 at issue price of ₹ 129 per equity share (including premium of ₹ 119 per equity share) aggregating to ₹ 400.17 Cr. Pursuant to the allotment of equity shares in Qualified Institutional Placement, the paid up equity share capital of the Company stands increased at ₹ 251 Cr. Issue Expenses amounting to ₹ 9.63 Cr incurred in relation to issue to QIB have been charged off against the Securities Premium Account in accordance with the provisions of Section 52 of the Companies Act, 2013. Some of the proceeds of QIB issue has been utilised as per the object of the issue and the unutilised proceeds of the issue have been invested in short term fixed deposit and included in bank balances other than Cash and Cash Equivalent.

## Sanghi Industries Limited

### Note 11 Other Equity

INR in crores

Particulars	As at	
	31 March, 2018	31 March, 2017
<b>Security Premium Reserve</b>		
Opening Balance as per last accounts	49.82	49.82
Addition during the year ( Refer Note 10 D)	369.15	-
Utilised during the year ( Refer Note 10 D)	(9.63)	-
<b>Closing Balance</b>	<b>409.34</b>	<b>49.82</b>
<b>Capital Redemption Reserve</b>		
Opening Balance as per last accounts	84.84	84.84
Addition during the year	-	-
<b>Closing Balance</b>	<b>84.84</b>	<b>84.84</b>
<b>Debenture Redemption Reserve</b>		
Opening Balance as per last accounts	13.21	-
Addition during the year	0.88	13.21
Transferred to retained earnings	(13.21)	-
<b>Closing Balance</b>	<b>0.88</b>	<b>13.21</b>
<b>Retained Earnings</b>		
Opening Balance as per last accounts	746.13	696.37
Net Profit for the Year	93.36	62.97
Transferred from Debenture Redemption Reserve	13.21	-
Transferred to Debenture Redemption Reserve	(0.88)	(13.21)
<b>Closing Balance</b>	<b>851.82</b>	<b>746.13</b>
<b>Total Other Equity</b>	<b>1,346.88</b>	<b>894.00</b>

### Note - 12 Financial Liabilities : Borrowings

INR in crores

Particulars	As at 31st March, 18		As at 31st March, 17	
	Non-Current	Current	Non-Current	Current
<b>a) Working Capital Loans</b>				
Secured - From Banks <sup>1</sup>	-	163.00	-	127.81
<b>b) Term Loans</b>				
Secured - From Banks <sup>1</sup>	194.35	-	135.11	-
Secured - From Others <sup>2</sup>	104.72	-	71.47	-
<b>c) Debentures</b>				
15.50% Redeemable and Non-convertible Debenture of ₹ 1000/- each <sup>3</sup>	-	-	252.44	-
10.50% Redeemable and Non-convertible Debenture of ₹ 10,00,000/- each <sup>3</sup>	251.76	-	-	-
<b>TOTAL</b>	<b>550.83</b>	<b>163.00</b>	<b>459.02</b>	<b>127.81</b>

The Company has issued and allotted 2,560 Secured, Listed, Rated, Redeemable, Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- each aggregating to ₹ 256 Crores on 7th March 2018 on Private Placement basis with a fixed coupon rate of 10.50% listed on 'Wholesale Debt Market' Segment of BSE Limited. The proceeds of said NCDs have been utilised for pre-mature redemption of 25,64,829 Secured, Unlisted, Redeemable, Non Convertible Debentures of ₹ 1,000/- each issued in the month of March -2016 bearing fixed coupon rate of 15.50% aggregating to ₹ 256.48 Crores.

## Sanghi Industries Limited

### Footnote to Note - 12

#### Disclosures on borrowings for March 2018

Loan	Security	Repayment terms	As at 31st March, 18		
			Non-Current	Current	Current Maturities on Long Term Borrowings
I. Loan from Banks					
Working Capital Loans	Secured against hypothecation of certain assets of the Company. The rate of interest ranges from 10.50 % to 10.90% p.a.	Repayable on demand.	-	163.00	-
Term Loans	First charge on specific fixed and moveable assets.	Tranche 1- Repayable in 60 equal monthly installments from the end of the month starting after the moratorium i.e April 2019. Tranche 2- Repayable in monthly installments starting from April 2017 to July 2020	172.50	-	14.55
	1st exclusive charge on ships.	Shall be repaid in 12 semi-annual equal installments with the first installment being from December, 2017 till June 2023.	21.85	-	4.86
2. Loan from Others					
	Hypothecation of specific equipments.	Equated Monthly installments starting from April 2015 to August 2019	0.22	-	0.49
	Hypothecation of property	Equated Monthly installments starting from October 2015 to December 2025	0.67	-	0.07
	Hypothecation of certain assets	Payable at the end of 5th Year	68.52	-	-
	First charge on specific fixed assets.	Equated Monthly installments starting from November 2017 to October 2023.	33.15	-	5.27
	Hypothecation of specific equipments.	Equated Monthly installments starting from December 2017 to November 2021	0.56	-	0.17
	Hypothecation of cars	Equated Monthly installments.	1.60	-	1.05
3. 10.50% Redeemable and Non-convertible Debenture of INR 10,00,000/- each	A First mortgage on all immovable properties present and future. A First charge by way of hypothecation of all movable fixed assets, present and future except for movable fixed assets charged specifically to some lenders. A second paripasu charge on current assets, present and future.	Yearly Installment from March 2021 to March 2023	251.76	-	-
Total			550.83	163.00	26.46

## Sanghi Industries Limited

### Disclosures on borrowings for March 2017

Loan	Security	Repayment terms	As at 31st March, 17		
			Non-Current	Current	Current Maturities on Long Term Borrowings
<b>I. Loan from Banks<sup>1</sup></b>					
Working Capital Loans	Secured against hypothecation of certain assets of the Company. The rate of interest ranges from 10.75 % to 12.50% p.a.	Repayable on demand.	-	127.81	-
Term Loans	First charge on specific fixed and movable assets.	Tranche I- Shall be repaid in 60 consecutive equal monthly installments from the end of the month starting after the moratorium i.e April 2019.	135.11	-	10.78
<b>2. Loan from Others<sup>2</sup></b>					
	Hypothecation of specific equipments.	Equated Monthly installments starting from April 2015 to August 2019	0.72	-	0.70
	Hypothecation of property	Equated Monthly installments starting from October 2015 to December 2025	0.73	-	0.08
	Hypothecation of certain assets	Payable at the end of 5th Year	68.52	-	-
	Hypothecation of cars	Equated Monthly installments starting from December 2017 to November 2021	1.50	-	1.02
<b>3. 15.50% Redeemable and Non-convertible Debenture of INR 1000/- each<sup>3</sup></b>	Paripasu Charge on some of the Fixed Assets	12 quarterly Installments starting from June '2018	252.44	-	-
<b>Total</b>			<b>459.02</b>	<b>127.81</b>	<b>12.58</b>

## Sanghi Industries Limited

INR in crores

Particulars	As at	
	31 March, 2018	31 March, 2017
<b>Note 13 Other financial liabilities</b>		
Payable for capital goods	46.72	79.97
Security Deposits from Customers and Transporters	26.92	26.97
<b>Total</b>	<b>73.64</b>	<b>106.94</b>
<b>Note 14 Long term provisions</b>		
<b>Employee benefits</b>		
Gratuity	4.71	4.10
Leave encashment	1.58	1.61
<b>Other provisions</b>		
Asset retirement obligation	0.07	0.07
Mines restoration	0.17	0.15
District Mineral Fund	0.11	6.46
National Mineral Exploration Trust	0.52	0.87
Electricity Duty	31.15	34.85
<b>Total</b>	<b>38.32</b>	<b>48.11</b>
<b>Movement of provisions during the year as required by Indian Accounting Standard (Ind AS) 37 "Provisions, Contingent Liabilities and Contingent Assets"</b>		
<b>Provision for asset retirement obligation</b>		
Opening Balance	0.07	0.06
Add: Provision during the year	-	0.01
Less: Utilisation during the year		
<b>Closing Balance</b>	<b>0.07</b>	<b>0.07</b>
<b>Provision for Mines Restoration Expenses</b>		
Opening Balance	0.16	0.15
Add: Provision during the year	0.01	0.01
Less: Utilisation during the year		
<b>Closing Balance</b>	<b>0.17</b>	<b>0.16</b>
<b>Provision for District Mineral Fund</b>		
Opening Balance	6.46	6.18
Add: Provision during the year	-	11.22
Less: Utilisation during the year	6.35	10.94
<b>Closing Balance</b>	<b>0.11</b>	<b>6.46</b>
<b>Provision for National Mineral Exploration Trust</b>		
Opening Balance	0.87	0.50
Add: Provision during the year	-	0.75
Less: Utilisation during the year	0.35	0.38
<b>Closing Balance</b>	<b>0.52</b>	<b>0.87</b>
<b>Provision for Electricity Duty</b>		
Opening Balance	34.85	42.13
Add: Provision during the year	-	0.96
Less: paid during the year	3.70	8.23
<b>Closing Balance</b>	<b>31.15</b>	<b>34.85</b>

## Sanghi Industries Limited

INR in crores

Particulars	As at	
	31 March, 2018	31 March, 2017
<b>Note 15 Current financial liabilities : Trade payables</b>		
Trade payables	132.61	142.06
For Micro, small and medium enterprises *	0.09	0.07
<b>Total</b>	<b>132.70</b>	<b>142.13</b>
* No interest has been paid/payable by the Company to the suppliers under the Micro, Small and Medium Enterprises Development Act 2006. The said information is based on the records maintained by the Company of its suppliers.		
<b>Note 16 Current financial liabilities : Others</b>		
Current maturities of Long Term borrowings	26.46	12.58
Interest accrued but not due on borrowings	4.19	0.22
<b>Other payables:</b>		
Salary payable	7.21	3.94
Other Employee Related liabilities	4.29	3.27
<b>Total</b>	<b>42.15</b>	<b>20.02</b>
<b>Note 17 Deferred Revenue</b>		
Deferred Revenue	8.39	11.24
<b>Total</b>	<b>8.39</b>	<b>11.24</b>
<b>Note 18 Current provisions Employee benefits</b>		
Gratuity	0.75	0.52
Leave Encashment	0.28	0.17
<b>Other provisions</b>		
Provision for Expenses	19.14	9.56
<b>Total</b>	<b>20.16</b>	<b>10.25</b>
<b>Note 19 Current liabilities : Others</b>		
Advance received from Customers	9.81	10.39
Statutory dues	16.51	14.07
Other Payables	0.93	1.66
<b>Total</b>	<b>27.25</b>	<b>26.12</b>



## Sanghi Industries Limited

Particulars	INR in crores	
	For the year ended	For the year ended
	31 March, 2018	31 March, 2017
<b>Note 20 Other Income</b>		
Interest income	15.89	0.54
Foreign Exchange Gain	2.76	-
Other non-operating income	3.36	1.70
<b>Total Other income</b>	<b>22.01</b>	<b>2.24</b>
<b>Note 21 Cost of Materials consumed</b>		
Opening stock	5.12	1.79
Add: Purchases	74.41	74.36
Less: Closing stock	(6.09)	(5.12)
<b>Total of cost of material consumed</b>	<b>73.44</b>	<b>71.03</b>
<b>Details of Material consumed</b>		
Lime Stone	25.80	32.93
Fly Ash	12.97	11.18
Gypsum	6.90	5.71
Clinker consumed	5.68	-
Raw Material for Ready Mix Concrete	6.43	3.27
Other Raw materials	15.66	17.94
<b>Total</b>	<b>73.44</b>	<b>71.03</b>
<b>Note 22 Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Closing Stock:</b>		
Finished goods	29.68	22.74
Work-in-progress	0.42	0.26
	30.09	23.00
<b>Less:</b>		
<b>Opening Stock :</b>		
Finished goods	22.74	30.46
Work-in-progress	0.26	0.38
	23.00	30.84
<b>Total changes in inventories of finished goods and work in progress</b>	<b>(7.09)</b>	<b>7.84</b>
<b>Note 23 Employee benefit expense</b>		
Salaries & Wages and Bonus	51.03	49.20
Contribution to Provident Fund & Other Benefits	0.87	0.67
Staff Welfare Expenses	2.03	2.66
<b>Total of employee benefit expense</b>	<b>53.93</b>	<b>52.53</b>

## Sanghi Industries Limited

Particulars	INR in crores	
	For the year ended	For the year ended
	31 March, 2018	31 March, 2017
<b>Note 24 Selling expenses</b>		
Freight outward	301.81	296.44
Stevedoring expenses	15.95	20.39
Sales and promotion expenses	15.27	16.49
<b>Total of selling expenses</b>	<b>333.03</b>	<b>333.32</b>
<b>Note 25 Finance costs</b>		
Interest on Borrowings	68.95	61.28
Other interest	3.18	2.95
<b>Total of finance Costs</b>	<b>72.12</b>	<b>64.23</b>
<b>Note 26 Depreciation &amp; Amortisation Expenses</b>		
Depreciation expenses	72.38	73.06
<b>Total of Depreciation expenses</b>	<b>72.38</b>	<b>73.06</b>
<b>Note 27 Other Expenses</b>		
<b>Manufacturing expenses</b>		
Consumption of packing material	31.29	32.08
Consumption of stores and spares	15.45	12.67
Other manufacturing expenses	13.01	8.58
<b>Other operating expenses</b>		
Repairs to plant and machinery	16.81	17.03
Repairs to building	0.32	1.61
Advertisement	4.07	3.79
Audit fees <sup>1</sup>	0.28	0.28
Insurance	1.87	1.82
Foreign exchange loss	-	0.47
Corporate social Responsibility expenses <sup>2</sup>	1.18	1.43
Other operating administrative expenses	30.14	23.81
<b>Total of other expenses</b>	<b>114.43</b>	<b>103.58</b>
<b>I. Payment to Statutory Auditors as:</b>		
Payment as Auditors	0.20	0.20
For Taxation matters	0.05	0.05
For Other Services	0.03	0.03
	<b>0.28</b>	<b>0.28</b>
<b>2. Corporate Social Responsibilities Expenses</b>		
a) Gross amount required to be spent by the Company during the year INR 1.04 Cr (31 March, 17 : 0.91 Cr) based on average net profit of last three years as per Section 198 of the Companies Act, 2013.		
b) Amount spent during the year in cash on purposes other than construction/acquisition of any asset is INR 1.18 Cr (31 March, 17 : 1.43 Cr) towards animal welfare, green belt development, village education and others.		

## Sanghi Industries Limited

Particulars	INR in crores	
	For the year ended	For the year ended
	31 March, 2018	31 March, 2017
<b>Note 28</b>		
<b>Statement of other comprehensive income</b>		
<b>(i) Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit plan	0.05	(0.17)
	0.05	(0.17)
<b>Note 29 Earnings per share</b>		
“Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. The following reflects the profit and number of shares used in the basic and diluted EPS computations:		
<b>i. Profit attributable to Equity holders of parent</b>		
<b>Profit attributable to equity holders ( INR in crores)</b>	93.31	63.14
Weighted average number of equity shares used for computing EPS ( Basic)	225,588,277	219,979,000
Weighted average number of equity shares used for computing EPS ( Diluted)	225,588,277	219,979,000
<b>Earnings per share ( Basic) - INR</b>	<b>4.14</b>	<b>2.87</b>
<b>Earnings per share ( Diluted ) - INR</b>	<b>4.14</b>	<b>2.87</b>

### Note - 30 Financial instruments – Fair values and risk management

#### A. Accounting classification and fair values

The management assessed that fair value of Trade Receivables, Cash and Cash Equivalents, Bank Balances, Short Term Borrowings, Trade Payables, Floating rate Borrowings and Fixed rate Borrowings approximate their carrying amounts.

#### B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

#### i. Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company manages cash resources, borrowing strategies, and ensures compliance with market risk limits and policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The audit committee oversees compliance with the Company’s risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

## Sanghi Industries Limited

### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

#### Cash and other bank balances

The company maintains its Cash and cash equivalents and Bank deposits with banks with good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

#### Trade receivables

Credit risk is managed through credit approvals, ongoing credit evaluations of its customers' financial condition and monitoring the creditworthiness of its customers.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains sufficient lines of credit to commensurate its business.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

INR in crores

31 March, 2018	Carrying amount	Contractual cash flows				
		Total	Less than 12 months	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>						
Borrowings (Refer note – 12)	713.82	713.82	157.00	56.83	330.07	169.94
Trade payables (Refer note – 15)	132.70	132.70	132.70	-	-	-
Others (Refer note - 13 & 16)	115.78	115.78	88.86	-	26.92	-

INR in crores

31 March, 2017	Carrying amount	Contractual cash flows				
		Total	Less than 12 months	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>						
Borrowings (Refer note – 12)	586.83	586.83	126.37	47.01	370.40	43.05
Trade payables (Refer note – 15)	142.13	142.13	142.13	-	-	-
Others (Refer note - 13 & 16)	126.96	126.96	20.02	106.37	0.57	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. Exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

### v. Currency risk

The functional currency of the Company is Indian Rupee. The Company is exposed to currency risk on account of its receivables, borrowings and payables for capital goods in foreign currency. The Company has not used derivative financial instruments either for hedging purpose or for trading or speculative purposes.

## Sanghi Industries Limited

### Exposure to currency risk

The currency profile in INR of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

	March 31, 2018 INR	March 31, 2018 USD	March 31, 2018 EURO	March 31, 2018 GBP
<b>Financial assets</b>				
Trade receivables (Refer note - 6)	30.72	1.36	-	-
Cash and cash equivalents (Refer note – 7 )	0.38	0.02	0.01	-
Bank balances other than Cash and Cash Equivalent ( Refer note – 8)	427.64	-	-	-
	<b>458.74</b>	<b>1.38</b>	<b>0.01</b>	<b>-</b>
<b>Financial liabilities</b>				
Borrowings (Refer note – 12)	687.11	26.71	-	-
Trade payables (Refer note – 15)	64.69	67.98	-	0.03
Others (Refer note - 13 & 16)	115.78	-	-	-
	<b>867.59</b>	<b>94.69</b>	<b>-</b>	<b>0.03</b>
	March 31, 2017 INR	March 31, 2017 USD	March 31, 2017 EURO	March 31, 2017 GBP
<b>Financial assets</b>				
Trade receivables (Refer note - 6)	23.43	0.51	-	-
Cash and cash equivalents (Refer note – 7 )	0.15	0.01	0.01	-
Bank balances other than Cash and Cash Equivalent ( Refer note – 8)	16.10	-	-	-
	<b>39.68</b>	<b>0.52</b>	<b>0.01</b>	<b>-</b>
<b>Financial liabilities</b>				
Borrowings (Refer note – 12)	586.83	-	-	-
Trade payables (Refer note – 15)	115.59	26.54	-	-
Others (Refer note - 13 & 16)	126.96	-	-	-
	<b>829.38</b>	<b>26.54</b>	<b>-</b>	<b>-</b>

The following significant exchange rates have been applied during the year.

INR	Year end spot rate	
	March 31, 2018	March 31, 2017
USD I	65.04	64.85
EUR I	80.62	64.78
CHF I	66.46	69.27

INR	Average rate	
	March 31, 2018	March 31, 2017
USD I	64.85	65.55
EUR I	69.06	72.27
CHF I	65.04	66.87

## Sanghi Industries Limited

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR of 10% movement	USD
<b>March 31, 2018</b>	
Strengthening	(9.33)
Weakening	9.33

Effect in INR of 10% movement	USD
<b>March 31, 2017</b>	
Strengthening	(2.60)
Weakening	2.60

#### vi. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. The Company adopts a policy to ensure that it achieves balance between fixed and floating rate.

#### vii. Exposure to interest rate risk

The company uses a mix of fixed rates and floating rates of borrowings. The changes in the floating interest rates are monitored closely.

#### INR in crores

	Amount	
	31 March, 2018	31 March, 2017
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	345.79	347.83
	<b>345.79</b>	<b>347.83</b>

### Note - 31 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's adjusted net debt to equity ratio at March 31, 2018 was as follows.

#### INR in crores

	As at	
	31 March, 2018	31 March, 2017
Total Debt	577.29	471.60
Less : Cash and bank balances	428.05	16.27
<b>Adjusted net debt</b>	<b>149.24</b>	<b>455.33</b>
Total equity	1,597.88	1,113.98
Adjusted net debt to adjusted equity ratio	0.09	0.41

## Sanghi Industries Limited

### Note - 32 Contingent Liabilities

The claims against the Company not acknowledged as debt amount to INR 119.96 Cr. (31 March, 2017 : INR 108.75 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 INR 51.54 Cr. (31 March, 2017 : INR 52.12 Cr.) with respective authorities as deposit.

Particulars	INR in crores	
	31 March, 2018	31 March, 2017
Excise & Service Tax	72.67	61.46
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	2.27	2.27
<b>Total</b>	<b>119.96</b>	<b>108.75</b>

### Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is INR 73.99 Cr. (31 March, 2017 is INR 24.74 Cr. Net of advances).

### Note - 33 Segment reporting

#### (a) Description of segments and principal activities

The Company is in the business of manufacturing and sale of cement and clinker which is considered to constitute one single primary segment.

#### (b) Geographical Information

Particulars	Details	
	Revenue	Non Current Assets
<b>Within India</b>		
31 March, 2018	1,022.87	1,923.05
31 March, 2017	996.88	1,751.16
<b>Outside India</b>		
31 March, 2018	51.16	-
31 March, 2017	107.38	-
<b>Total</b>		
31 March, 2018	1,074.03	1,923.05
31 March, 2017	1,104.26	1,751.16

Domestic revenue includes INR 0.85 Cr. self consumption (31 March, 2017 : INR 0.91 Cr.)

#### (c) Information about major customers

None of the entity's external customers account for 10 per cent or more of an entity's revenue.



## Sanghi Industries Limited

### Note - 34 Related party disclosures

#### a. Subsidiary Company :

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, 2018.

#### b. Key Management Personnel:

Mr. Ravi Sanghi	-	Chairman and Managing Director
Mr. Aditya Sanghi	-	Whole Time Director
Mr. Alok Sanghi	-	Whole Time Director
Mr. Bina Engineer	-	Whole Time Director and CFO
Mr. N. B. Gohil	-	Whole Time Director
Mr. D. K. Kambale	-	Non Executive Director
Mr. Sadashiv Sawrikar	-	Non Executive Director
Mr. R. K. Pandey	-	Non Executive Director
Mr. D. B. N. Rao	-	Non Executive Director
Mr. M. K. Doogar	-	Non Executive Director
Mr. T. M. Jagan Mohan	-	Non Executive Director ( Retired w.e.f. 14th Dec 2017)
Mr. S. Balasubramanian	-	Non Executive Director ( Appointed w.e.f. 9th Nov 2017)
Mr. Anil Agrawal	-	Company Secretary

#### c. The following transactions were carried out with the related parties referred in above in the ordinary course of business :

Particulars	INR in crores	
	For the year ended 31 March 2018	For the period ended 31 March 2017
Remuneration	8.88	6.64
Sitting Fees	0.06	0.04
<b>Total compensation</b>	<b>8.94</b>	<b>6.68</b>

Remuneration includes commission to key managerial persons for INR 2.41 Cr (31 March 2017 : INR 1.42 Cr).

## Sanghi Industries Limited

### Note - 35 Operating lease

The company has taken certain assets on operating lease which are cancellable. During the year company has paid INR 2.73 Cr ( FY 16-17 INR 2.34 Cr ) towards cancellable operating lease. There are no operating leases which are non cancellable.

### Note - 36 Gratuity and other post employment benefit plans

The Company operates post employment and other long term employee benefits defined plans as follows:

#### I. Unfunded

- i. Gratuity
- ii. Leave encashment benefit

#### II. Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service to build up the final obligation. The obligation for leave encashment is recognised in the same manner as for gratuity.

INR in crores

Description	Gratuity		Leave encashment	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
<b>I. Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
a. Obligation as at the beginning of the year	4.62	4.43	1.78	1.55
b. Current Service Cost	0.53	0.57	0.30	0.33
c. Past Service cost	0.55			
d. Interest Cost	0.34	0.36	0.13	0.12
e. Actuarial (Gain)/Loss	(0.05)	(0.10)	(0.02)	0.27
f. Benefits Paid	(0.53)	(0.64)	(0.33)	(0.49)
g. Obligation as at the end of the year	5.46	4.62	1.86	1.78
<b>2. Reconciliation of fair value of assets and obligation</b>				
a. Fair Value of Plan Assets as at the end of the year	-	-	-	-
b. Present Value of Obligation as at the end of the year	5.46	4.62	1.86	1.78
c. Amount recognised in the Balance Sheet	(5.46)	(4.62)	(1.86)	(1.78)
<b>3. Expense recognised during the year in Statement of Profit &amp; Loss</b>				
a. Current Service Cost	0.53	0.57	0.30	0.33
b. Past Service cost	0.55			
c. Interest Cost	0.34	0.36	0.13	0.12
d. Expense recognised during the year	1.42	0.93	0.43	0.45
<b>4. Expense recognised during the year in OCI</b>				
a. Actuarial (Gain)/Loss	(0.05)	(0.10)	(0.02)	0.27
<b>5. Actuarial Assumptions</b>				
a. Discount Rate (per annum)	0.07	0.07	0.07	0.07
b. Salary escalation	0.04	0.04	0.04	0.04
c. Mortality Rate Indian Assured Lives Mortality	Ultimate	Ultimate	Ultimate	Ultimate

## Sanghi Industries Limited

### III. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	INR in crores	
	31 March, 2018	
	Increase	Decrease
	Gratuity	Gratuity
Discount rate (1% movement)	(0.41)	0.47
Salary growth rate (1% movement)	0.44	(0.39)

Particulars	INR in crores	
	31 March, 2017	
	Increase	Decrease
	Gratuity	Gratuity
Discount rate (1% movement)	(0.38)	0.44
Salary growth rate (1% movement)	0.39	(0.35)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

#### Note37

Balance of Debtors, Creditors, Advances and Deposits are subject to confirmation and reconciliation, if any.

#### Note38

Goods and Service Tax (GST) has been implemented w.e.f. 01.07.2017. Accordingly, GST is being levied as against Excise duty applicable hitherto. Since, excise duty is included in the revenue and GST is not included in revenue, revenue from operations for current year ended 31st March 2018 is not comparable with the previous year. Excise amounting to INR 25.65 Cr (Previous Year INR 104.49 Cr) is included in Revenue from operations.

#### Note39

Corresponding figures of previous year have been regrouped / rearranged wherever necessary.

As per our report of even date attached.

**For Chaturvedi & Shah**  
Chartered Accountants  
FRN No. 101720W

**For S. K. Mehta & Co.**  
Chartered Accountants  
FRN No. 000478N

**Vitesh D. Gandhi**  
Partner  
M. No. 110248  
Place : Ahmedabad

**S. K. Mehta**  
Partner  
M. No. 010870  
Place : Ahmedabad

Place : Ahmedabad  
Date : May 19, 2018

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

Ravi Sanghi	- Chairman and Managing Director
Aditya Sanghi	- Executive Director
Bina Engineer	- Executive Director & CFO
N.B. Gohil	- Executive Director
D.K. Kambale	- Independent Director
Sadashiv Sawrikar	- Independent Director
D.B.N. Rao	- Independent Director
R.K. Pandey	- Independent Director
M.K. Doogar	- Independent Director
S. Balasubramanian	- Independent Director
Anil Agrawal	- Company Secretary

## NOTES

[illegible]





*Turning Dreams into Concrete Reality*

## **Sanghi Industries Limited**

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