**SANGHI INDUSTRIES LIMITED**

*Our Company was incorporated on June 14, 1985 as a private limited company under the Companies Act, 1956. Subsequently, our Company was converted to a public limited company, and a fresh certificate of incorporation was issued to us by the then Registrar of Companies, Andhra Pradesh on October 28, 1992. For further details, see 'General Information' on page 154.*

**Registered Office:** Sanghinagar P.O., Hayatnagar Mandal, R R District, Telangana 501 511
**Telephone**: +91 8415 242240 | **Facsimile**: +91 8415 242239
**Corporate Office**: 10th Floor, Kataria Arcade, Off. S.G. Highway, Post. Makarba, District: Ahmedabad 380 051
**Email:** companysecretary@sanghicement.com | **Website:** www.sanghicement.com | **CIN:** L18209TG1985PLC005581

Sanghi Industries Limited (the "**Issuer**" or our "**Company**") is issuing up to 31,021,000 equity shares of face value of ₹ 10 each (the "**Equity Shares**" or "**Shares**") at a price of ₹ 129 per Equity Share, including a premium of ₹ 119 per Equity Share, aggregating up to ₹ 400.17 crores (the "**Issue**").

**THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER**

**THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI ICDR REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VIII OF THE SEBI ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC, OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA, OTHER THAN TO QIBs.**

Invitations, offers and sales of Equity Shares shall be made only pursuant to the Preliminary Placement Document, this Placement Document, the Application Form and the Confirmation of Allocation Note. For further information, see the section titled "*Issue Procedure*" on page 123. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs, and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and not to make copies of this Placement Document or any documents referred to in this Placement Document.

A copy of the Preliminary Placement Document has been delivered to the BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**") (BSE and NSE together, the "**Stock Exchanges**"). A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4) will also be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC (as defined hereinafter) and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

**This Placement Document has not been reviewed by SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Placement Document. This Placement Document has not been and will not be registered as a prospectus with any Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Placement Document is meant solely for QIBs on a private placement basis and is not an offer to the public or to any other class of investors.**

**INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK, AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO READ THE SECTION TITLED "*RISK FACTORS*" ON PAGE 46 CAREFULLY BEFORE TAKING AN INVESTMENT DECISION RELATED TO THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS ADVISORS ABOUT THE CONSEQUENCES OF ITS INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.**

The information on our Company's website or any website directly or indirectly linked to our website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue.

Our outstanding Equity Shares are listed on the Stock Exchanges. The closing price of the Equity Shares on BSE and NSE on January 17, 2018 was ₹ 129.00 and ₹ 128.60 per Equity Share, respectively. In-principle approvals under Regulation 28 of the SEBI Listing Regulations (as defined hereinafter) for listing of the Equity Shares have been received from the BSE on January 18, 2018 and the NSE on January 18, 2018. Applications shall be made for the listing of the Equity Shares offered through this Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

**YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.**

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. For a description of the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 135. The Equity Shares are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 140.

This Placement Document is dated January 23, 2018.

**BOOK RUNNING LEAD MANAGERS**

| SBI CAPITAL MARKETS LIMITED | HDFC BANK LIMITED | MOTILAL OSWAL INVESTMENT ADVISORS LIMITED |
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## NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for the information contained in this Placement Document and to the best of our knowledge and belief, having made all reasonable enquiries, we confirm that this Placement Document contains all information with respect to our Company and the Equity Shares, which is material in the context of this Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are, in all material respects, true and accurate and not misleading, the opinions and intentions expressed in this Placement Document with regard to our Company, and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on reasonable assumptions and information presently available to us. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. The BRLMs have not separately verified all the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLMs nor any of their respective members, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the BRLMs or by any of their members, employees, counsel, officers, directors, representatives, agents or affiliates, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the issue of Equity Shares or their distribution. Each person receiving this Placement Document acknowledges that such person has neither relied on any of the BRLMs nor on any person affiliated with the BRLMs in connection with its investigation of the accuracy of such information or representation, or its investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the BRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

**The Equity Shares have not been approved, disapproved or recommended by any other regulatory authority in any jurisdiction. No such authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.**

The Bidders will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 3, 135 and 140, respectively.

No action has been taken by our Company or the BRLMs that would permit the offer or sale of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For a description of selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 135. The Equity Shares are transferable only in accordance with the restrictions described in the section titled "*Purchaser Representations and Transfer Restrictions*" on page 140.

The information contained in this Placement Document has been provided by our Company and other sources identified herein. Distribution of this Placement Document to any person other than the investors specified by the BRLMs or their representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

**In making an investment decision, investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the BRLMs are making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares in this Issue by such investor, subscriber, offeree or purchaser under applicable legal, investment or similar laws or regulations.**

This Placement Document contains summaries of the terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The information on our website, www.sanghicement.com, or any website directly or indirectly linked to our website or on the websites of the BRLMs or their affiliates, does not constitute or form part of this Placement Document. Prospective investors should not rely on the information contained in, or available through such websites.

## REPRESENTATIONS BY INVESTORS

All references to "you" or "your" in this section are to the prospective investors in the Issue. By Bidding for and subscribing to any of the Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the BRLMs, as follows:

- you (i) are a QIB as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded as an under Regulation 86 of the SEBI ICDR Regulations, (ii) have a valid and existing registration under applicable laws and regulations of India, (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VIII of the SEBI ICDR Regulations, and (iv) undertake to comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including in respect of reporting requirements, if any;

- that you are eligible to invest in India under applicable law, including the FEMA 20, and any notifications, circulars or clarifications issued thereunder, as amended from time to time, and have not been prohibited by the SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities;

- you are eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules made thereunder and is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares, or otherwise accessing the capital markets in India;

- you will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- if you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired, except on the Stock Exchanges;

- you are aware that this Placement Document has not been and will not be registered as a prospectus under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India. This Placement Document has not been reviewed, verified or affirmed by the SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has been filed with the Stock Exchanges and has been displayed on the websites of our Company and the Stock Exchanges;

- you are permitted to subscribe to the Equity Shares under the laws of all relevant jurisdictions, which are applicable to you and that you have fully observed such laws and have all necessary capacity and have obtained all necessary consents and authorisations as may be required, to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document) and complied with all the necessary formalities and that you will honour such obligations;

- none of our Company, the BRLMs and any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates are making any recommendations to you, or advising you regarding the suitability of any transactions you may enter into in connection with the Issue, and that your participation in the Issue is on the basis that you are not and will not, up to the Allotment of the Equity Shares, be a client of the BRLMs and that the BRLMs have no duties or responsibilities to you for providing the protection afforded to its clients or customers or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity;

- you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements and undertakings set forth under the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 135 and 140, respectively;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the same shall be on a discretionary basis, at the discretion of our Company in consultation with the BRLMs;

- you have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety, in particular the section titled "*Risk Factors*", on page 46;

- that in making your investment decision, (i) you have relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) you have made and will continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue, on such information as is publicly available, (iii) you have relied upon your own investigations and resources in deciding to invest in the Equity Shares, (iv) you have consulted your own independent advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters, (v) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by our Company or any other party and (vi) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares;

- neither the BRLMs, nor their shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares (including, but not limited to, the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the BRLMs or their shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates when evaluating the tax consequences in relation to purchase, ownership and disposal of the Equity Shares (including, but not limited to, the Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against the BRLMs or any of their shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares, you and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, and (iv) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing by each such managed account to acquire the Equity Shares for each such managed account and to make (and you hereby make) the representations, warranties, acknowledgements and undertakings herein for and on behalf of each such managed account, reading the reference to "you" to include such accounts;

- you agree that in terms of Section 42(7) of the Companies Act, 2013, we shall file the list of QIBs (to whom the Preliminary Placement Document has been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- you are not a 'promoter' (as defined under the SEBI ICDR Regulations) of our Company or any of its affiliates and are not a person related to the promoters, either directly or indirectly, and your Bid does not directly or indirectly represent the 'promoter', or 'promoter Group', (as defined under the SEBI ICDR Regulations) of our Company or persons related to the promoters;

  For the purposes of this representation, a QIB who has any rights under a shareholders' agreement or voting agreement, veto rights or right to appoint any nominee director on our Board will be deemed to be a person related to the promoters of our Company. However, a QIB who does not hold any shares in our Company and who has acquired such rights in the capacity of a lender shall not be deemed to be a person related to the promoter;

- you will have no right to withdraw your Bid after the Bid Closing Date;

- you are eligible to Bid and hold the Equity Shares so Allotted to you pursuant to this Issue, together with any Equity Shares held by you prior to the Issue. You further confirm that your holding, upon the issue of the Equity Shares, shall not exceed the level permissible as per any applicable law;

- the Bid submitted by you would not eventually result in triggering a open offer under the Takeover Code;

- you are aware of and acknowledge and represent the following in respect of your shareholding in our Company:

  a. your aggregate holding, together with other QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue to you shall not exceed 50% of the Issue. For the purposes of this representation:

     For the purposes of this representation: the expression 'belongs to the same group' shall be interpreted by applying the concept of 'companies under the same group' as provided in sub-section (11) of section 372 of the Companies Act, 1956; and 'control' shall have the same meaning as is assigned to it by clause (e) of sub-regulation 1 of regulation 2 of the Takeover Code;

  b. you are aware that the pre and post issue shareholding pattern of our Company will be filed by our Company with the Stock Exchanges. If you are Allotted more than 5.00% of the Equity Shares in this Issue, we shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosure being made by us;

- you are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details of the Allottees) and if the Allotment of Equity Shares in the Issue results in you being one of the top ten shareholders of our Company, we shall also be required to disclose your name and shareholding details to the RoC within 15 days of Allotment, and you consent to such disclosure being made by us;

- you are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing and trading of the Equity Shares will be obtained in time or at all. Our Company would not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- you shall not undertake any trade in the Equity Shares credited to your beneficiary account opened with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares under this Issue are granted by the Stock Exchanges;

- you are aware and understand that the BRLMs have entered into a Placement Agreement with our Company whereby the BRLMs have, subject to the satisfaction of certain conditions set out therein, undertaken to use reasonable endeavours to seek to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- the contents of this Placement Document are exclusively the responsibility of our Company and neither the BRLMs nor any person acting on their behalf or any of their counsel, advisors to the Issue have or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLMs or our Company or any other person and that neither the BRLMs nor our Company nor any other person including their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by or on behalf of the BRLMs (including any view, statement, opinion or representation expressed in any research published or distributed by the BRLMs or their affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of any of the BRLMs or their respective affiliates) or our Company or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates and neither the BRLMs nor our Company or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- you agree to indemnify and hold our Company, the BRLMs or their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and undertakings in this section and the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 135 and 140, respectively. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares Allotted under this Issue by or on behalf of the managed accounts;

- you understand that neither the BRLMs nor their affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses, directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of our respective obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- any dispute arising in connection with the Issue will be governed and construed in accordance with the laws of the Republic of India, and the courts in Mumbai, India shall have the exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investment matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

- you confirm that either (i) you have not participated in or attended any investor meetings or presentations by our Company or our agents with regard to our Company or this Issue ("**Company Presentations**"); or (ii) if you have participated in or attended any Company Presentations, (a) you understand and acknowledge that the BRLMs may not have the knowledge of the statements that our Company or our agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentation may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs have advised you not to rely in any way on any such information that was provided to you at such Company Presentations, and (b) confirm that, you have not been provided any material information that was not publicly available;

- that each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment of the Equity Shares in the Issue;

- that our Company, the BRLMs, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to the BRLMs on their own behalf and on behalf of our Company and are irrevocable.

## OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended ("**SEBI FPI Regulations**"), FPIs (other than Category III foreign portfolio investors and unregulated broad based funds, which are classified as Category II FPI by virtue of their investment manager being appropriately regulated) may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with 'know your client' requirements. An FPI shall also ensure no further issue or transfer is made of any offshore derivative instruments issued by or on behalf of it to any person other than a person regulated by an appropriate foreign regulatory authority. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the solely obligations of, third parties that are unrelated to us. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and do not constitute any obligations or claims on the BRLMs. Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

## DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document;

2. warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless the context otherwise indicates or implies, references to "you," "offeree," "purchaser," "subscriber," "recipient," "investors" and "potential investor" are to the prospective investors in this Issue, references to, "our", "us", "we", our "Company", the "Company", or the "Issuer" are to Sanghi Industries Limited.

In this Placement Document, references to (a) "Rs.", "Rupees", "INR" or "₹" are to the legal currency of the Republic of India; and (b) "USD" and "U.S. Dollars" are to the legal currency of the United States. All numbers in this Placement Document have been presented in crores or whole numbers, unless stated otherwise. One crore represents 1,00,00,000.

All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions. All references herein to the "Government of India" are to the Central Government of India and all references to the "Government" are to the Central Government of India or an Indian state government, as applicable. All the numbers in this document have been presented in crores or in whole numbers where the numbers have been too small to present in crores, unless stated otherwise.

Our audited financial statements for fiscal 2017 (April 01, 2016 to March 31, 2017), fiscal 2016 (July 1, 2015 to March 31, 2016) and fiscal 2015 (July 1, 2014 to June 30, 2015) ("**Audited Financial Statements**" or **"Financial Statements"**) and our unaudited financial results for the six months ended September 30, 2017, together with the respective reports or limited review reports of our Statutory Auditors or Previous Joint Statutory Auditors thereon, as applicable, have been included in this Placement Document. Our Audited Financial Statements for fiscals 2017, 2016 and 2015 were audited by our Previous Joint Statutory Auditors, Ankit & Co., Chartered Accountants and Haribhakti & Co. LLP, Chartered Accountants, the limited review report on our unaudited financial results for the quarter ended June 30, 2017 was issued by our current Statutory Auditors S.K. Mehta & Co., Chartered Accountants and the limited review report on our unaudited financial results for the quarter ended September 30, 2017 was issued by our current Statutory Auditors, Chaturvedi & Shah, Chartered Accountants.

Our audited financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS by our Company. The audited financial statements for the year ended March 31, 2016 and for earlier periods were prepared in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The accounting policies set out in audited financial statements for the year ended March 31, 2017 (Note 1) have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and the opening Ind AS balance sheet at July 1, 2015 (the "**Transition Date**").

Unless otherwise stated, references in this Placement Document to a particular year are to the calendar year ending on December 31 and to a particular "financial year", "Fiscal", "Fiscal Year" or "FY" are to the financial year of our Company ending on March 31, 2017, of a particular year, the nine month period ended March 31, 2016 and the year ended June 30, 2015, as applicable

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Our Company prepares its financial statements in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, read with relevant rules there under, which differ in certain respects from generally accepted accounting principles in other countries. Ind AS differs in certain significant respects from IFRS. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

## INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the businesses of our Company contained in this Placement Document consists of estimates based on data and reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which our Company competes. The statistical information included in this Placement Document relating to the various sectors in which our Company operates has been reproduced from various trade, industry and regulatory/ government publications and websites. We have also relied on the report titled "*Cement Market Assessment for India and Western Region*" dated January 2018 that we have commissioned from CRISIL Research.

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Sanghi Industries Limited will be responsible for ensuring compliances and consequences of non-complainces for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey and financial forecasts.

Neither our Company, nor the BRLMs have independently verified this data and make any representation regarding the accuracy or completeness of such data. Similarly, while we believe that our internal estimates are reasonable, such estimates have not been verified by any independent sources, and neither our Company nor any of the BRLMs can assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. All statements regarding our Company's expected financial condition and results of operations and business plans, including potential acquisitions, and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, planned projects and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause our Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Important factors that could cause actual results, performance or achievements to differ materially include, among others:

- our actual production with respect to our limestone reserves may differ from estimates;
- delays or cost overruns in utilisation of Net Proceeds;
- our regional concentration in western India, particularly Gujarat;
- absence of long term agreements with our customers and suppliers; and
- our inability to collect receivables and default in payment from our dealers and customers.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited, to those discussed under the sections titled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 46, 71, 89 and 96, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of our management, as well as the assumptions made by and information currently available to the management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations, cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

You should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. None of the Company, the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document.

## ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability company incorporated under the laws of India. All our Directors, Key Managerial Personnel named herein are residents of India. A majority of our assets are located in India. As a result, it may be difficult for the investors to affect service of process upon our Company or such persons in India or to enforce judgments obtained against such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments and execution of a foreign judgment is provided for under Sections 13 and 44A respectively, of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**") on a statutory basis.

Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code can be enforced in India (i) by instituting execution proceedings; or (ii) by instituting a suit on such judgment.

Foreign judgments may be enforced by proceedings in execution in certain cases. Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court within the meaning of that section in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Procedure Code is also subject to the exceptions under Section 13 of the Civil Procedure Code, as mentioned above.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgement.

## EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares. The exchange rate between the Rupee and the U.S. Dollar has been volatile over the past year.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) based on the reference rate released by the RBI. The exchange rate on March 31, 2017 was U.S. Dollar 1.0 = ₹ 64.84. No representation is made that the Rupee amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. Dollar at the rates indicated, any other rate, or at all.

| **Exchange Rate (₹ Per U.S. Dollar)** | | | | |
|---|---|---|---|---|
| **Period Ended** | **Period End** | **Average** | **High** | **Low** |
| Six months ended September 30, 2017 | 65.35 | 64.29 | 65.76 | 63.63 |
| Fiscal ended March 31, 2017 | 64.84 | 67.09 | 68.72 | 64.84 |
| Nine months ended March 31, 2016 | 66.33 | 65.46 | 68.78 | 62.16 |
| Fiscal ended June 30, 2015 | 63.75 | 62.07 | 64.20 | 59.72 |
| **Months ended:** | | | | |
| December 31, 2017 | 63.93 | 64.24 | 64.54 | 63.93 |
| November 30, 2017 | 64.43 | 64.86 | 65.52 | 64.41 |
| October 30, 2017 | 64.77 | 65.08 | 65.55 | 64.76 |
| September 30, 2017 | 65.35 | 64.29 | 65.76 | 63.63 |
| July 31, 2017 | 64.08 | 64.46 | 64.82 | 64.08 |
| June 30, 2017 | 64.74 | 64.46 | 65.04 | 64.00 |
| **Quarters ended**: | | | | |
| September 30, 2017 | 65.35 | 64.29 | 65.76 | 63.63 |
| June 30, 2017 | 64.74 | 64.46 | 65.04 | 64.00 |
| March 31, 2017 | 64.84 | 67.09 | 68.72 | 64.84 |
| December 31, 2016 | 67.95 | 67.46 | 68.72 | 66.43 |

*Source: www.rbi.org.in*

*Note: High, low and average are based on the RBI reference rates. In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.*

## CERTAIN DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

Capitalised terms used in this Placement Document shall have the meaning set forth below, unless specified otherwise or the context indicates or requires otherwise, and references to any statute or regulations or policies shall include amendments thereto, from time to time.

### Terms Related to our Company

| Term | Description |
|---|---|
| "Our Company", the "Company" or the "Issuer" | Sanghi Industries Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Sanghinagar P.O., Hayatnagar Mandal, R R District, Telangana - 501 511. |
| "Articles" or "Articles of Association" | The articles of association of our Company, as amended from time to time. |
| "Audited Financial Statements" or "Financial Statements" | The audited financial statements for fiscal 2017 (April 01, 2016 to March 31, 2017), fiscal 2016 (July 1, 2015 to March 31, 2016) and fiscal 2015 (July 1, 2014 to June 30, 2015), together with the respective reports of our Previous Joint Statutory Auditors thereon. |
| "Board of Directors" or "Board" | Our board of directors of our Company or any duly constituted committee thereof, as the context may refer to. |
| Directors | The directors of our Company. |
| "Equity Shares" or "Shares" | Equity shares of our Company of face value of ₹ 10 each. |
| Key Management Personnel | The key managerial personnel as listed in the section "*Board of Directors and Senior Management*" on page 108. |
| "Memorandum", "MoA" or "Memorandum of Association" | The memorandum of association of our Company, as amended from time to time. |
| Previous Joint Statutory Auditors | The previous joint statutory auditors of our Company, being Ankit & Co., Chartered Accountants and Haribhakti & Co. LLP, Chartered Accountants. |
| Promoter | Ravi Sharan Sanghi |
| Promoter Group | Includes the promoters and entities covered by the definition under regulation 2(1)(zb) of the SEBI ICDR Regulations. |
| Registered Office | The registered office of our Company, located at Sanghinagar PO. Hayatnagar Mandal, R R District, Telangana – 501 511. |
| Statutory Auditors | The joint statutory auditors of our Company, being Chaturvedi & Shah, Chartered Accountants and S.K.Mehta & Co., Chartered Accountants. |
| Unaudited Financial Statements | Unaudited interim limited reviewed financial statements for six month period ended September 30, 2017 and September 30, 2016. |

### Issue Related Terms

| Term | Description |
|---|---|
| "Allocated" or "Allocation" | The allocation of Equity Shares, in consultation with the BRLMs, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them in compliance with Chapter VIII of the SEBI ICDR Regulations. |
| "Allotment" or "Allotted" or "Allot" | Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to the Issue. |
| Allottees | Successful Bidders to whom Equity Shares are Allotted pursuant to the Issue. |
| Application Form | The form (including any revisions thereof) pursuant to which a QIB shall submit a Bid in the Issue. |
| Bid | An indication of interest by a Bidder, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for Equity Shares in the Issue. |
| Bid Closing Date | January 23, 2018 which is the date on which our Company (or the BRLMs on behalf of our Company) shall cease acceptance of the Application Forms. |
| Bid Opening Date | January 18, 2018, which is the date on which our Company (or the BRLMs on behalf of our Company) shall commence acceptance of the Application Forms. |
| Bidder | Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form. |
| Bidding Period | The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates, during which Bidders can submit their Bids, incluing any revision and/or modification thereof. |
| "Book Running Lead Managers" or "BRLMs" | SBI Capital Markets Limited, HDFC Bank Limited and Motilal Oswal Investment Advisors Limited. |

| Term | Description |
|---|---|
| "CAN" or "Confirmation of Allocation Note" | Note or advice or intimation to successful Bidders confirming the Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment of the entire Issue Price for all the Equity Shares allocated to such successful Bidders. |
| Closing Date | The date on which Allotment of Equity Shares pursuant to the Issue shall be made, *i.e.*, on or about January 25, 2018. |
| Designated Date | The date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees. |
| Eligible FPI | FPIs that are eligible to participate in the Issue other than Category III FPIs. |
| Eligible QIBs | Qualified institution buyers, as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations which are not, (a) excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, or (b) restricted from participating in the Issue under the SEBI ICDR Regulations. |
| Escrow Account | The bank account opened by our Company with the Escrow Agent, pursuant to the Escrow Agreement, into which application money received towards subscription of the Equity Shares shall be deposited by the QIBs. |
| Escrow Agent | HDFC Bank Limited. |
| Escrow Agreement | Agreement dated January 18, 2018 amongst our Company, the BRLMs and the Escrow Agent in relation to the Issue. |
| Floor Price | The floor price of ₹ 135.48 per Equity Share which has been calculated in accordance with Regulation 85 of Chapter VIII of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations. |
| FPIs | Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. |
| Issue | The offer, issue and allotment of up to 31,021,000 Equity Shares to QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules thereunder. |
| Issue Price | ₹ 129 per Equity Share. |
| Issue Size | The issue of up to 31,021,000 Equity Shares aggregating up to ₹ 400.17 crores. |
| Pay-In Date | The last date specified in the CAN for payment of subscription money by successful Bidders. |
| Placement Agreement | The placement agreement dated January 18, 2018 amongst our Company and the BRLMs. |
| Placement Document | This placement document dated January 23, 2018 issued in accordance with Chapter VIII of the SEBI ICDR Regulations and section 42 of the Companies Act, 2013 and the rules thereunder. |
| Preliminary Placement Document | The preliminary placement document dated January 18, 2018 issued in accordance with Chapter VIII of the SEBI ICDR Regulations and section 42 of the Companies Act, 2013 and the rules thereunder. |
| "QIBs" or "Qualified Institutional Buyers" | Qualified institutional buyers as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations. |
| QIP | Qualified Institutions Placement under Chapter VIII of the SEBI ICDR Regulations. |
| "Registrar of Companies" or "RoC" | Registrar of Companies, Andhra Pradesh and Telangana. |
| Relevant Date | January 18, 2018 which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to open the Issue. |

### Industry/Project Related Terms

| Term | Description |
|---|---|
| AS | Accounting Standards. |
| AY | Assessment Year. |
| CAGR | Compounded Annual Growth Rate, i.e. the mean annual growth rate over a specified period of time longer than one year. |
| CRISIL Report | Industry report titled "*Cement Market Assessment for India and Western Region*" dated January 2018 prepared by CRISIL Research. |
| "GoI" or "Government" | Government of India. |
| Mining Plan | The Mining Plan with Progressive Mine Closure Plan for the Jadua Limestone Mine prepared by Rakesh Purohit and S.K. Soni, submitted under Rule 17 of the the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 and Rule 23B of the Mineral Conservation and Development Rules, 1988. |
| MMTPA | Million metric tonnes per annum. |
| Net Worth | The aggregate of the paid-up share capital, share premium account, and reserves and surplus (excluding revaluation reserve), as reduced by the aggregate of miscellaneous |

| Term | Description |
|---|---|
| | expenditure (to the extent not adjusted or written off and the debit balance of the profit and loss account. |
| ROE | Return on equity. |
| RTGS | Real Time Gross Settlement. |
| TPA | Tonnes per annum. |

### Conventional and General Terms/ Abbreviations

| Term | Description |
|---|---|
| AGM | Annual general meeting. |
| AIF(s) | Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012. |
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India. |
| BSE | BSE Limited. |
| CDSL | Central Depository Services (India) Limited. |
| Civil Procedure Code | The Code of Civil Procedure, 1908. |
| Companies Act | Companies Act, 2013 or Companies Act, 1956, as applicable. |
| CSR | Corporate Social Responsibility. |
| Depositories Act | The Depositories Act, 1996. |
| Depository | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996. |
| Depository Participant | A depository participant as defined under the Depositories Act. |
| EBITDA | Earnings before interest, tax, depreciation and amortisation. |
| EBITDA margin | EBITDA/Net Sales |
| EBITDA per tonne | Earnings before Interest, Depreciation and Tax divide by metric tonne of sales volume. |
| EPS | Earnings per share. |
| FEMA | The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder. |
| FEMA 20 | The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017. |
| "financial year", "fiscal year", "Fiscal" or "FY" | Unless stated otherwise, financial year of our Company ending on March 31 of a particular year. |
| FPIs | Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations. |
| FVCI | Foreign venture capital investors, as defined and registered with SEBI under the (Foreign Venture Capital Investors) Regulations, 2000. |
| GAAP | Generally Accepted Accounting Principles. |
| GAAR | General Anti Avoidance Rules |
| GDP | Gross domestic product. |
| Government | Government of India or State Government, as applicable. |
| Government of India | Central government of India. |
| ICAI | Institute of Chartered Accountants of India. |
| IFRS | International Financial Reporting Standards of the International Accounting Standards Board. |
| Indian GAAP | Generally Accepted Accounting Principles in India. |
| Ind AS | Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Rule 3 of Companies (Indian Accounting Standard) Rules, 2015. |
| IT | Information technology. |
| IT Act | The Income Tax Act, 1961. |
| kL/d | Kilo-litre per day. |
| Listing Agreements | The agreements entered into between our Company and each Stock Exchange in relation to listing of the Equity Shares on such Stock Exchange. |
| MAT | Minimum alternate tax. |
| Mutual Fund | A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. |
| NBFC | Non-banking financial company. |
| Negotiable Instruments Act | Negotiable Instruments Act, 1881. |
| NRI | Non resident Indian. |
| NSDL | National Securities Depository Limited. |
| NSE | National Stock Exchange of India Limited |
| p.a. | Per annum. |
| PAN | Permanent Account Number. |
| PAT | Profit after tax. |

| Term | Description |
|---|---|
| PBT | Profit before tax. |
| Portfolio Investment Scheme | Portfolio investment scheme under FEMA. |
| "QIBs" or "Qualified Institutional Buyers" | Qualified institutional buyers as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations. |
| QIP | Qualified Institutions Placement under Chapter VIII of the SEBI ICDR Regulations. |
| RBI | Reserve Bank of India. |
| Regulation S | Regulation S under the U.S. Securities Act. |
| RMC | Ready Mix Concrete. |
| "Rs.", "Rupees", "INR" or "₹" | The legal currency of the Republic of India. |
| SCRA | Securities Contracts (Regulation) Act, 1956. |
| SCRR | Securities Contracts (Regulation) Rules, 1957. |
| SCR (SECC) Rules | Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012. |
| SEBI | Securities and Exchange Board of India. |
| SEBI Act | The Securities and Exchange Board of India Act, 1992. |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014. |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. |
| SENSEX | The index of a basket of 30 constituent stocks traded on the BSE representing a sample of liquid securities of large and representative companies. |
| State Government | Government of a state of the Republic of India. |
| Stock Exchanges | The BSE and the NSE. |
| STT | Securities Transaction Tax. |
| Takeover Code | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011. |
| "U.S.$", or "U.S. Dollars" | The legal currency of the United States. |
| "U.S." or "United States" | United States of America. |
| U.S. GAAP | Generally accepted accounting principles in the U.S. |
| U.S. Securities Act | The U.S. Securities Act of 1933, as amended. |
| VCF | Venture capital fund. |

**DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013**

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

| Sr. No. | Disclosure Requirements | Relevant Page of this Placement Document |
|---|---|---|
| **1.** | **GENERAL INFORMATION** | |
| a. | Name, address, website and other contact details of the company indicating both registered office and corporate office. | 154 |
| b. | Date of incorporation of the company. | Cover Page, 154 |
| c. | Business carried on by the company and its subsidiaries with the details of branches or units, if any. | 96-107 |
| d. | Brief particulars of the management of the company. | 108-115 |
| e. | Names, addresses, DIN and occupations of the directors. | 108-110 |
| f. | Management's perception of risk factors. | 46 |
| g. | Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of: | 149-152 |
| (i) | Statutory dues; | |
| (ii) | Debentures and interest thereon; | |
| (iii) | Deposits and interest thereon; and | |
| (iv) | Loan from any bank or financial institution and interest thereon. | |
| h. | Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process. | 154 |
| **2.** | **PARTICULARS OF THE OFFER** | |
| a. | Date of passing of board resolution. | 28, 123, 154 |
| b. | Date of passing of resolution in the general meeting, authorising the offer of securities. | 28, 123, 154 |
| c. | Kinds of securities offered (i.e. whether share or debenture) and class of security. | Cover Page, 27 |
| d. | Price at which the security is being offered including the premium, if any, along with justification of the price. | Cover Page, 27 |
| e. | Name and address of the valuer who performed valuation of the security offered. | Not applicable |
| f. | Amount which the company intends to raise by way of securities. | Cover Page, 27, 63 |
| g. | Terms of raising of securities: | 27 |
| (i) | Duration, if applicable; | Not applicable |
| (ii) | Rate of dividend; | Not applicable |
| (iii) | Rate of interest; | Not applicable |
| (iv) | Mode of payment; and | 123 |
| (v) | Repayment. | Not applicable |
| h. | Proposed time schedule for which the offer letter is valid. | 123 |
| i. | Purposes and objects of the offer. | 63 |
| j. | Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects. | Not applicable |
| k. | Principle terms of assets charged as security, if applicable. | Not applicable |
| **3.** | **DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC** | |
| a. | Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons. | 112, 116 |
| b. | Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed. | 151, 152 |
| c. | Remuneration of directors (during the current year and last three financial years). | 113 |
| d. | Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided. | 115 |
| e. | Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark. | 45 |
| f. | Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding | 149 |

| Sr. No. | Disclosure Requirements | Relevant Page of this Placement Document |
|---|---|---|
| | the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries. | |
| g. | Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company. | 152 |
| **4.** | **FINANCIAL POSITION OF THE COMPANY** | |
| a. | The capital structure of the company in the following manner in a tabular form: | |
| (i)(a) | The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value); | 66 |
| (b) | Size of the present offer; and | Cover page, 27 |
| (c) | Paid up capital: | 27, 66 |
| (A) | After the offer; and | 27, 66 |
| (B) | After conversion of convertible instruments (if applicable); | Not applicable |
| (d) | Share premium account (before and after the offer). | 66 |
| (ii) | The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration. | 66 |
| | Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case. | 66 |
| b. | Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter. | 156-253 |
| c. | Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid). | 72, 156-253 |
| d. | A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter. | 30 |
| e. | Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter. | 156-253 |
| f. | Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company. | 45, 78 |
| **5.** | **A DECLARATION BY THE DIRECTORS THAT** | 255 |
| a. | The company has complied with the provisions of the Act and the rules made thereunder. | |
| b. | The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government. | |
| c. | The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter. | |
| | I am authorized by the Board of Directors of the Company vide resolution number ___ dated ___ to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association<br><br>It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.<br><br>*Signed:*<br>*Date:*<br>*Place:*<br>*Attachments:* | 255 |

## SUMMARY OF BUSINESS

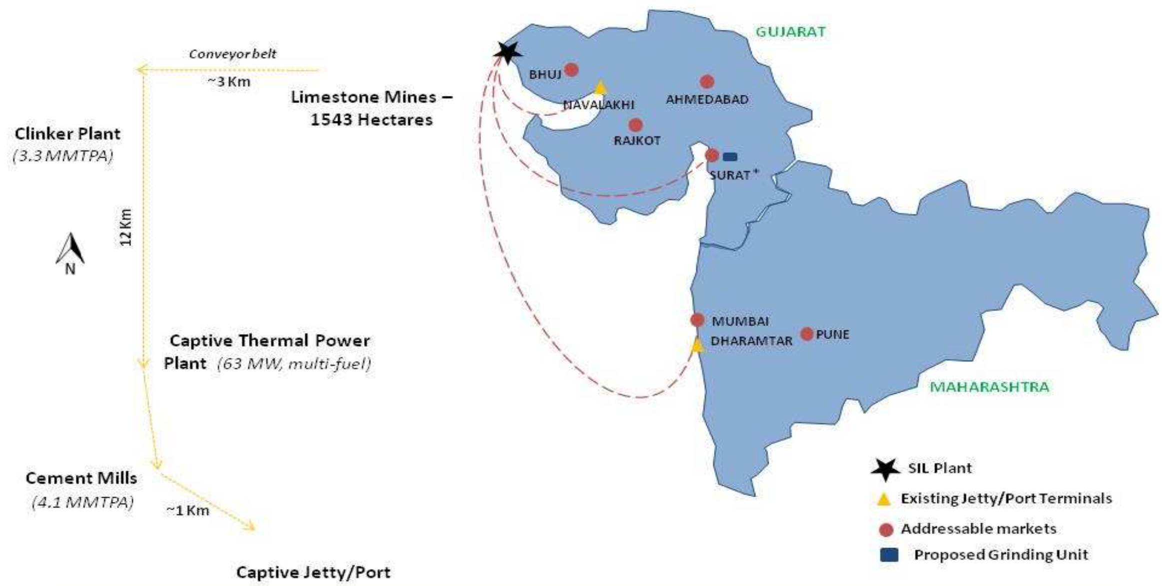
### OVERVIEW

We are among the lowest cost producers of cement in the industry, operating one of the largest fully integrated single stream cement plants strategically located in Kutch, Gujarat (*Source: CRISIL Report*). We have an installed capacity of 4.1 Mn T of cement as of September 30, 2017, which we are in the process of expanding to 8.1 Mn T of cement.

Our manufacturing facility is located in close proximity to marine limestone deposits at Kutch, Gujarat, and the GMDC lignite mines. Besides connectivity through road, we have also established coastal shipping infrastructure by investing in a captive all weather jetty and two fully equipped sea terminals at Navlakhi, Gujarat and Dharamtar, Maharashtra. We have also recently commissioned two cement bulk carriers of 4,400 dead weight tonnage (DWT) each for coastal shipping. Accordingly, we are well positioned to access markets in and around Mumbai along the western coast of India with access to markets in as far as Cochin domestically and Africa, Europe, Sri Lanka and a few countries in the Middle East internationally without incurring significantly higher delivery costs.

Our supporting infrastructure consists of (i) a 3.3 Mn T clinker unit, (ii) a 63 MW of captive multi-fuel thermal power plant, and (iii) three RMC plants. We are in the process of implementing a 13 MW waste heat recovery power plant which is currently scheduled to be commissioned by March 2018.

Below is a representation of (i) our single stream cement plant; and (ii) our connectivity by sea:




*Note: Map not drawn to scale* ** Proposed*

We currently sell a range of quality cement products such as 53 grade OPC (ordinary portland cement), blended cement such as PPC (portland pozzolana cement) and buyer specification based RMC under our umbrella brand 'Sanghi Cement'. We cater to large infrastructure and industrial projects as well as the retail market through a network of approximately 1,500 dealers, 75 commission agents and 146 indenting agents, as of September 30, 2017. The western region of India, particularly Gujarat, is our core market. We also sell in and around Mumbai and Kochi. We service the Gujarat and Rajasthan markets primarily by road, whereas the western coastal region of India, including states of Maharashtra and Kerala are primarily serviced through sea.

We are ISO 9001:2008, OHSAS 18001:2007, SA 8000:2008 and ISO 14001:2004 certified for our manufacturing and sale of clinker and cement reflecting our commitment towards quality, safety, accountability and sustainable environment. For four consecutive years the Indian Bureau of Mines & Directors of Mines Safety, Government of India has awarded our mining operations the First Prize in the Best Mining category. In addition, we were recently awarded:

- India’s Most Trusted (Cement Manufacturing) Company Award 2017 by International Brand Consulting Corporation, USA;
- India’s Top Challengers 2016-17 Trophy by the Construction World Magazine & Media; and
- “the Most Reliable Cement Brand Award in the Real Estate Sector” by DNA.

For fiscal 2017, 2016 and 2015 our total income was ₹ 999.77 crore, ₹ 763.94 crore and ₹ 939.35 crore, respectively, and our profit after tax was ₹ 63.14 crore, ₹ 15.98 crore and ₹ 30.59 crore, respectively. Our EBITDA increased from ₹ 164.49 crore in fiscal 2015 to ₹ 200.43 crore in fiscal 2017. Our EBITDA per tonne for fiscal 2017 and fiscal 2015 was ₹ 686 and ₹ 694 with an EBITDA margin of 20.05% and 17.51%, respectively.

Further, ICRA recently upgraded our working capital rating and long term loan rating to “A-Stable” in February 2017 and May 2017, respectively and reaffirmed in July 2017 to ICRA A- for term loans and cash credit facilities and ICRA A2+ on short term non-fund based limits. In addition, our working capital limits were assigned an ‘IND-A’ category rating by India Ratings & Research in February 2017.

**STRENGTHS**

We believe that the quality of mineral resources, availability of raw materials, multi-fuel capabilities of our clinker and thermal power plants, and our coastal location allows us to operate with low operational cost which serves as our key competitive advantage in the industry. Accordingly, the following are our key business strengths:

***Access to high quality of minerals resulting in cost efficient production of superior grade of products***

Access to limestone reserve is a key consideration for production of cement in an efficient manner. Further, quality of limestone reserves to a large extent determines cost of crushing/mining and to an extent the quality of cement being produced.

Accordingly, in 1996, we secured a mining lease from the Government of Gujarat over approximately 1,500 hectares of land which is valid until 2046. The leased area contains reserves of approximately 1,001 million tonnes of calcium rich, soft marine limestone of which approximately 826 million tonnes were available as of April 1, 2016 (*Source: Mining Plan, 2016*).

We conduct our mining operations using a single L&T surface miner KSM-304C with a belt conveyor in an economically viable manner and without having to carry out any preparatory operations such as ground levelling. Surface mining has a lower impact on the environment as it does not employ conventionally detrimental mining practices of blasting and excavating minerals. Our surface miner directly crushes limestone to desired sizes resulting in lesser waste while also eliminating the need for primary crushing. Our process thus results in lower cost of excavation thereby resulting in reduced manufacturing cost of our cement while ensuring reduced atmospheric pollution and ground vibrations, in addition to which we replenish excavated areas through large scale rain water harvesting.

Our limestone consumption for our manufacturing unit for six months period ended fiscal 2016 and fiscal 2017 was 2.43 Mn T and 3.31 Mn T, respectively. Based on the historical requirements of limestone and in view of the present operating capacity and proposed expansion plan, we believe that our reserves of limestone are sufficient to meet our requirements during the term of the lease.

Our mining operations are not only ISO 14001:2004 certified but have also been awarded the First Prize in the Best Mining category for the last four consecutive years by the Indian Bureau of Mines & Directors of Mines Safety, Government of India. Specifically, at the 24$^{th}$ Mines Environment & Mineral Conservation Week Celebrations 2016-17, our Jadua Mine in the A-1 category was awarded the first prize both for “Overall Performance” and “Publicity Propaganda & Fire Fighting”, and second prize for our “Systematic & Scientific Development”, “Health, Safety, Welfare & Occupational Health Check-up Facilities” and “Raising by Explosives, Storage & Transportation/ Raising by Surface Miner”. Prior to which, in 2008 and 2013 we were also awarded the Greentech Environment Excellence Award.

***Multiple fuel capability and alternate fuel firing system to control production cost and reduce environmental impact***

We possess high degree of flexibility in utilising lignite, pet coke, coal in the fuel mix for our clinker process and our captive thermal plant, which in turns helps us in effectively managing our cost of power and fuel. Both systems are designed to handle varying calorific values of fuel, including the high calorific value and volatility of lignite. This allows us to select the fuel based upon its availability, pricing and cost per kilo calorie. For instance, in the present scenario of rising prices of coal and petcoke, we have managed our fuel costs by blending lignite with pet coke and imported coal, thereby minimising the impact of the increase in prices of pet coke and coal. The proportion of lignite in total fuel mix consumed during the six months ended September 30, 2017 was around 74% against 27% in Fiscal 2017. Ability to interchange the fuel provides us with the competitive advantage to hedge against fluctuation in prices of a fuel category over another, to manufacture our products at optimum cost.

We are in the process of setting up a waste heat recovery based power plant which will extract waste heat from our existing clinker plant and is expected to generate about 13 MW of power. The process is both environment friendly and cost saving as no fuel will be burnt with waste heat generated from the clinker manufacturing process being converted to steam to generate power.

In line with our conservation efforts, we also utilize by-products and waste generated in place of natural resources. This is also true of our pond ash and fly ash which we utilize in place of laterite at times in the manufacture of clinker, use of plastic waste in place of coal in power generation, the consumption of coal tar in place of lignite, pet coke and coal for firing our kiln and the use of municipal waste as fuel for our thermal plant.

***Coastal location and bulk shipping capabilities, providing access to other markets and import of fuel and raw material***

We have a captive all weather jetty, two cement bulk carriers of 4,400 DWT each for coastal shipping and two fully equipped sea terminals at Navlakhi, Gujarat and Dharamtar, Maharashtra. At our captive all weather jetty, we have the capability to load bulk cement onto ships at a rate of approximately 400 tonnes per hour at Sanghipuram, Gujarat. The jetty is connected by a creek to the anchorage point, thus shielding our loading operations from sea weather. We also utilize our all-weather jetty to simultaneously unload pet coke and coal which we import. Our terminal at Navlakhi is equipped with a ship unloader capable of unloading at about 250 tonnes per hour and has a 5,000 tonne silo, while at Dharamtar the ship unloader is capable of operating at 200 tonne per hour and has two silos with a combined 4,000 tonne capacity.

A key strength of our coastal location is the lower cost of transportation. Logistics is one of the key elements of operating costs for a cement producer and transportation through sea has the lowest per tonne freight cost as compared to the other two modes of transportation. For example, freight for transportation on Kutch to Trivandrum route (around 2,550 km) via sea would be cheaper by approximately 40-50% than rail and that of rail will be further cheaper by approximately 25% than road. Moreover, the incremental increase in sea freight will be lower as the distance increases compared to road and rail (*Source: CRISIL Report*). Our strength is further enhanced by our two cement bulk carriers which we use for transporting our products to the coastal belt of Maharashtra and near Rajkot, Gujarat. Our exports to Africa, Europe, Sri Lanka and the Middle East are generally carried out on free on board or FOB from the Sanghi port, which minimises our handling and transport cost to other commercial ports.

Since we have a captive jetty, we have the flexibility of expanding our current loading and unloading capabilities merely by upgrading our existing fleet of loading equipment thereby minimising the capital expenditure required to handle any additional capacity for sea transport of our products or import of fuel and raw materials and setting up of related infrastructure. Further, while our terminal at Navlakhi services a part of our core market in Gujarat, the sea terminal at Dharamtar also affords us access to high volume markets in Mumbai, Thane and Pune, which constitute approximately 40% to 50% of overall state demand in Maharashtra (*Source: CRISIL Report*).

Thus our coastal location in Gujarat serves dual benefit for us, i.e. (i) allows us to import fuel economically; and (ii) gives us access to markets both in terms of exports and other western coastal markets without incurring significantly higher costs, while we continue to cater to our core income generating markets.

***Proximity of raw material including fuel allows us to maintain cost leadership***

Being located close to raw materials minimises transportation expenses, thereby reducing the overall cost of production. We are within 5 kms of the limestone mine at Jadua which we transport through our conveyor belt thus eliminating reliance on traditional modes of transport. The lignite reserves of the Bhuj district in Gujarat, mined by the GMDC, are also within 50 km of our manufacturing facility.

Being located close to the raw material helps us save time and cost towards transportation of raw materials and lesser turnaround time for supply of final products to our customers while maintaining our cost efficiencies.

In addition to our proximity to sources of limestone and lignite, at a distance of approximately 170 kms there are thermal power plants at Mundra which generate large volumes of fly ash (in addition to our captive thermal plant), which acts as an additive to manufacture PPC. This has allowed us to maintain healthy product mix, and over the years we have been able to steadily increase our PPC production with it forming 36.13% and 33.74% of our total cement sales volume in six month period ended September 30, 2017 and fiscal 2017.

We service our requirements for other additives, specifically silica and clay requirements through our mining leases over approximately 160 hectares and 49 hectares, respectively. At the 7th Metalliferous Mines Safety Week-2016 our Motiber Silica Sand Mine in Category C was awarded the first prize for both "Overall Performance" and "Quarry Workings and General Safety" and second prize for "Appointment of Statutory Persons and Maintenance of Records". We have implemented rain water harvesting near our mines for captive use and alternatively we also have a 5,500 kL/d desalination plant which has access to abundant sea water in addition to the rain water harvesting dams and the resultant reservoirs created by our mining operations.

Amongst our peers we have the lowest cost in terms of power and fuel (*Source: CRISIL Report*). We experienced a 7.75% reduction in raw material cost per tonne of production in fiscal 2017 as compared to fiscal 2016 and achieved a capacity utilization of 62% for cement and 74% for clinker in fiscal 2017.

Our EBITDA per tonne was ₹ 1,014 and ₹ 686 for the six month ended September 30, 2017 and fiscal 2017 with an EBITDA margin of 23.36% and 20.05% for the same periods. In fiscal 2017 our EBITDA margin of 20.05% was higher than the operating margins of both large and medium players being 19.1% and 15.9%, respectively, and considerably higher than that of small players being 10.3% in fiscal 2017 (*Source: CRISIL Report*).

We believe we are able to operate at these levels of operating efficiency due to our cost and efficiency management protocols, the quality of our integrated manufacturing processes together and the optimization of our product mix which we achieved with the gradual shift from OPC in favour of PPC.

***Quality of products with a fully automated facility including on-site quality control systems***

Our manufacturing facility at Kutch, Gujarat is fully automated and ISO 9001:2008 certified for quality. Equipped with state-of-the-art technology from FLSmidth Private Limited and an NABL accredited laboratory certified as ISO/IEC 17025:2005 compliant for both chemical and mechanical testing, we are able to monitor and control the production process on a real time basis.

We have an advanced material management system, with conveyor belts connecting our grinding units to the mines where we are also equipped with a material stacker and a reclaimer. The installation of the conveyor belt connecting our clinker plant to the mines has contributed to reducing raw material costs. Accordingly, we meet our health and safety protocols for which we have been OHSAS 18001:2007 certified for the manufacture and sale of cement and clinker since 2004.

Our quality assurance extends to our delivered product to customers through our twelve "Shakti Raths". These are mobile testing laboratories which use a compression testing machine provided by us. The Shakti Raths provide on-site testing of the concrete delivered to our customers demonstrate the consistency of the product we produce which is free to the customers.

***Experienced Promoters and strong management team***

Our Promoters, Ravi Sharan Sanghi, Aditya Sanghi and Alok Sanghi, have been instrumental in the growth of our business. We believe that our cost effectiveness has been achieved by adherence to the vision of our Promoters and senior management team and their experience in the cement industry. Nirubha Balubha Gohil, one of our Executive Directors has experience in the power industry and is responsible for pollution control norms, factory regulations and other administrative matters. Our Executive Director and Chief Financial Officer, Bina Mahesh Engineer, has approximately two decades of experience in corporate finance and accountancy, having recently been conferred the prestigious "Best CA CFO Award – Woman 2016" by Institute of Chartered Accountants of India.

**STRATEGIES**

Our key focus is to maintain our cost efficiency, while seeking a graded expansion of our manufacturing capacity. In particular, we adopt the following key business strategies:

***Strategically capture the growing cement demand in existing markets***

We believe that there is potential for increasing our scale of operations within our existing geographies allowing us to cash in on incremental demand. Gujarat's cement consumption rose at a CAGR of 4-5% over the past five years, slightly above India's average growth rate of 3.2% and demand in the state is estimated at 22-23 MT, constituting nearly 9% of India's cement demand (*Source: CRISIL Report*). Operating in a familiar market which currently is not indicating an entry of any new player or increase in significant production capacity in the region, we believe will help in increasing our production without disrupting cement pricing.

As per the CRISIL Report, demand for cement is expected to grow moderately in fiscal 2018, driven by government spends on infrastructure and revival in rural housing demand. While our market share in Gujarat is approximately 10-11%, we believe there is room for growth in the overall western region where our market share is limited to approximately 4-5% and where, as per the CRISIL Report, the demand for cement in fiscal 2018 is expected to grow by approximately 4-5%.

Further, we believe that our ability to deliver in bulk leads to increased supply of our products to higher cement consumption markets such as Mumbai and Pune. We believe that bulk cement commands higher pricing in Mumbai and surrounding areas. According to CRISIL Research, the Mumbai Metropolitan Region, comprising Mumbai, Thane and Pune, is the financial and commercial hub of India, occupies the largest share in state demand owing to large population base, high level of urbanization and development in terms of penetration of real estate and infrastructure. Pune is the second largest cement consumer in Maharashtra with high penetration of real estate construction on back of development in information technology/information technology enables services sector in the recent past. Further, Maharashtra is currently a supply deficit state with nearly half of its demand being catered to from outside the state (*Source: CRISIL Report*) which we are positioned to cater to in bulk by sea with relatively lesser associated transportation cost.

In addition, we intend to identify markets along the western coastal region of India which may be subject to demand supply mismatch, while we continue to focus on emerging markets in such regions. We currently have about 38 distributors outside our core markets in Maharashtra strengthening our market presence.

***Low cost expansion achieving economies of scale***

Our manufacturing process benefits from the efficiencies of our single stream process bolstered with the consumption of by-products and heightened self-sufficiency in the supply as well as transport of raw material and distribution of our products.

We propose to replicate this synergy in our expansion of clinker and cement capacity. Approximately 840 hectares of land was allotted to us by the Government of Gujarat, and is expected to be sufficient to carry out the brown-field expansion at Kutch. This will consist of a brownfield expansion of 10,000 TPD clinker capacity and 2 Mn T cement capacity within the premises of our existing plant at Sanghipuram, Gujarat. Further, a greenfield grinding unit of 2 Mn T cement capacity, which will be supplied clinker from our existing plant by sea, is also proposed to be set up at Surat, Gujarat, for which we are in the process of acquiring land.

The additional power requirement will be met with the establishment of a 65 MW thermal unit adjacent to our existing captive thermal power plant at Sanghipuram, Gujarat, from which power will also be wheeled to the greenfield grinding unit at Surat.

We believe we are positioned to replicate our low operational costs and operating efficiencies. Our mining lease is valid until 2046 giving us access to limestone reserves of 1,001 million tonnes of which approximately 826 million tonnes were available as of April 1, 2016 (*Source: Mining Plan, 2016*). This will allow us to continue excavations with surface mining while keeping environmental impact in check with rain water harvesting and the extension of the green belt in adjoining areas.

We are self-sufficient in terms of meeting our power supply requirements and are connected to the power grid in the state of Gujarat. We propose to meet the power requirements of capacity expansions internally as well. In addition to the current expansion of 65 MW, we have a 13 MW waste heat recovery plant under implementation which together with our existing 63 MW will result in an ultimate ramp up of our total installed capacity to about 140 MW.

Our proposed capex of ₹ 1,250 crore is at about $45-50 per tonne, as compared to $90-110 per tonne for a 3 MMTPA greenfield expansion (comprising a grinding unit of 3 MMTPA, clinker unit of 2.3 to 2.5 MMTPA and a 40-50 MW captive power plant) and $70-80 per tonne for a brownfield expansion for a similar capacity (*Source: CRISIL Report*).

***Capitalize on our brand image, strengthen our dealer network and price positioning***

We market our products under our brand 'Sanghi Cement' which in November 2017 was conferred "the Most Reliable Cement Brand Award in the Real Estate Sector" by DNA. Based on our operating history spanning over a decade, we believe we have positioned our range of premium to generic products as representing quality with a right balance of pricing.

Further, we believe our past affiliation with the Indian Premier League, as an associate sponsor of the Gujarat Lions, boosted our brand visibility and similar exercises will be undertaken in the future when required. We intend to continue to leverage the goodwill of our brand to enhance relationships with existing clients, seek new clients as well as diversify our business in allied sectors to help us grow our operations.

We also intend to grow our business by adding new dealers both in existing as well as in new markets. We intend to do this by effectively leveraging our distribution network and existing relationships. Thus, we believe that our strong marketing capabilities and established relationships with our existing distributors as well as our wide range of product offerings will enable us to expand our distributor base. We believe that our marketing focused services, as well as our range of products, will continue to differentiate us from our competitors and help enhance our distributor base.

***Optimize product volume and mix to increase margins***

Our capacity utilization for clinker and cement in Fiscal 2017 was 62% and 74%, respectively, and in the six months ended September 30, 2017 was 55% and 61%, respectively. Following the commissioning of our cement bulk carriers, we are now able to deliver larger volumes and more frequently to Mumbai and its surrounding areas. Therefore, we propose to enhance the utilization level of our existing capacity over the coming years.

The proportion of blended cement in the market has been rising, with the share of PPC being the highest. On a pan-India level, PPC is the most sold category with 72-73% share, followed by OPC at 20-21% and 7-9% by PSC. PPC offers improved operating margins as blending fly ash or slag with OPC can lower power, fuel and raw material costs. (*Source: CRISIL Report*)

While OPC continues to be a major revenue contributor with 61% of our total sales volume for the six month period ended September 30, 2017, PPC contributed 35% of our total sales volume for the same period. The PPC component of our product mix has increased steadily in the last three years with PPC and OPC contributing only 25% and 65% of our total sales volume, respectively, in fiscal 2015. While we will retain OPC in our product mix we will continue to increase the proportion of PPC in our product portfolio to improve our margins.

## SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document, including in the sections titled *"Use of Proceeds"*, *"Issue Procedure"* and *"Description of the Shares"* on pages 63, 123 and 144, respectively.

| | |
|---|---|
| **Issuer** | Sanghi Industries Limited |
| **Issue Size** | Up to 31,021,000 Equity Shares aggregating up to ₹ 400.17 crores.<br><br>A minimum of 10% of the Issue Size, *i.e.*, at least 3,102,100 Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance 27,918,900 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds.<br><br>In case of under-subscription in the portion available for Allocation to Mutual Funds, such portion may be Allocated to other QIBs. |
| **Face Value** | ₹ 10 per Equity Share. |
| **Issue Price** | ₹ 129 per Equity Share. |
| **Floor Price** | The floor price for the Issue calculated on the basis of Regulation 85 of Chapter VIII of the SEBI ICDR Regulations is ₹ 135.48 per Equity Share. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations. |
| **Eligible Investors** | QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 86 of the SEBI ICDR Regulations, to whom the Preliminary Placement Document and the Application Form is circulated and who are eligible to bid and participate in the Issue. See "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 123, 135 and 140 respectively.<br><br>The list of QIBs to whom the Preliminary Placement Document and Application Form is delivered has been determined by the BRLMs in consultation with our Company, at their sole discretion. |
| **Equity Shares issued and outstanding immediately prior to the Issue** | 21,99,79,000 Equity Shares. |
| **Equity Shares issued and outstanding immediately after the Issue** | 251,000,000 Equity Shares. |
| **Issue Procedure** | The Issue is being made only to QIBs in reliance on Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VIII of the SEBI ICDR Regulations. For further details, see the section titled "*Issue Procedure*" on page 123. |
| **Listing** | Our Company has received in principle approvals dated January 18, 2018 from the NSE and January 18, 2018 from the BSE, under Regulation 28(1) of the SEBI Listing Regulations. Our Company shall apply to the Stock Exchanges for the listing approvals and the final listing and trading approvals, after the Allotment and after the credit of Equity Shares to the beneficiary account with the Depository Participant, respectively. |
| **Lock-up** | Please see the sub-section titled "*Placement – Lock-up*" on page 133 for a description of restrictions on our Company in relation to Equity Shares. |
| **Pay in date** | The last date specified in the CAN for payment of subscription money by QIBs in relation to the Issue. |
| **Transferability Restrictions** | The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. For details of transfer restrictions, see the section titled "*Purchaser Representations and Transfer Restrictions*" on page 140. |
| **Use of Proceeds** | The gross proceeds from the Issue will be approximately 400.17 crores. The net proceeds of the Issue, after deduction of fees, commissions and expenses in relation to the Issue, would be approximately ₹ 390.20 crores. See the section titled "*Use of Proceeds*" on page 63. |
| **Risk Factors** | See the section titled "*Risk Factors*" on page 46 for a discussion of factors that you should consider before participating in this Issue. |
| **Closing Date** | The Allotment is expected to be made on or about January 25, 2018 (the "**Closing Date**"). |
| **Ranking** | The Equity Shares being issued pursuant to the Issue shall be subject to the provisions |

| | | |
|---|---|---|
| | of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The holders of such Equity Shares (who hold Equity Shares as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. The holders of such Equity Shares may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. See the section titled "*Description of the Shares*" on page 144. | |
| **Approvals** | The Issue has been approved by our Board on August 9, 2017 and by our shareholders at an extraordinary general meeting held on September 9, 2017. | |
| **Security Codes for the Equity Shares** | ISIN | INE999B01013 |
| | BSE Scrip Code | 526521 |
| | NSE Symbol | SANGHIIND |

## SELECTED FINANCIAL INFORMATION

The following selected information is extracted from and should be read in conjunction with the financial statements of our Company, which appear in the section "*Financial Information*" on page 156 and should be read together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 71.

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SANGHI INDUSTRIES LIMITED
CIN : L18209TG1985PLC005581
Regd. Office : Sanghinagar P.O., Hayatnagar Mandal,
R.R.Dist., Telangana. - 501 511 Email ID for Investors : companysecretary@sanghicement.com
Tel. 08415-242240, Website : www.sanghicement.com

SANGHI CEMENT
Turning Dreams into Concrete Reality

**Statement of Unaudited Financial Results for the Quarter and Six Months ended September 30, 2017** (₹ in Lacs)

| Sr. No. | Particulars | Quarter Ended 30.09.2017 | Previous Quarter Ended 30.06.2017 | Corresponding Quarter Ended 30.09.2016 | Half year ended 30.09.17 | Corresponding Half year ended 30.09.16 | Year Ended 31.03.2017 |
|---|---|---|---|---|---|---|---|
| | | Un audited | Un audited | Un audited | Un audited | Un audited | Audited |
| 1 | **Income** | | | | | | |
| | a) Revenue from operations | 20,559.21 | 31,319.31 | 23,149.02 | 51,878.51 | 53,171.21 | 1,10,201.92 |
| | b) Other Income | 113.97 | 209.90 | 55.43 | 323.87 | 104.83 | 224.47 |
| | **Total Income** | **20,673.18** | **31,529.21** | **23,204.45** | **52,202.38** | **53,276.04** | **1,10,426.39** |
| 2 | **Expenses** | | | | | | |
| | a) Cost of Material consumed | 1,283.77 | 1,946.80 | 1,335.40 | 3,230.57 | 3,161.45 | 7,103.75 |
| | b) Changes in inventories of Finished goods and WIP | (275.52) | (949.83) | 210.67 | (1,225.35) | 216.00 | 784.21 |
| | c) Excise duty expenses | 0.00 | 2,565.07 | 2,429.34 | 2,565.07 | 5,380.96 | 10,449.29 |
| | d) Employee benefits expenses | 1,359.27 | 1,230.39 | 1,301.95 | 2,589.66 | 2,610.18 | 5,252.64 |
| | e) Power and Fuel | 4,580.67 | 6,926.11 | 3,880.44 | 11,506.78 | 9,179.72 | 23,103.46 |
| | f) Stores & Consumables | 1,150.86 | 1,352.77 | 1,199.88 | 2,503.63 | 2,500.68 | 4,475.68 |
| | g) Selling & Distribution | 5,990.25 | 9,426.11 | 5,938.63 | 15,416.36 | 14,583.91 | 33,332.26 |
| | h) Deprecation and Amortisation expense | 1,800.68 | 1,782.35 | 1,835.22 | 3,583.02 | 3,639.19 | 7,306.40 |
| | i) Finance Costs | 1,888.03 | 1,872.98 | 1,820.32 | 3,761.01 | 3,692.22 | 6,423.00 |
| | j) Other operating expenditure | 1,802.72 | 2,216.37 | 2,139.87 | 4,019.09 | 4,280.48 | 5,880.98 |
| | **Total expenses** | **19,580.73** | **28,369.12** | **22,091.72** | **47,949.85** | **49,244.79** | **1,04,111.67** |
| 3 | Profit / (Loss) before exceptional items & tax(1-2) | **1,092.45** | **3,160.09** | **1,112.73** | **4,252.55** | **4,031.25** | **6,314.73** |
| 4 | Exceptional items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | Profit / (Loss) before tax (3-4) | **1,092.45** | **3,160.09** | **1,112.73** | **4,252.55** | **4,031.25** | **6,314.73** |
| 6 | Tax expense/(credit) (including Deferred Tax) | 0.00 | 0.00 | 261.77 | 0.00 | 805.07 | 0.00 |
| 7 | Net Profit / (Loss) for the period (5-6) | **1,092.45** | **3,160.09** | **850.96** | **4,252.55** | **3,226.18** | **6,314.73** |
| 8 | Other comprehensive income (Net of Tax) | | | | | | |
| | items that will not be reclassified to profit & loss | 2.43 | 2.43 | 8.65 | 4.86 | 18.25 | (17.36) |
| 9 | Total Comprehensive income for the period (7+8) | **1,094.88** | **3,162.52** | **859.61** | **4,257.41** | **3,244.43** | **6,297.37** |
| 10 | Paid-up equity share capital (Face Value of ₹ 10/- each) | 21,998.00 | 21,998.00 | 21,998.00 | 21,998.00 | 21,998.00 | 21,998.00 |
| 11 | Other Equity | | | | | | 89,401.79 |
| 12 | Earnings Per Share (before and after extraordinary items) | | | | | | |
| | (of ₹ 10/- each) (not annualised): | | | | | | |
| | (a) Basic | **0.50** | **1.44** | **0.39** | **1.93** | **1.47** | **2.87** |
| | (b) Diluted | **0.50** | **1.44** | **0.39** | **1.93** | **1.47** | **2.87** |

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

SANGHI INDUSTRIES LIMITED

Notes:

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 9th November 2017.

2 The company's business operations comprise of a single operating segment viz. Cement & its allied products.

3 Revenues from operations for the current quarter are not comparable with previous periods, since sales are net of GST whereas Excise duties formed part of expenses in previous periods.

4 **Statement of Assets and Liabilities :** **( ₹ in Lacs)**

| Particulars | As on 30.09.2017 | As on 31.03.2017 |
|---|---|---|
| | Un audited | Audited |
| **I ASSETS** | | |
| **1 Non-current assets** | | |
| (a) Property, plant and equipment | 1,45,838.26 | 1,45,186.99 |
| (b) Capital work in progress | 24,808.46 | 16,713.00 |
| (c) Deferred tax assets (net) | 5,852.04 | 5,852.04 |
| **Total non current assets** | **1,76,498.76** | **1,67,752.03** |
| **2 Current assets** | | |
| (a) Inventories | 16,929.31 | 18,657.94 |
| (b) Financial Assets | | |
| (I) Trade receivables | 4,248.11 | 2,393.74 |
| (ii) Bank balances | 5,834.43 | 1,610.34 |
| (iii) Cash and cash equivalents | 27.52 | 17.68 |
| (c) Current tax assets | 800.63 | 796.67 |
| (d) Other current assets | 15,003.48 | 15,333.52 |
| **Total current assets** | **42,843.48** | **38,809.89** |
| **TOTAL ASSETS** | **2,19,342.24** | **2,06,561.92** |

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

SANGHI INDUSTRIES LIMITED

| | | | |
|---|---|---|---|
| II | **EQUITY AND LIABILITIES** | | |
| 1 | **Equity** | | |
| | (a) Equity share capital | 21,997.90 | 21,997.90 |
| | (b) Other Equity | 93,659.19 | 89,401.79 |
| | **Total Equity** | **1,15,657.09** | **1,11,399.69** |
| 2 | **Non-Current Liabilities** | | |
| | (a) Financial Liabilities | | |
| | (I) Borrowings | 51,066.07 | 45,901.64 |
| | (ii) Others | 9,062.00 | 10,257.00 |
| | (b) Provisions | 4,553.34 | 4,811.00 |
| | **Total non current liabilities** | **64,681.41** | **60,969.64** |
| 3 | **Current liabilities** | | |
| | (a) Financial Liabilities | | |
| | (I) Borrowings | 18,177.27 | 12,781.00 |
| | (ii) Trade payables | 11,037.84 | 14,212.87 |
| | (iii) Other financial liabilities | 4,404.61 | 2,002.00 |
| | (b) Deferred revenue | 705.08 | 1,124.00 |
| | (c) Provisions | 2,155.21 | 1,025.00 |
| | (d) Other current liabilities | 2,523.73 | 3,047.72 |
| | **Total current liabilities** | **39,003.74** | **34,192.59** |
| | **Total liabilities** | **1,03,685.15** | **95,162.23** |
| | **TOTAL EQUITY AND LIABILITIES** | **2,19,342.24** | **2,06,561.92** |

SANGHI CEMENT
Turning Dreams into Concrete Reality

5 Previous periods figures have been regrouped and rearranged wherever necessary.

**For Sanghi Industries Limited**

SANGHI INDUSTRIES LIMITED

**(Ravi Sanghi)**
**Chairman and Managing Director**

Place : Sanghipuram
Date : 9th November, 2017

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

# BALANCE SHEET AS AT 31 MARCH, 2017

INR in crores

| Particulars | Note | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
|---|---|---|---|---|
| **I ASSETS** | | | | |
| **1 Non-current assets** | | | | |
| (a) Property, plant and equipment | **2** | 1,451.87 | 1,478.33 | 1,505.53 |
| (b) Capital work-in-progress | **2** | 167.13 | 82.35 | 56.34 |
| (c) Deferred tax assets (net) | **3** | 58.52 | 58.52 | 58.52 |
| (d) Other non current assets | **4** | - | 19.45 | - |
| **Total Non-current assets** | | **1,677.52** | **1,638.64** | **1,620.40** |
| **2 Current assets** | | | | |
| (a) Inventories | **5** | 186.58 | 138.45 | 137.29 |
| (b) Financial Assets | | | | |
| (i) Trade receivables | **6** | 23.94 | 18.44 | 14.54 |
| (ii) Bank balances | **7** | 16.10 | 82.78 | 5.23 |
| (iii) Cash and cash equivalents | **8** | 0.17 | 0.25 | 0.29 |
| (c) Current tax assets | **9** | 7.97 | 50.35 | 50.24 |
| (d) Other current assets | **10** | 153.34 | 91.48 | 107.12 |
| **Total current assets** | | **388.10** | **381.76** | **314.71** |
| **TOTAL ASSETS** | | **2,065.62** | **2,020.40** | **1,935.11** |
| **II EQUITY AND LIABILITIES** | | | | |
| **1 Equity** | | | | |
| (a) Equity share capital | **11** | 219.98 | 219.98 | 219.98 |
| (b) Other Equity | **12** | | | |
| (i) Equity securities premium | | 49.82 | 49.82 | 49.82 |
| (ii) Capital redemption reserve | | 84.84 | 84.84 | 42.18 |
| (iii) Debenture redemption reserve | | 13.21 | - | - |
| (iv) Retained earnings | | 745.86 | 695.93 | 722.61 |
| (v) Reserves representing unrealized gains/losses | | 0.27 | 0.44 | - |
| (vi) Other reserves | | - | - | - |
| **Total Equity** | | **1,113.98** | **1,051.01** | **1,034.59** |
| **2 Non-current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | **13** | 459.02 | 471.23 | 282.29 |
| (ii) Others | **14** | 102.58 | 47.40 | 21.89 |
| (b) Provisions | **15** | 48.11 | 54.38 | 38.02 |
| **Total Non-current liabilities** | | **609.71** | **573.01** | **342.19** |
| **3 Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | **13** | 127.81 | 65.22 | 95.41 |
| (ii) Trade payables | **16** | 142.13 | 143.96 | 165.44 |
| (iii) Other financial liabilities | **17** | 20.02 | 73.57 | 164.19 |
| (b) Deferred revenue | **18** | 11.24 | 8.97 | 7.75 |
| (c) Current tax liabilities | **19** | - | 43.89 | 43.50 |
| (d) Provisions | **20** | 10.25 | 23.84 | 29.28 |
| (e) Other current liabilities | **21** | 30.48 | 36.92 | 52.76 |
| **Total Current Liabilities** | | **341.94** | **396.38** | **558.33** |
| **Total liabilities** | | **951.64** | **969.39** | **900.52** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,065.62** | **2,020.40** | **1,935.11** |
| Significant Accounting Policy | **1** | | | |
| The accompanying notes 1 to 44 are an integral part of the Financial Statements | | | | |

As per our report of even date attached.

**For Ankit & Co.**
Chartered Accountants
FRN 000181S

**S. Brijkumar**
Partner
M. No. 19357
Place : Ahmedabad

**For Haribhakti & Co. LLP**
Chartered Accountants
FRN 103523W/W100048

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

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

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

Anil Agrawal - Company Secretary

Place : Ahmedabad
Date : May 24, 2017

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

**INR in crores**

| | Notes | For the year ended 31 March, 2017 | For the period ended 31 March, 2016 |
|---|---|---|---|
| **Revenue** | | | |
| Sale of Products | | 1,098.70 | 838.54 |
| Other Operating Income | | 3.32 | 1.48 |
| **I. Revenue from Operations** | | **1,102.02** | **840.02** |
| **II. Other income** | **22** | 2.24 | 1.74 |
| **III. Total Income (I+II)** | | **1,104.26** | **841.76** |
| **IV. Expenses** | | | |
| Cost of materials consumed | **23** | 71.03 | 52.40 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | **24** | 7.84 | 16.96 |
| Power and fuel | | 231.04 | 160.45 |
| Employee Benefits Expenses | **25** | 52.53 | 38.24 |
| Depreciation and Amortization Expenses | **26** | 73.06 | 53.98 |
| Selling Expenses | **27** | 333.32 | 243.16 |
| Other Expenses | **28** | 208.07 | 177.64 |
| Finance costs | **29** | 64.23 | 22.18 |
| **Total Expenses (IV)** | | **1,041.13** | **764.99** |
| **V. Profit/(loss) before Exceptional Items and Tax** | | **63.14** | **76.76** |
| **VI. Exceptional Items** | **30** | - | 60.39 |
| **VII. Profit/(loss) before Tax** | | **63.14** | **16.38** |
| **VIII. Tax expense:** | **31** | | |
| 1. Current Tax | | - | 0.39 |
| 2. Deferred tax | | - | - |
| **IX. Profit/(Loss) for the period** | | **63.14** | **15.98** |
| **X. Other comprehensive income** | **32** | | |
| A. Items that will not be reclassified to profit or loss | | (0.17) | 0.44 |
| Income tax related to items that will not be reclassified to profit or loss | | - | - |
| B. Items that will be reclassified to profit or loss | | - | - |
| Income tax related to items that will be reclassified to profit or loss | | - | - |
| | | **(0.17)** | **0.44** |
| **XI. Total comprehensive income for the period** | | **62.97** | **16.42** |
| **Profit attributable to:** | | | |
| **Owners of the Company** | | 63.14 | 15.98 |
| **Non-controlling interests** | | - | - |
| **Total comprehensive income attributable to:** | | | |
| **Owners of the Company** | | (0.17) | 0.44 |
| **Non-controlling interests** | | - | - |
| **XII. Earnings per equity share (for continuing operations)** | **33** | | |
| 1. Basic | | 2.87 | 0.73 |
| 2. Diluted | | 2.87 | 0.73 |
| **XIII. Earnings per equity share (for discontinued operations)** | | | |
| 1. Basic | | - | - |
| 2. Diluted | | - | - |
| **XIV. Earnings per equity share (for discontinued & continuing operations)** | | | |
| 1. Basic | | 2.87 | 0.73 |
| 2. Diluted | | 2.87 | 0.73 |
| Significant Accounting Policy | | | |
| The accompanying notes 1 to 44 are an integral part of the Financial Statements | | | |

As per our report of even date attached.

**For Ankit & Co.**
Chartered Accountants
FRN 000181S

**S. Brijkumar**
Partner
M. No. 19357
Place : Ahmedabad

**For Haribhakti & Co. LLP**
Chartered Accountants
FRN 103523W/W100048

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

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

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

Anil Agrawal - Company Secretary

Place : Ahmedabad
Date : May 24, 2017

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

**INR in crores**

| | | 31 March, 2017 | 31 March, 2016 |
|---|---|---|---|
| **I)** | **Cash flow from continuing operations** | | |
| **A** | **Cash flow from operating activities :** | | |
| | Profit before tax | 62.97 | 16.37 |
| | **Adjustments for :** | | |
| | Depreciation and amortisation | 73.06 | 53.98 |
| | Interest Income | (0.54) | (0.33) |
| | Interest and other Financial Charges | 64.23 | 22.18 |
| | Loss on sale of Fixed Assets | 0.07 | 0.71 |
| | Exceptional items | - | 60.39 |
| | Actuarial gains and losses (Reclassified to OCI) | - | 0.44 |
| | Stores and spares reclassified for PPE | - | (11.77) |
| | | 136.82 | 125.60 |
| | **Operating profit before working capital changes** | **199.79** | **141.97** |
| | **Adjustments for :** | | |
| | (Increase)/Decrease in Debtors | (5.50) | (2.66) |
| | (Increase)/Decrease in Other Current Assets and Loans and Advances | (48.86) | (6.57) |
| | (Increase)/Decrease in Inventories | (48.13) | 4.97 |
| | Increase/(Decrease) in Other Current Liabilities and Provisions | (17.96) | 14.35 |
| | Increase/(Decrease) in Trade Creditors | (1.83) | (9.53) |
| | | (122.28) | 0.56 |
| | **Cash generated from operations** | **77.51** | **142.53** |
| | Income taxes paid | (1.51) | (0.11) |
| | **Net cash from operating activities** | **76.00** | **142.42** |
| **B** | **Cash flow from investing activities :** | | |
| | Purchase of fixed assets | (75.22) | (46.38) |
| | Sale of fixed assets | 0.13 | 0.01 |
| | Investment in Fixed Deposit with Banks | 66.68 | (77.56) |
| | Interest received | 0.54 | 0.41 |
| | **Net cash used in investing activities** | **(7.87)** | **(123.52)** |
| **C** | **Cash flow from financing activities :** | | |
| | Movement in Working Capital Borrowing | 62.59 | 12.47 |
| | Long term borrowings | 148.58 | 284.95 |
| | Repayment of Long Term borrowings | (209.10) | (109.87) |
| | Interest and other Financial Charges | (70.29) | (163.85) |
| | Payment towards OCCPPS | - | (42.66) |
| | **Net cash used in financing activities** | **(68.22)** | **(18.96)** |
| | **Net increase in cash and cash equivalents** | **(0.09)** | **(0.06)** |

INR in crores

| | | 31 March, 2017 | 31 March, 2016 |
|---|---|---|---|
| II) | **Cash flow from discontinued operations** | - | - |
| A | Net cash (used in)/from operating activities | 76.00 | 142.42 |
| B | Net cash (used in)/from Investing activities | (7.87) | (123.52) |
| C | Net cash (used in)/from financing activities | (68.22) | (18.96) |
| | **Net increase (/decrease) in cash and cash equivalents (A+B+C)** | **(0.09)** | **(0.06)** |
| | Net increase (/decrease) in cash and cash equivalents (I+II) | (0.09) | (0.06) |
| | Cash and cash equivalents at the beginning of the year | 0.25 | 0.31 |
| | Cash and cash equivalents at the end of the year | 0.16 | 0.25 |
| | Cheques on hand | 0.11 | 0.14 |
| | Bank balances | 0.06 | 0.13 |
| | Cash and cash equivalents at end of the year | **0.17** | **0.25** |
| Significant Accounting Policy ( Note 1) | | | |
| The accompanying notes 1 to 44 are an integral part of the Financial Statements | | | |

As per our report of even date attached.

**For Ankit & Co.**
Chartered Accountants
FRN 000181S

**S. Brijkumar**
Partner
M. No. 19357
Place : Ahmedabad

**For Haribhakti & Co. LLP**
Chartered Accountants
FRN 103523W/W100048

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

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

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

Anil Agrawal - Company Secretary

Place : Ahmedabad
Date : May 24, 2017

# BALANCE SHEET AS AT MARCH 31, 2016

(₹ in crore)

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

As per our Report of even date attached.

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

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

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

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

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

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

Place : Ahmedabad
Date : May 25, 2016

**Anil Agrawal** - Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE PERIOD (NINE MONTHS) ENDED MARCH 31, 2016

₹ in crore

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

As per our Report of even date attached.

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

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

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

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

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

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

Place : Ahmedabad
Date : May 25, 2016

**Anil Agrawal** - Company Secretary

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

**(₹ in crore)**

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

(₹ in crore)

| Particulars | March 31, 2016 | June 30, 2015 |
|---|---|---|
| Cash and Cash equivalents (Opening Balance) | 0.30 | 0.18 |
| Cash and Cash equivalents (Closing Balance) | **0.24** | **0.30** |
| **Components of Cash and Cash Equivalents** | | |
| Cash and Cheques on hand | 0.13 | 0.14 |
| Bank Balances | 0.12 | 0.16 |
| **Cash and Cash Equivalents as above** | **0.25** | **0.30** |
| Fixed Deposits with original maturity of more than 3 months | 82.78 | 5.23 |
| **Cash and Cash Equivalents as per Note No.15** | **83.03** | **5.53** |
| Significant Accounting Policy (Note 1)<br>The accompanying Notes 1 to 37 are an integral part of the Financial Statements | | |

As per our Report of even date attached.

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

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

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

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

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

**Ravi Sanghi** - Chairman and Managing Director
**Aditya Sanghi** - Executive Director
**Alok Sanghi** - Executive Director
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**R. K. Pandey** - Director
**T. M. Jagan Mohan** - Director
**M.K. Doogar** - Director
**Jayesh Desai** - Director

**Anil Agrawal** - Company Secretary

Place : Ahmedabad
Date : May 25, 2016

# BALANCE SHEET AS AT JUNE 30, 2015

(₹ in crore)

| | | Particulars | Note No. | As at June 30, 2015 | As at June 30, 2014 |
|---|---|---|---|---|---|
| I. | **EQUITY AND LIABILITIES** | | | | |
| 1 | **Shareholders' funds** | | | | |
| | (a) | Share capital | 2 | 262.64 | 289.52 |
| | (b) | Reserves and surplus | 3 | 690.88 | 669.54 |
| 2 | **Non-current liabilities** | | | | |
| | (a) | Long-term borrowings | 4 | 282.29 | 433.37 |
| | (b) | Long-term Liabilities | 5 | 21.89 | 18.67 |
| | (c) | Long-term Provisions | 6 | 37.96 | 27.63 |
| 3 | **Current liabilities** | | | | |
| | (a) | Short-term borrowings | 7 | 52.75 | 47.49 |
| | (b) | Trade Payables | 8 | 165.44 | 76.37 |
| | (c) | Other current liabilities | 9 | 245.67 | 193.90 |
| | (d) | Short-term provisions | 10 | 0.50 | 0.27 |
| | | **TOTAL** | | **1,760.02** | **1,756.76** |
| II. | **ASSETS** | | | | |
| | **Non-current assets** | | | | |
| 1 | (a) | Fixed assets | | | |
| | | (i) Tangible assets | 11 | 1,238.04 | 1,265.56 |
| | | (ii) Tangible work-in-progress | 11 | 56.34 | 59.30 |
| | (b) | Deferred tax assets (net) | 26 | 58.52 | 53.97 |
| 2 | **Current assets** | | | | |
| | (a) | Inventories | 12 | 167.13 | 147.79 |
| | (b) | Trade receivables | 13 | 14.54 | 12.51 |
| | (c) | Cash and cash equivalents | 14 | 5.53 | 33.95 |
| | (d) | Short-term loans and advances | 15 | 219.92 | 183.68 |
| | | **TOTAL** | | **1,760.02** | **1,756.76** |

As per our Report of even date

For **Ankit & Co.**,
Chartered Accountants
FRN No. 000181S

**S. Brij Kumar**
Partner
M.No. 19357

For **Haribhakti & Co. LLP.**,
Chartered Accountants
FRN No. 103523W

**Atul Gala**
Partner
M.No. 048650

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

**Ravi Sanghi** - Chairman and Managing Director
**Aditya Sanghi** - Executive Director
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**D. K. Kambale** - Director
**Sadashiv Sawrikar** - Director
**D. B. N. Rao** - Director
**Naresh J. Gwalani** - Director
**R. K. Pandey** - Director
**T. M. Jagan Mohan** - Director

Place : Mumbai
Date : August 28, 2015

**Anil Agrawal** - Company Secretary

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

**₹ in crore**

| | Particulars | Note No. | For the year ended June 30, 2015 | For the year ended June 30, 2014 |
|---|---|---|---|---|
| | Sale of products | | 1,033.06 | 1,143.65 |
| | Less: | | | |
| | Excise duty | | 102.10 | 97.73 |
| | Other operating Income | | 1.29 | 2.34 |
| I. | Revenue from operations | | 932.25 | 1,048.26 |
| II. | Other income | 16 | 7.10 | 8.25 |
| **III.** | **Total Revenue (I + II)** | | **939.35** | **1,056.51** |
| IV. | Expenses: | | | |
| | Raw Material consumed | 17 | 54.10 | 47.71 |
| | Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 18 | (16.31) | 48.48 |
| | Employee benefits expense | 19 | 46.46 | 45.07 |
| | Power and fuel | | 246.56 | 260.88 |
| | Freight forwarding and other selling expenses | 20 | 327.49 | 322.98 |
| | Other expenses | 21 | 116.56 | 126.02 |
| | Finance Cost | 22 | 27.47 | 14.05 |
| | Depreciation | 11 | 106.43 | 147.75 |
| | **Total expenses** | | **908.76** | **1,012.94** |
| **V.** | **Profit before tax (III- IV)** | | **30.59** | **43.57** |
| VI | Tax expense: | | | |
| | (1) Current Tax | | - | - |
| | (2) Excess tax provision reversal related to earlier years | | - | (6.01) |
| | (3) Mat Credit entitlement | | - | - |
| | (4) Deferred Tax | 25 | - | - |
| **VII** | **Profit (Loss) for the year** | | **30.59** | **49.58** |
| VIII | **Balance Carried to Balance Sheet** | | 30.59 | 49.58 |
| IX | Earnings per equity share: | | | |
| | Basic and Diluted | 24 | 1.39 | 2.25 |

As per our Report of even date

For **Ankit & Co.**,
Chartered Accountants
FRN No. 000181S

**S. Brij Kumar**
Partner
M.No. 19357

For **Haribhakti & Co. LLP.,**
Chartered Accountants
FRN No. 103523W

**Atul Gala**
Partner
M.No. 048650

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**Naresh J. Gwalani** - Director
**R. K. Pandey** - Director
**T. M. Jagan Mohan** - Director

Place : Mumbai
Date : August 28, 2015

**Anil Agrawal** - Company Secretary

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

(₹ in crore)

| | | 30.06.2015 | 30.06.2014 |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| | Net Profit before Tax | 30.59 | 43.57 |
| | **Adjustments for:** | | |
| | Depreciation and amortisation | 106.43 | 147.74 |
| | Loss on sale of Fixed Assets | 0.13 | 0.08 |
| | Interest Income | (1.09) | (0.82) |
| | Foreign Exchange (gain)/loss | (1.71) | - |
| | Interest and other Financial Charges | 27.47 | 14.05 |
| | **Operating Profit before Working Capital Changes** | **161.82** | **204.62** |
| | **Adjustments for:** | | |
| | (Increase)/Decrease in Inventories | (19.34) | 63.46 |
| | (Increase)/Decrease in Debtors | (2.04) | 12.54 |
| | (Increase)/Decrease in Other Current Assets and Loans and Advances | (35.77) | (52.95) |
| | Increase/(Decrease) in Trade Creditors | 89.07 | 30.01 |
| | Increase/(Decrease) in Other Current Liabilities and Provisions | 3.77 | (46.01) |
| | **Cash from operating activities** | **197.51** | **211.67** |
| | Income Taxes paid | (0.58) | (1.21) |
| | **Net Cash from operating activities** | **196.93** | **210.46** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| | Additions of Fixed Assets | (74.52) | (44.30) |
| | Sale of Fixed Assets | 0.23 | 0.15 |
| | Fixed Deposit with Banks | 28.54 | - |
| | Interest Received | 1.25 | 0.61 |
| | **Net Cash used in investing activities** | **(44.50)** | **(43.54)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| | Movement in Working Capital Borrowing | 5.26 | 9.21 |
| | Long term borrowings | 89.35 | 5.98 |
| | Repayment of long term borrowings | (192.60) | (154.17) |
| | Interest and other Financial Charges | (27.44) | (21.61) |
| | Payment towards OCCPPS | (26.88) | (6.69) |
| | **Net Cash used in Financing activities** | **(152.31)** | **(167.28)** |

(₹ in crore)

| | 30.06.2015 | 30.06.2014 |
|---|---|---|
| **NET INCREASE/(DECREASE) IN CASH AND** | | |
| **CASH EQUIVALENTS ( A+B+C)** | **0.12** | **(0.36)** |
| Cash and Cash equivalents (Opening Balance) | 0.18 | 0.54 |
| **Cash and Cash equivalents (Closing Balance)** | **0.30** | **0.18** |
| **Components of Cash and Cash Equivalents** | | |
| Cash and Cheques on hand | 0.14 | 0.14 |
| Bank Balances | 0.16 | 0.04 |
| **Cash and Cash Equivalents as above** | **0.30** | **0.18** |
| Fixed Deposits with original maturity of more than 3 Months | 5.23 | 33.77 |
| **Cash and Cash Equivalents as per Note No.14** | **5.53** | **33.95** |

As per our Report of even date

For **Ankit & Co.**,
Chartered Accountants
FRN No. 000181S

**S. Brij Kumar**
Partner
M.No. 19357

For **Haribhakti & Co. LLP.,**
Chartered Accountants
FRN No. 103523W

**Atul Gala**
Partner
M.No. 048650

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

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**Naresh J. Gwalani** - Director
**R. K. Pandey** - Director
**T. M. Jagan Mohan** - Director

Place : Mumbai
Date : August 28, 2015

**Anil Agrawal** - Company Secretary

**Qualifications, Reservations and Adverse Remarks**

There are no reservations, qualifications, matters of emphasis or adverse remarks highlighted by the auditors in their reports to our financial statements as of and for the financial year ended March 31, 2017, nine month period ended March 31, 2016, year ended June 30, 2015, year ended June 30, 2014 and year ended June 30, 2013.

**Changes in Accounting Policies**

Our audited financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS by our Company. The audited financial statements for the year ended March 31, 2016 and for earlier periods were prepared in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The accounting policies set out in audited financial statements for the year ended March 31, 2017 (Note 1) have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and the opening Ind AS balance sheet at July 1, 2015 (the "**Transition Date**").

## RISK FACTORS

*Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Placement Document, before making any investment decision relating to the Equity Shares. The occurrence of any of the following events and any additional risks and uncertainties not presently known to our Company could have a material adverse effect on our Company's business, results of operations, financial condition, cash flows and future prospects and cause the market price of the Equity Shares to fall significantly.*

***Important Note Relating to Presentation of Financial Information***

*Our Company's fiscal year ends on March 31 of each year, including in respect of the nine month period ending March 31, 2016, prior to which our Company's fiscal year ended on June 30. In the year 2016, in compliance with the requirements of the Companies Act, 2013, our Company changed its fiscal year to a March 31 year end instead of a June 30 year end. Accordingly, our results of operations in fiscal 2016 are not comparable to either fiscal 2017 or fiscal 2015.In this Placement Document (i) the term fiscal 2017 denotes the 12 months ended March 31, 2017; (ii) fiscal 2016 denotes the nine months ended March 31, 2016; (iii) fiscal 2015 denotes the 12 months ended June 30, 2015.*

*Potential investors should carefully take into account the disclosures above and our Audited Financial Statements included in this Placement Document in evaluating our business and financial performance and in making any investment decision.*

*The following section should be read in conjunction with our Audited Financial Statements and the respective auditors reports thereon, included in "Financial Statements" on page 156. In this section, unless the context requires otherwise, the financial information used in this section is derived from our Audited Financial Statements.*

### INTERNAL RISK FACTORS

1. ***Our business is dependent upon our ability to mine sufficient limestone for our operations. The limestone reserve data in this Placement Document are estimates and our actual production with respect to our reserves may differ from such estimates. If we are unable to mine sufficient limestone or if we are unable to comply with the terms of the mining lease or mining laws the competent authorities may impose penalties on us, and any significant restrictions/penalties could result in an adverse impact on our business, financial condition and results of operations.***

   Limestone is the principal raw material for cement manufacturing process, constituting about 82% to 86% of the total input mix for clinker. We directly source limestone from the Jadua mine in Gujarat spread across approximately 1,500 hectares under a 50 year lease which expires in 2046. Accordingly, our mining rights under the lease are subject to compliance with various obligations and restrictions contained therein, and compliance with terms and conditions contained in the approved Mining Plan.

   The breach or non-compliance of such obligations under the Mining Lease and the approved Mining Plan empowers the Government to issue show cause notice, issue direction for corrective measures and impose penalties. In the rare event of repeat offences the Government may serve notice to determine the lease and revoke mining rights. Such event would have an adverse effect on our ability to meet limestone requirements and thus affect our business, financial condition, results of operations and profits.

   Further, the limestone reserve data given in this Placement Document is based on the Mining Plan and are estimates. In general, such estimates of limestone reserves are based upon a number of variable factors and assumptions, such as geological and geophysical characteristics of the reserves, the quality and quantity of technical data and extensive geological judgments. All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will be available for our use and our actual production with respect to our reserves may differ from such estimates.

2. ***The objects of the Issue include utilizing a part of the Net Proceeds towards doubling of our current capacity, the deployment of which is based on a feasibility report prepared in February 2017. If there are delays or cost overruns in the Expansion Plan, if our deployment is significantly different from our***

***estimates or if we are unable to manage our growth our business, financial condition and results of operations may be adversely affected.***

We intend to utilize the Net Proceeds of the Issue as set forth in "*Use of Proceeds*" on page 63 towards various purposes including capital expenditure for an Expansion Plan described therein. The fund requirement mentioned as a part of the objects of this Issue is based the Techno-Economic Feasibility Report for Brownfield Integrated Cement Plant with Split Located Grinding Unit in Gujarat dated February 2017, prepared by Holtec Consulting Private Limited based on conditions as of February 2017 and is subject to change in light of changes in external circumstances, costs and/or other financial conditions. We had previously commenced work on expansions plans in 2007 but were compelled to put them on hold. This was due to subdued market conditions as well as the sub-prime crisis and we cannot predict whether such adverse changes in market or global conditions will occur again.

The current Expansion Plan is proposed to be funded with a debt component of ₹ 800 crores for which sanction letters for term loans from Indian institutions are in place. However, any inability to complete conditions precedent or continue to maintain existing covenants to avail debt financing, may result in a failure to achieve financial closure in every instance where we have sanction letters in place and could adversely affect our ability to complete expansion plans in a timely manner or at all and may subject us to time and cost overruns. While we expect our internal accruals and cash flow from operations to be adequate to supplement borrowings to fund our existing commitments, our ability to incur any future borrowings is dependent to a certain extent upon the success of our operations.

Our management will have broad discretion in how we apply the Net Proceeds and there is no assurance that the objects of this Issue will be achieved within the time frame expected, or at all. Subject to applicable laws, we may have to revise our funding requirements including increasing or decreasing expenditure for one or more of the objects and deployment on account of a variety of factors. As a consequence of any increased costs, our actual deployment of funds may be higher than our management estimates and may cause an additional burden on our finance plans.

Further, while we have applied for environmental clearance for expansion of cement and clinker capacities which as of December 18, 2017 was listed in the agenda for consideration of proposals by the Expert Advisory Committee of the Ministry of Environment, Forest and Climate Change, Government of India, we cannot assure you that we will be able to obtain the consent and approvals from all requisite regulatory authorities in a timely manner or at all. No assurance can be given that at the time of grant of consent, the regulatory authorities will not impose any restrictions on us. The enhancements in our production capacities for our clinker and cement products are based on future demand estimates. If our future demand estimates do not correspond to our increased capacities, our results of operations may be adversely affected.

Further, our expansion plans and other activities targeted towards or supporting our growth will require us to continuously evolve and improve our operational, financial and internal controls across our organization. For instance, Sanghi Trishul and Sanghi Sudarshan, which were delivered to us in September 2017 enabling our distribution of product by sea which may not yield the desired cost saving effect and may affect our earnings projections. In particular, continued expansion increases the challenges involved in:

- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel; and
- maintaining high levels of client satisfaction.

Any inability to manage the above factors or if there are delays or cost overruns in utilization of Net Proceeds towards our Expansion Plans or if our deployment is significantly different from our estimates or if we are unable to manage our growth our business, financial condition and results of operations may be adversely affected.

***3. We have regional concentration in western India, particularly Gujarat, and are expanding into territories where we don't have a significant presence.***

Our customers are primarily situated in the states of Gujarat, as also in Rajasthan and Maharashtra. Our cement sales in Gujarat alone represented 89.56% and 90.81% of our total domestic sales volume for the six month period ended September 30, 2017 and fiscal 2017, respectively. Our concentration in western India, particularly Gujarat, exposes us to any adverse economic or political circumstances in that region as compared to other larger players that have more diversified national presence. Any disruption, disturbance or sustained downturn in the economy of Gujarat or other states in western India where we have a presence, could adversely affect our business, financial condition and results of operations.

While we have invested in a distribution channel near Mumbai and Pune to expand our markets in Maharashtra, and we have sold cement in and around Mumbai in the past, we do not possess the same level of familiarity with the economic condition, consumer base and commercial operations in these markets and therefore we will be initially exposed to a degree of risk in realisation and volume of sales.

While we have limited exports which serve as an alternative market for our cement and clinker from our captive port, we are exposed to risks of price fluctuations in export markets including in terms of an inability to sell expected quantities of our products.

Any inability to manage the above factors and any delay in execution of our expansion plans beyond our estimates may have an adverse effect on our income, business and results of operations.

***4. We do not have long term agreements with our customers and suppliers.***

We sell our products to institutional buyers in the non-trade segment and also to retail customers through our dealers. Though we have had repeat orders from institutional buyers, we are exposed to risks of lower volume or lower price realization on such volumes depending on prevailing market conditions. While we believe that the majority of our dealers are exclusive to us as we incentivize sales, our dealers are not contractually bound to exclusively supply our products and may terminate their relationship with us.

The orders placed by our customers are dependent on factors such as customer satisfaction in terms of consistency of supply, quality and our standing in price comparisons, timely delivery of product, the demand for quality of product and price comparisons with other brands, amongst others. Although, we have a strong emphasis on quality, timely delivery of our products and personal interaction with the customers, any change in the buying pattern of customers can adversely affect the business of our Company.

We do not enter into long term agreements with our suppliers of coal, pet coke and lignite. We typically enter into spot or fortnightly contracts with our suppliers of coal/pet coke and lignite respectively. While both our clinker process and our captive thermal power plant have the capability to use alternate fuels of varying calorific value, absence of long term supply contracts subject us to risks such as price volatility, unavailability of certain raw materials in the short term and failure to source fuel in time, which would result in a delay in manufacturing of the final product.

For instance, as lignite is exclusively mined by the GMDC, we are subject to the fluctuations in their card rates as well as the quantity and quality of the lignite mined. In the past, there have been instances where the lignite made available was insufficient and while we were able to supplement our requirements with imported coal, we cannot assure you that such disruptions in supply of our raw materials or fuels, as the case may be, will not take place or that we will be able to anticipate shortfalls in time to compensate with other sources in every instance.

Similarly, on October 24, 2017 the Supreme Court of India banned the use of pet coke in the states of Uttar Pradesh, Haryana and Rajasthan with effect from November 1, 2017. While we are not currently using pet coke, the ban was not in the State of Gujarat and was subsequently relaxed with the inclusion of an exception for its use in the cement industry by a follow-on order dated December 13, 2017, we cannot predict whether such bans or bans of any other fuel may be implemented in the future on a larger scale and may adversely impact our fuel cost.

***5. The names of three of our Directors appear in the list of disqualified directors published by the MCA.***

The names of our Promoter director, Ravi Sharan Sanghi, our Executive Director and Chief Financial Officer, Bina Mahesh Engineer and one of our independent directors, Sadashiv Sawarikar, appear in the list of disqualified directors published by the MCA for association with companies that had failed to file annual returns for a continuous period of three years.

The MCA recently introduced the Condonation of Delay Scheme 2018 with effect from January 1, 2018 (the "**CODS 2018**") which provides the defaulting companies an opportunity to rectify the default and provides for temporarily activating the DINs of the disqualified directors, each until March 31, 2018. In respect of Sadashiv Sawarikar the defaulting company has opted for the CODS 2018 and is in the process of seeking condonation of delay by filing the relevant forms. In addition, Sadashiv Sawarikar has given an undertaking that the defaulting company will undertake necessary compliances however we cannot assure you that the competent authority will grant condonation of delay.

Ravi Sharan Sanghi has represented to the MCA and the relevant Registrar of Companies, Hyderabad through letters dated October 6, 2017 that he had resigned from the board of that company prior to it defaulting in the filing of its returns and accordingly he has applied to the Registrar of Companies for rectification of this error and removal of his name from the list of disqualified directors.

In addition Bina Mahesh Engineer has filed a writ petition before the Bombay High Court challenging the legality of the List of Disqualified Directors (of Struck Off Companies) under section 164(2)(a) of the Companies Act, 2013 published on the website of Ministry of Corporate Affairs by the RoC on September 6, 2017. For further details please see "*Legal Proceedings – Litigation involving our Directors*".

We cannot assure you that the aforesaid Directors will be successful in removing the disqualification in a timely manner or at all.

6. ***Our inability to collect receivables and default in payment from our dealers and customers could result in the reduction of our profits and affect our cash flows.***

In our sales through dealers, we strive to operate on immediate and at times with partial advance payment terms, but we cannot guarantee that our dealers will not default on their payments. As on September 30, 2017, none our accounts receivable were outstanding for a period of more than six months, however, our inability to collect receivables from our dealers in a timely manner or at all, could adversely affect our working capital cycle, and cash flow. For fiscal 2017, fiscal 2016, and fiscal 2015, our trade receivables were ₹ 23.94 crore, ₹ 18.44 crore, and ₹ 14.54 crore, respectively. These are 7 days, 5 days and 5 days of outstanding in the respective fiscals.

Our institutional buyers include large organizations to whom we extend credit periods ranging from one to three weeks and we cannot guarantee that our clients will not default on their payments which might adversely affect our profits margins and cash flows.

7. ***We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business and our manufacturing facilities, and any delay or inability in obtaining, renewing or maintain such permits, licenses and approvals could result in an adverse effect on our results of operations.***

We require certain statutory and regulatory permits, licenses and approvals to operate our business. This includes renewing (and for any future greenfield units, obtaining) consents from the state pollution control boards, importer-exporter code, registration and licenses issued under the Factories Act, fire safety licenses from municipal fire safety authorities, no objection certificates for maintenance of fire protection system, licenses for boilers, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of income taxes, GST etc. We have also maintained employee benefit schemes, such as obtaining registration with the Employees' State Insurance Corporation and the Employees' Provident Fund Organisation. Our licenses, permits and approvals impose certain terms and conditions that require us to incur costs and *inter alia*, providing for limits on the maximum quantity that can be manufactured as well as limits and manner of effluent discharge.

There can be no assurances that we will be able to apply and obtain such approvals, licenses or renewals in a timely manner or that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof.

An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations.

8. ***Non-compliance with and changes in health, safety and environmental laws and other applicable regulations to our manufacturing operations may adversely affect our business, results of operations and financial condition.***

   We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations.

   Mining operations are also subject to the provisions of the Mines and Minerals (Regulation and Development) Act, 1957, the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (together the "**MMDRA**") and the rules issued thereunder such as the Mineral Concession Rules, 1960 and the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016. The Government of India is not only empowered under these legislations to not only review and revise royalty payments for a particular mineral but is also empowered to introduce new levies. In case of increase of rate of royalty for mining of limestone or the introduction of additional levies, the cost of production will also increase to that extent.

   For instance, by a 2015 amendment to the MMDRA and the issuance of the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015, the Government established District Mineral Foundation and required a percentage contribution of royalty in respect of mining leases to be contributed towards it, which was either 10% or 30% of royalty depending upon whether the mining lease was granted after or prior to January 2015 (it being 30% in our case).

   Additionally, we cannot assure you that we will not be involved in future litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

   We have made, and will continue to make capital and other expenditure to comply with environmental, health and safety standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines.

9. ***We are subject to stringent labour laws and other industry standards, including on account of the contract labour we employ, and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations.***

   As on September 30, 2017, we had 779 permanent employees and 1,001 contract labourers engaged across various operational and business divisions, including at our port and terminals. Certain aspects of our business operations are labour-intensive and in order to retain operational efficiencies, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices.

   Although we do not engage these contract labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an impact on our results of operations and our financial conditions. While we obtain insurance policies in respect of certain of these contract labourers, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time.

   In respect of employees on our rolls, we are subject to a number of labour laws that protect the interests of our workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers and imposes financial obligations on employers. While we believe that our relations with our employees have been cordial, we cannot assure you that in the future any event of labour unrest will not have an adverse impact on our operations, and if not resolved in a timely manner, could lead to disruptions in our operations and hence financial condition.

10. ***Our Company has not paid dividends in the last three Fiscal Years. There can be no assurance that our Company will be in a position to pay dividends in the future.***

Our Company has not paid any dividend on its Equity Shares during the preceding three Fiscal Years. Further, the ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects, redeployment/reinvestment of profits and any other financing arrangements. For further details, see the section titled "*Dividend Policy*" on page 70.

11. ***Our Financial Statements for the relevant financial reporting periods are not comparable to each other and are not representative of our future financial performance.***

Our Company's fiscal year previously ended on June 30 of each year until in 2016 our Company changed its fiscal year to a March 31 year end in compliance of the provisions of the Companies Act, 2013. Accordingly, our results of operations in Fiscal 2017 are for a 12 month period which is not comparable to the 9 month period Fiscal 2016, neither are our results of operations in the nine month Fiscal 2016 comparable to the previous 12 month Fiscal 2015.

Potential investors should carefully take into account these disclosures and our Audited Financial Statements included in this Placement Document in evaluating our business and financial performance and in making any investment decision.

12. ***The operations of our Company are currently situated in only one location and are subject to manufacturing risk and may be disrupted by failure in the facilities.***

Our Company's manufacturing operations could be disrupted for reasons beyond its control. As manufacturing operations are currently situated in only one location at Sanghipuram, Gujarat any localized disruption on site would affect overall production. These disruptions may include extreme weather conditions, fire, natural catastrophes such as earthquakes which the Bhuj region of Gujarat, including Sanghipuram, is prone to. In addition, there is a risk that production difficulties such as mechanical and systems failures, maintenance/upgrade delays or delays in the delivery of machinery may occur, causing suspension of production and reduced output. While equipment failure is common, any significant manufacturing disruption could adversely affect the ability of our Company to make and sell products, which could have a material adverse effect on its profitability and results of operations. While we have obtained insurance coverage for loss of profit due to disruption of production, there can be no assurance that such claims will be honoured in timely manner or at all.

In addition, due to the nature of our business and despite compliance with requisite safety requirements and standards, the operations of our Company are subject to operating risks associated with cement manufacturing. These hazards include storage tank leaks and ruptures, explosions, discharges or releases of hazardous and/or combustible substances, manual handling, boiler defects and manufacturing machinery. While we surface mine limestone, we engage in mining operations for laterite, silica and clay and thus are subject to risks associated with mining, including fires, explosions and other accidents at the mine site. These operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties.

13. ***The sea-faring operations of our Company are subject to risks of accidents, piracy and rough weather on the high seas which could adversely affect our business.***

Our access to coastal markets and the related cost benefits over distribution by road are dependent on the operation of our captive port, our cargo ships and our terminals. A disruption in our port could have a cascading effect on our distribution capabilities and diminish our timely delivery guarantees.

In addition, while we have our own jetty at Sanghipuram and the terminals at Navlakhi in Gujarat and Dharamtar in Maharashtra, the receiving ports in locations such as Kochi and Mumbai, are not in our control being commercial ports. Our ability to move product and maintain inventory could be disrupted by congestion at the receiving port or any failures on the part of the receiving port operators.

We are also exposed to the risks of transportation by sea. While we have obtained marine cargo insurance as well as marine hull insurance for our cargo vessels, Sanghi Sudarshan and Sanghi Trishul certified by The Shipowners' Mutual Protection and Indemnity Association as meeting the financial security requirements of the Martitime Labour Convention, 2006, we cannot guarantee that any damage to our ships will be repaired in time or at all thus adversely affecting our ability to deliver in bulk and put us at risk of breaching delivery guarantees. Our ability to deliver by sea would also be affected by other factors not in our control such as cyclonic weather, where we would have to be forced to reduce loads to compensate for the rough seas which in turn could result in an unanticipated increase in the cost of delivery.

Accordingly, the occurrence of any of these events could have an adverse effect on our ability our ability to deliver in bulk, our volume of sales and related costs and as a result on the business, financial condition and results of operations of our Company.

14. ***We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.***

Our Company has been granted registration for the brand "Sanghi Cement" and we have obtained registrations for the slogan "Turning Dreams into Concrete Reality" which is valid until June 2018. Our brand and other intellectual property acquired through our years of experience is an important asset.

There can be no assurance that third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property.

15. ***We have limited records of certain documents relating to corporate actions undertaken by our Company in the past.***

We have been unable to trace certain documents pertaining to corporate, accounting, financial, legal and other statutory records. These untraceable corporate records include prescribed forms filed with the RoC by our Company relating to certain allotments of our equity shares, forms filed in relation to registered office, our register of members, board and shareholder resolutions approving increase in our authorised share capital and changes to our MoA. These documents pertain to the period commencing from our incorporation till 1993. The relevant documents are also not available at the office of the Registrar of Companies, Andhra Pradesh and Telangana, Hyderabad based on a search performed at the RoC. Therefore, we have relied on other documents, such as available board and shareholder resolutions and minutes, as well as our audited balance sheets to verify details of our equity shares allotted during this period. We cannot assure you that these form filings and corporate records will be available in the future or that we will not be subject to any penalty.

16. ***This Placement Document contains information from the CRISIL Report, which we have commissioned.***

This Placement Document includes information from the CRISIL Report. We commissioned this report for the purpose of confirming our understanding of the industry. Neither we, nor the Placement Agents, nor any other person connected with the Issue has verified the information in the CRISIL Report. CRISIL has advised that, while it has based the CRISIL Report on information based on sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the CRISIL Report and is not responsible for any errors or omissions or for the results obtained from the use of CRISIL Report.

The CRISIL Report highlights certain industry and market data relating to us and our peers/ competitors. Such data is subject to many assumptions which may change based on various factors. We cannot assure you that CRISIL's assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Placement Document. Prospective investors are advised not to unduly rely on the CRISIL Report when making their investment decisions.

17. ***Any failure of our information technology systems could adversely affect our business and our operations.***

We have information technology systems that support our business processes such as SAP. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events, even with our disaster recovery system in place. Effective response to such disruptions will require effort and diligence on the part of our employees to avoid any adverse effect to our information technology systems. For instance, any breakdown of our information technology systems could impair our ability to operate effectively. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

***18. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

Our principal types of insurance coverage include standard fires and perils policy insurance in respect of the buildings, plant and machinery, stocks of goods and office equipment, loss of profit policy, marine cargo for equipment in transit and marine hull policy for ships in our manufacturing and storage facilities and insurance of our machines. We also maintain directors and officers' liability insurance and workmen's compensation insurance. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time.

To the extent that we suffer loss or damage, for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

***19. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition.***

As of March 31, 2017, we had certain contingent liabilities not provided for amounting to ₹ 56.63 crore (net of security deposit) on a standalone basis determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. These matters are pending adjudication at various levels and any adverse order may require additional creation of additional provision. Further, the contingent liability of amounts disclosed in our audited financial statements represents estimates and assumptions of our management based on advice received.

For further information on such contingent liabilities, see "*Financial Statements*" on page 156. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

***20. Inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business and results of operations.***

Our financing agreements require us to obtain prior approval from our lenders for, among other things:

- alteration of our capital structure;
- effecting any amalgamation or reconstruction
- concluding any borrowing arrangements, either secured or unsecured;
- permit transfer of controlling interest or make any drastic change in the management set-up;
- creation of further charge, lien or encumbrance in favour of any other lenders;
- undertaking new projects or implementing any scheme of expansion or acquire fixed assets;
- investment by way of share capital in or lend or advance to or place deposits with any other entity;
- undertaking guarantee obligations on behalf of any other lender or any third party; and
- effecting any repayment of monies brought in by the promoters/Directors or principal shareholders.

Certain of our borrowings also require us to maintain certain financial ratios which are tested at times on an annual basis, such as total debt to net worth and debt service coverage ratios and also impose other obligations on us such as requiring us to maintain promoter and promoter group shareholding of at least 51% of our paid-up capital. In the past we have also been required to appoint a nominee director on our board in connection with the issuance of non-convertible debentures on a private placement basis and although the nomination was subsequently withdrawn our lender may choose to make a fresh nomination.

Our Promoter, Ravi Sharan Sanghi has personally guaranteed certain loans availed by our Company and as of December 31, 2017, all of the Equity Shares held by him, consisting of 22.67% of the pre-Issue paid-up share capital of the Company have also have been pledged with lenders. In the event our Company defaults or fails to comply with the covenants of the loan, the lenders may choose to exercise their right over the security including but not limited to selling the shares.

In the event we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may also be forced to sell some or all of the assets charged with our lenders if we do not have sufficient cash or credit facilities to make repayments. Any failure to meet our obligations under the debt financing agreements could have an adverse effect on our business, results of operations and financial condition.

We have been subject to corporate debt restructuring in the past and while we have since exited corporate debt restructuring we cannot guarantee that we will not be subject to debt restructuring in the future.

21. ***We are party to certain legal proceedings that, if decided against us, could have an adverse effect on our reputation, business prospects, financial condition and results of operations.***

    Our Company is involved in legal proceedings including criminal proceedings and tax proceedings which are in the ordinary course of business. These proceedings are pending at different levels of adjudication before various courts and tribunals. There cannot be any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have an adverse effect on our business, reputation, financial condition and results of operations and cash flow. For further details, see "*Legal Proceedings*" on page 149.

22. ***An inability to attract, recruit and retain our senior management and other key personnel could adversely affect our business and results of operations.***

    The success of our business is heavily dependent on our Executive Directors, senior management and other key personnel. We cannot assure you that we will be able to retain any or all of our senior management personnel or attract new senior management personnel in case of attrition. We do not maintain "key man" insurance for these individuals, though we have obtained directors' and officers' liability insurance. The loss of the services of our executive Directors, senior management or other key personnel may have an adverse effect on our business or results of operations.

**EXTERNAL RISK FACTORS**

**Risk relating to India**

We are an Indian incorporated company and all of our assets are located in India. Consequently, our financial condition will be influenced by political, social and economic developments in India and in particular by the policies of the Central Government.

1. ***The demand for cement is seasonal and the Indian cement industry is cyclical in nature.***

   In India, the demand for cement, generally, declines during monsoons due to slowdown in construction activity, consequently making demand for cement seasonal. Monsoons typically extend from June to September in Western India, demand is the lowest during the July-September quarter. Our Company's manufacturing output and our income may be adversely affected during such period.

   The Indian cement industry is cyclical in nature. In recent years, cement prices and profitability of cement manufacturers have fluctuated significantly in India, depending upon overall supply and demand. A number of factors influence supply and demand for cement, including production overcapacity, general economic conditions, in particular activity levels in certain key sectors such as housing and construction, our competitors' actions and local, state and central government policies, which in turn affect the prices and margins we and other Indian cement manufacturers can realize. Excess production capacity in the market has been one of the major factors influencing cyclicality in the Indian cement market. Such excess capacity in cement production has in the past had a direct impact on the price at which we can sell our cement and the margins we realize. The long lead time required to add or expand capacity in the cement industry has also led to supply/demand imbalances. The long lead time makes it more difficult for Indian cement companies to time the commencement of new production facilities at a time when demand out-balances supply. To the extent it does, our business and results of operations may be materially and adversely impacted.

2. ***The Indian cement market is extremely competitive.***

   Competition in our business is based on quality, timely and consistent supply, pricing, branding, relationships with customers and product quality as a result the Indian cement market is highly competitive with both national and regional players with variable demand across markets.

   Some of our competitors are larger than we are, have greater financial resources than we do, and may be able to deliver products on more attractive terms or invest larger amounts of capital into their businesses. These competitors may limit our opportunity to expand our market share and while we are cost competitive with our peers in Gujarat, our business could be adversely affected if we are unable to compete with larger players in the western region and our other target markets and sell cement at competitive prices.

   For example, if any of our current or future competitors develop more efficient production facilities, enabling them to sell clinker and cement at lower prices than us, we may be required to lower our prices. Current and future competitors may also introduce new and more competitive products and supporting services, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including distributors of our products, thereby increasing their ability to address the needs of our target customers.

   If we cannot compete in pricing, quality and availability of our product, or provide competitive products or services or expand into and successfully cater to new markets, this could have a material adverse effect on our business, financial condition and prospects.

3. ***Our Company is heavily reliant on the demand for cement from various industries such as infrastructure, real estate (industrial and commercial) and housing schemes. Any downturn in the cement consuming industries could have an adverse impact on our Company's business, growth and results of operations.***

   The cement manufacturing companies are heavily reliant on demand from the cement-consuming industries such as infrastructure (including government infrastructure projects), industrial real estate, commercial real estate and housing schemes. These industries are, in turn, affected by macro-economic factors and the general Indian economy. Demand for cement industries is principally dependent on sustained economic development in the regions in which these industries operate. The change in the funding mechanism increases the uncertainty of current plan of the government regarding funds for highway projects. While cement consuming industries such as infrastructure, housing and commercial real estate are expected to drive the demand for cement, there can be no assurance that these expectations will be met or that our Company will benefit from such expansion. Delays or cancellations of state infrastructure spending could negatively affect the Company's financial position and liquidity because a significant portion of its business is dependent on public infrastructure spending. However, any slowdown, downturn slump or reduction of capital investment in the cement consuming industries including infrastructure, housing and commercial real estate could have adverse impact on cement demand and, consequently, on our Company's business, growth and results from operations.

4. ***Indian companies are required to prepare financial statements under the new Indian Accounting Standards.***

   We have historically prepared our annual and interim financial statements under Indian GAAP and have recently adopted IND AS from July 1, 2015 in accordance with the Companies (Indian Accounting Standards) Rules, 2015. We announced our financial results under Ind AS for the first time for the year ended March 31, 2017 and have reported our annual and interim financial statements under Ind AS thereafter. The Audited Consolidated Financial Statements included in this Placement Document have been prepared under Indian GAAP and Ind AS and our unaudited financial information as of and for the six months ended September 30, 2017 included in this Placement Document have been prepared under Ind AS. The financial statements reported under Ind AS may not be directly comparable with financial statements prepared under Indian GAAP. While we have included reconciliation between Indian GAAP and Ind AS for the balance sheet, statement of profit and loss, we urge that potential investors should consult their advisers for an understanding of the principal differences between Indian GAAP and Ind AS, and how these differences might affect our Financial Statements.

Further, Indian GAAP and IND AS differ in certain respects from U.S. GAAP, IFRS and other accounting principles and standards. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the Financial Statements nor do we provide for a reconciliation of the Financial Statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which financial information included in this Placement Document will provide meaningful information is entirely dependent on investor's familiarity with Indian accounting principles.

Further, in compliance with the Companies Act, 2013 we had a rotational change in our statutory auditors effective from Fiscal 2017.

5. ***As a listed company in India, we are required to comply with certain listing regulations and in the event of non-compliance may be subject tocertain penalties.***

All listed entities are required to comply with the regulations, guidelines, circulars, directions and instructions issued by the SEBI and the Stock Exchanges, including inter alia the SEBI Listing Regulations and the Takeover Code. The SEBI Listing Regulations specify the principles governing disclosures and obligations of listed entities, including corporate governance requirements such as composition and roles of the board of directors, audit committee, nomination and remuneration committee, stakeholder's relationship committee, risk management committee and the formulation of a whistleblower or vigil mechanism for directors and employees to report genuine concerns. Listed entities are also required to establish a policy for determination of materiality and periodically disclose certain events or information to the stock exchanges in accordance with the SEBI Listing Regulations. These regulations also specify the manner of preparation of financial results, maintenance of shareholding pattern, disclosures in the annual report, filing of annual reports with the stock exchanges, disclosure of certain information on the website of the stock exchanges, and require that all listed entities establish a document retention policy.

If we do not comply with all required listing regulations, we may be subject to certain penalties including *inter alia* the imposition of fines, the freezing of promoter/promoter group holding in designated securities, the suspension of trading of our securities on the stock exchange(s), and such other action as may be prescribed by SEBI from time to time. For instance, the trading in our Equity Shares has previously been suspended by both the BSE and the NSE, including for non-compliance with the Takeover Code, and while the suspensions were subsequently lifted in December 2005 and June 2006 by the BSE and the NSE, respectively, we cannot assure you that we will not be subject to such punitive action by the Stock Exchanges the future.

6. ***Political instability, changes in the government or government policies, could adversely affect economic conditions in India generally, which could impact our financial results and prospects.***

We are incorporated in India and substantially all our assets are located in India. Consequently, our performance and the market price of Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Central Government has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Central Government's policies, including taxation.

There can be no assurance that favourable policies will be continued and any significant change in the Central Government's policies in the future could affect our business and economic conditions in India in general.

7. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.***

The regulatory and policy environment in which we operate is continuously evolving and subject to change. Our business is subject to a significant number of state tax regimes and changes in legislations governing them, implementing them or the regulator enforcing them in any one of those jurisdictions could adversely affect our results of operations. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Central Government or state governments that affect our industry include Goods and Service Tax (GST) (earlier excise duties, service tax, sales tax/VAT), income tax and other taxes, duties or surcharges introduced from time to time and any adverse changes in any of the taxes levied by the Central Government or state governments could adversely affect our business. .

The comprehensive national GST regime that had been has been granted Presidential assent on September 8, 2016. Further, as per notification dated June 28, 2017 by the Central Board of Excise and Customs, Ministry of Finance, certain provisions of the Central Goods and Services Tax Act, 2017 have come into force on July 1, 2017. The GST regime is an attempt to combine taxes and levies by the Central and State Governments into a unified rate structure. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additionally, since GST regime is newly enacted legislation, it is subject to various challenges, which may require issue of clarifications from time to time by the relevant authorities. We cannot assure you that pending receipt of such clarification, our business, financial condition and results of operation may not be adversely affected.

Further, the General Anti Avoidance Rules ("**GAAR**") are proposed to be effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

Furthermore, any changes to Indian labour laws, if implemented, could adversely affect manufacturing and other labour intensive industries adversely.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

8. ***Our business and activities are regulated by the Competition Act, 2002 ("Competition Act") and any application of the Competition Act to us could have a material adverse effect on our business, financial condition and result of operations.***

The Competition Act is designed to prevent business practices that have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market or number of customers in the market is presumed to have an appreciable adverse effect on competition. Provisions of the Competition Act relating to combinations (i.e. acquisitions, mergers or amalgamations of enterprises) that meet certain asset or turnover thresholds and the regulations notifying the procedures in relation to such combinations, including notification requirements, came into force in June 2011. Further, acquisitions, mergers or amalgamations by us may require the prior approval of the Competition Commission of India, which may not be obtained in a timely manner or at all. Further, if it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission, it may have an adverse effect on our business, financial condition and results of operations.

9. ***A slowdown in economic growth internationally, as well as in India could adversely impact our business. Our performance and the growth of our business are necessarily dependent on the performance of the overall Indian economy.***

   The global financial turmoil in 2008, an outcome of the sub-prime mortgage crisis which originated in the United States, led to a loss of investor confidence in worldwide financial markets. Indian financial markets also experienced the effect of the global financial turmoil, evident from the sharp decline in key Indian stock market indices. Any prolonged financial crisis in India or internationally, may have an adverse impact on the Indian economy, thereby having a material adverse effect on our business, financial condition and results of operations, and the price of our Equity Shares.

   A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Additionally, India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, and adverse conditions affecting agriculture, commodity and electricity prices or various other factors.

10. ***Any downgrading of India's sovereign debt rating by a credit rating agency may adversely affect our ability to raise financing on terms commercially acceptable to us.***

    Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact our ability to raise financing, and the interest rates and other commercial terms at which such financing is available. This may have an adverse effect on our business, financial condition and results of operations, and the price of our Equity Shares.

11. ***Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on us.***

    Terrorist attacks and other acts of violence or war may adversely affect the Indian markets in which our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make transport and other services more difficult and ultimately adversely affect our business.

    India has experienced communal disturbances, terrorist attacks and riots in recent years. If such events recur, our business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

12. ***India is vulnerable to natural disasters that could severely disrupt the normal operation of our business.***

    India has experienced natural calamities, such as tsunamis, floods, droughts and earthquakes in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Any unforeseen circumstances of below normal rainfall and other natural calamities could have an adverse impact on the Indian economy. Because our operations are located in India, our business and operations could be interrupted or delayed as a result of a natural disaster in India, which could adversely affect our business, financial condition, results of operations and the price of our Equity Shares.

13. ***An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.***

    The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business, financial condition, results of operations and the price of our Equity Shares. Although, we have not been adversely affected by such outbreaks in the past, we cannot provide any assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business, financial condition, results of operations and the price of our Equity Shares.

14. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.***

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect our future financial condition. On the other hand, high levels of foreign funds inflow could add excess liquidity to the system, leading to policy interventions, which would also allow slowdown of economic growth. Either way, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect our business, prospects, and results of operations, financial condition and the trading price of the Equity Shares.

15. ***Fluctuation in the exchange rate between the Indian Rupee and other foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders.

For example, the exchange rate between the Rupee and the U.S. Dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

16. ***Foreign investors are subject to certain restrictions under Indian law in relation to transfer of shareholding that may limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the relevant exceptions referred to above, then the prior approval of the RBI may be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other governmental agency in India can be obtained on any particular terms, or at all.

17. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Legal principles related to corporate matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

18. ***Anti-takeover provisions under Indian law could prevent or deter an entity from acquiring us.***

The Takeover Code contains certain provisions that may delay, deter or prevent a future takeover or change in control. These provisions may discourage a third party from attempting to take control over our business, even if change in control would result in the purchase of our Equity Shares at a premium to the market price or would otherwise be beneficial to the investor. For more details, see the section titled "*The Securities Market of India*" on page 141.

19. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under current Indian tax laws, varying rates of taxes are applicable on capital gains arising from the sale of equity shares depending on the whether equity shares were listed on stock exchanges, the period of holding, residential status of the investor and other factors. Therefore, it is important for investors to examine the applicability of taxation in India and in their local jurisdiction (if applicable) before making an investment.

For instance, capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") is paid on the transaction. STT is levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, is subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gain arising from the sale of equity shares is exempt from taxation in India where an exemption is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

***20. Investors may have difficulty enforcing foreign judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. All of our Directors and Key Managerial Personnel are residents of India. Almost all our assets and the assets of our Directors and Key Managerial Personnel are in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against us or such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 of India (as amended) (the "**Code**") on a statutory basis. Section 13 of the Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India. Under the Code, a court in India shall, upon production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Code provides that where a foreign decree or judgment has been rendered by a superior court within the meaning of Section 44A in any country or territory outside India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalty. For the purposes of this section, foreign judgment means a decree which is defined as a formal expression of an adjudication which, so far as regards the court expressing it, conclusively determines the rights of the parties with regard to all or any of the matters in controversy in the suit.

The United Kingdom has been declared by the Central Government to be a reciprocating territory but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

**Risks relating to the Issue**

***1. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

2. ***The price of the Equity Shares may be volatile.***

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares.

3. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

We are subject to a daily circuit breaker imposed on listed companies by the Stock Exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges may change the percentage limit of the circuit breaker from time to time. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares.

4. ***Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of their ownership position***.

Pursuant to the Companies Act, 2013 a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution when the votes cast in favour of the resolution by the holders who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. However, if the law of the jurisdiction the Investor is in does not permit them to exercise their pre-emptive rights without us filing a placement document or registration statement with the applicable authority in the jurisdiction they are in, they will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to make such a filing, you may not be able to exercise your pre-emptive rights in relation to such an offering. To the extent that Investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

5. ***Investors will not be able to sell any of the Equity Shares other than on a recognized Indian stock exchange for a period of 12 months from the date of allotment pursuant to this Issue.***

The Equity Shares are subject to restrictions on transfers. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the allotment of the Equity Shares, QIBs subscribing to the Equity Shares may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

6. ***Applicants to the Issue are not allowed to withdraw their bids after the Bid/Issue Closing Date.***

Applicants in the Issue are not allowed to withdraw their bids ("**Bids**") after the bid/issue closing date (the "**Bid/Issue Closing Date**"). The allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant’s demat account with depository participant could take approximately seven days and up to ten working days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our Company's business, results of operation or financial condition, or other events affecting the applicant’s decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of allotment of Equity Shares in the Issue. The occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of the SEBI. We may complete the allotment of the Equity Shares even if such events may limit the applicants’ ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

## USE OF PROCEEDS

The gross proceeds from the Issue will be approximately ₹ 400.17 crores.

The net proceeds from the Issue, after deducting the estimated Issue expenses (including fees and commissions), will be approximately ₹ 390.20 crores ("**Net Proceeds**").

The Business Operations and Finance Committee of our Board has recently resolved to take up an expansion plan primarily consisting of (i) a brownfield expansion of 3.3 MMTPA clinker capacity and 2 MMTPA cement capacity within the premises of our existing plant at Sanghipuram, Gujarat, (ii) a greenfield grinding unit of 2 MMTPA cement capacity to be set up at Surat, Gujarat and (iii) a 65 MW thermal power plant unit adjacent to our existing captive thermal power plant at Sanghipuram, Gujarat ("**Expansion Plan**"). For details, see '*Our Business*' on page 96.

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds of the Issue towards capital expenditure for the Expansion Plan and general corporate purposes.

The proposed capital expenditure includes cost for, *inter alia*, land and site development, civil works, plant and machinery, technical know-how fees and other incidental expenses in respect of the Expansion Plan. The break-up of the total capital expenditure towards Expansion Plan aggregating to ₹ 1,250 crore is set forth below:

*(₹ in crores)*

| S. No. | Particulars | Estimated cost |
|---|---|---|
| 1. | Land, site development and civil works | 226.97 |
| 2. | Plant and machinery | 603.31 |
| 3. | Miscellaneous expenditure in relation to fixed assets | 272.78 |
| 4. | Other miscellaneous expenditure | 146.93 |
| | **Total** | **1,250.00** |

Expansion Plan indicated hereinabove is based on the Techno-Economic Feasibility Report for Brownfield Integrated Cement Plant with Split Located Grinding Unit in Gujarat dated February 2017, by Holtec Consulting Private Limited, management estimates, current circumstances of our business and the prevailing market conditions.

The estimated project cost of the Expansion Plan is ₹ 1,250 crores, out of which the Company has received sanction of debt financing facilities amounting to ₹ 800 crores from certain lenders. The balance cost for the Expansion Plan shall be met through (i) a portion of the Net Proceeds, subject to a minimum of ₹ 200 crore, and (ii) internal accruals. We intend to utilize the Net Proceeds towards the Expansion Plan within a two-year period from achievement of financial closure or entering into definitive consortium loan agreements for debt financing for the Expansion Plan, whichever is later.

Our Company proposes to deploy the balance Net Proceeds towards general corporate purposes, including but not limited to meeting our working capital requirements, investment in any future potential opportunity in our business, strategic initiatives, meeting fund requirements which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business, meeting ongoing general corporate exigencies, and any other purpose in accordance with applicable law, in Fiscal 2019 and Fiscal 2020.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove by such periods due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and operationalising assets; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) in the subsequent periods as may be decided by our Board, in accordance with applicable law. Further, the Board may at its discretion, utilise any unutilised portion of Net Proceeds allocated for capital expenditure, towards general corporate purposes.

As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Company from the Issue. Our Company may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/ exchange rate fluctuations and other external factors, which may not be within the control of our Company. This may entail revising the schedule of the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board. Further, if the actual utilisation of Net Proceeds towards any of the aforesaid purposes is lower than the proposed deployment, then such balance will be utilised towards general corporate purposes. For further details, please see "*Risk Factors – The objects of the Issue include utilizing a part of the Net Proceeds towards doubling of our current capacity, the deployment of which is based on a feasibility report prepared in February 2017. If there are delays or cost overruns in the Expansion Plan, if our deployment is significantly different from our estimates or if we are unable to manage our growth our business, financial condition and results of operations may be adversely affected*" on page 46.

Pending utilisation for the purposes described above, our Company intends to temporarily invest funds in creditworthy instruments, including money market, mutual funds and fixed deposits. Any modification / change in the investment policy would be at the discretion of the Board from time to time and in accordance with applicable laws.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake the activities towards which the proceeds from this Issue will be applied.

Neither our Promoter nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue. Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly.

# CAPITALISATION

The following table sets forth our Company's capitalization (including indebtedness) on the basis of Financial Statements, and as adjusted for the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 71 and 156, respectively.

*(₹ in crores)*

| Particulars | Pre-Issue (As at September 30, 2017) | Increase / (decrease) due to the Issue | Amount after considering the Issue (*i.e.* Post Issue) |
|---|---|---|---|
| Short term borrowings | | | |
| • Secured | 181.77 | - | 181.77 |
| • Unsecured | 0 | - | 0 |
| **Long term borrowings (excluding current maturities)** | | | |
| • Secured | 510.66 | - | 510.66 |
| • Unsecured | 0 | - | 0 |
| Current maturities of long term borrowings | 35.96 | - | 35.96 |
| **Total debts – a** | 728.39 | - | 728.39 |
| | | | |
| **Shareholders' funds** | | | |
| Share capital# | 219.98 | 31.02 | 251.00 |
| Securities premium# | 49.82 | 369.15 | 418.97 |
| Reserves and surplus | 801.93 | - | 801.93 |
| Capital redemption reserve | 84.84 | - | 84.84 |
| **Total funds – b** | 1,156.57 | 400.17 | 1,556.74 |
| **Total capitalization (a+b)** | **1,884.96** | **400.17** | **2,285.13** |

# *As per the final proposed number of Equity Shares, increase in share capital and share premium amount on account of Issue as inserted in the Preliminary Placement Document.*

## CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Placement Document is set forth below.

*(in ₹ crore, except share data)*

| | | Aggregate value at face value (except for securities premium) |
|---|---|---|
| **A** | **AUTHORISED SHARE CAPITAL** | |
| | 35,00,00,000 Equity Shares of ₹ 10 each | 350.00 |
| | 2,00,00,000 Preference Shares of ₹ 100 each | 200.00 |
| | | |
| **B** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE** | |
| | 21,99,79,000 Equity Shares of ₹ 10 each | 219.98 |
| | Nil Preference Shares of ₹ 100 each | Nil |
| | | |
| **C** | **PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT** | |
| | Up to 3,10,21,000 Equity Shares aggregating up to ₹ 400.17 crore[(1)] | 31.02 |
| | | |
| **D** | **PAID-UP CAPITAL AFTER THE ISSUE** | |
| | 25,10,00,000 Equity Shares | 251.00 |
| | | |
| **E** | **SECURITIES PREMIUM ACCOUNT** | |
| | Before the Issue | 49.82 |
| | After the Issue [(2)] | 418.97 |
| | | |

(1) *The Issue has been authorized by our Board pursuant to a resolution passed on August 9, 2017 and by the shareholders at an extraordinary general meeting held on September 9, 2017.*

(2) *The securities premium account after the Issue is calculated on the basis of gross proceeds from the Issue. Adjustments do not include Issue expenses.*

### Share Capital History of our Company

The history of the Equity Share capital of our Company is provided in the following table:

| Date of allotment | Number of equity shares allotted | Face value per equity share (₹) | Issue price per equity share (₹) | Nature of Consideration (Cash / Other than cash / Bonus) |
|---|---|---|---|---|
| June 15, 1985 | 10 | 100.00 | 100.00 | Cash |
| September 28, 1987* | 24,990* | 100.00* | 100.00* | Cash* |
| April 29, 1988* | 70,000* | 100.00* | 100.00* | Cash* |
| February 20, 1991[(1)]* | 66,500* | 100.00* | - | Bonus* |
| *Pursuant to a shareholders' resolution dated March 28, 1992*, each equity share of our Company of the face value of ₹ 100 each was split into 10 Equity Shares of our Company of the face value of ₹ 10 each, and accordingly, 1,61,500 equity shares of our Company of the face value of ₹ 100 each were split into 16,15,000 Equity Shares of the face value of ₹ 10 each.* | | | | |
| March 28, 1992* | 3,85,000* | 10.00* | 10.00* | Cash* |
| July 3, 1992* | 60,00,000* | 10.00* | 10.00* | Cash* |
| November 10, 1993* | 1,40,00,000* | 10.00* | 50.00* | Cash* |
| December 30, 1993[(2)]* | 49,800* | 10.00* | - | Other than Cash* |
| September 2, 1998[(3)] | 3,85,87,150 | 10.00 | - | Bonus |
| February 7, 2000 | 3,11,07,000 | 10.00 | 10.00 | Cash |
| August 17, 2000 | 6,70,06,800 | 10.00 | 10.00 | Cash |
| March 8, 2001 | 1,62,49,250 | 10.00 | 10.00 | Cash |
| January 6, 2006 | 2,89,10,000 | 10.00 | 18.50 | Cash |
| January 12, 2006 | 1,40,69,000 | 10.00 | 18.50 | Cash |
| October 14, 2006 | 20,00,000 | 10.00 | 71.00 | Cash |
| **Total** | **21,99,79,000** | | | |

* *We do not have access to complete corporate records in relation to these allotments. For details, see "Risk Factors - We have limited records of certain documents relating to corporate actions undertaken by our Company in the past." on page 52.*

(1) *Bonus issue of 0.7 equity shares of ₹100 each for every one equity share of ₹100 each held.*

(2) *Pursuant to an order of the High Court of Andhra Pradesh dated November 16, 1993 approving the merger of Goldy Projects Limited with our Company, 49,800 Equity Shares were allotted to eligible shareholders of Goldy Projects Limited.*

(3) *Bonus issue of 1.75 Equity Shares for every one Equity Share held.*

Our Company has not made any allotments of its Equity Shares in the last one year preceding the date of this Placement Document.

## MARKET PRICE INFORMATION AND OTHER INFORMATION CONCERNING THE EQUITY SHARES

The Equity Shares are listed and traded on the BSE and the NSE. The closing price of the Equity Shares on the BSE and the NSE as of January 17, 2018 was ₹ 129.00 and ₹ 128.60, respectively.

The tables set forth below provide certain stock market data for the BSE and the NSE and is for the periods that indicate the high and low closing prices of the Equity Shares and also the volume of trading activity.

***High, low and average market closing prices of the Equity Shares during the last three financial years***

**BSE**

| Year | High (₹) | Date of High | Total Volume on date of High | Total Volume of Equity shares traded on the date of High (₹) | Low (₹) | Date of Low | Total Volume on date of Low | Total Volume of Equity shares traded on the date of Low (₹) | Total Volume during the Financial Year | Total Volume of Equity shares traded in value (₹) | Average (₹) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2017 | 87.60 | 25-Aug-16 | 4,68,361 | 411.06 | 47.70 | 26-Dec-16 | 30,884 | 14.87 | 1,89,25,708 | 13,117.48 | 67.20 |
| 2016 | 74.20 | 28-Oct-15 | 1,78,038 | 130.05 | 45.25 | 12-Feb-16 | 41,996 | 19.57 | 1,84,50,232 | 11,029.51 | 57.48 |
| 2015 | 68.30 | 02-Feb-15 | 1,11,840 | 76.41 | 15.75 | 04-Apr-14 | 10,646 | 1.69 | 3,76,67,902 | 13,575.92 | 42.50 |

*(Source: www.bseindia.com)*

*Note:*

1. *High price is the highest closing price for the period.*
2. *Low price is the lowest closing price of the period.*
3. *Average price is average of the closing prices for the period.*

**NSE**

| Year | High (₹) | Date of High | Total Volume on date of High | Total Volume of Equity shares traded on the date of High (₹) | Low (₹) | Date of Low | Total Volume on date of Low | Total Volume of Equity shares traded on the date of Low (₹) | Total Volume during the Financial Year | Total Volume of Equity shares traded in value (₹) | Average (₹) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2017 | 87.85 | 25-Aug-16 | 13,52,318 | 1190.81 | 47.85 | 26-Dec-16 | 83,721 | 40.29 | 6,36,46,979 | 43,821.31 | 67.13 |
| 2016 | 74.25 | 28-Oct-15 | 6,33,436 | 462.90 | 45.20 | 07-Sep-15 | 35,214 | 16.25 | 2,84,84,915 | 17,575.06 | 57.46 |
| 2015 | 68.15 | 02-Feb-15 | 1,34,478 | 91.65 | 15.80 | 04-Apr-14 | 7,522 | 1.21 | 3,32,27,630 | 16,359.71 | 42.43 |

*(Source: www.nseindia.com)*

***Monthly high, and low and average of the closing prices of the Equity Shares for the six months preceding the date of filing of the Preliminary Placement Document***

**BSE**

| Month | High (₹) | Date of High | Total Volume on date of High | Total Volume of Equity shares traded on the date of High (in ₹ Lakhs) | Low (₹) | Date of Low | Total Volume on date of Low | Total Volume of Equity shares traded on the date of Low (in ₹ Lakhs) | Total Volume during the Month | Total Volume of Equity shares traded in value (in ₹ Lakhs) | Average (₹) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| July 2017 | 96.85 | 20-Jul-17 | 73,025 | 70.96 | 84.25 | 03-Jul-17 | 74,815 | 63.31 | 30,57,709 | 2,874.98 | 92.47 |
| August 2017 | 93.90 | 04-Aug-17 | 1,82,373 | 170.62 | 73.30 | 11-Aug-17 | 2,80,131 | 211.18 | 29,05,221 | 2,428.25 | 84.16 |
| September 2017 | 100.95 | 29-Sep-17 | 6,33,118 | 641.32 | 84.90 | 08-Sep-17 | 71,565 | 61.13 | 64,97,647 | 6,080.52 | 91.10 |
| October 2017 | 133.40 | 31-Oct-17 | 5,94,348 | 783.08 | 106.15 | 03-Oct-17 | 5,07,627 | 532.80 | 81,40,864 | 9,744.49 | 119.91 |
| November 2017 | 134.75 | 02-Nov-17 | 2,32,071 | 312.10 | 114.05 | 15-Nov-17 | 75,472 | 87.14 | 27,64,954 | 3,459.40 | 123.01 |
| December 2017 | 141.35 | 28-Dec-17 | 2,36,198 | 333.44 | 111.65 | 05-Dec-17 | 60,773 | 68.37 | 23,20,061 | 2,999.40 | 122.75 |

*(Source: www.bseindia.com)*

*Notes:*

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been considered.*

**NSE**

| Month | High (₹) | Date of High | Total Volume on | Total Volume | Low (₹) | Date of Low | Total Volume on | Total Volume | Total Volume | Total Volume of | Average (₹) |
|---|---|---|---|---|---|---|---|---|---|---|---|

| | | | date of High | of Equity shares traded on the date of High (in ₹ Lakhs) | | | date of Low | of Equity shares traded on the date of Low (in ₹ Lakhs) | during the Month | Equity shares traded in value (in ₹ Lakhs) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| July 2017 | 96.70 | 20-Jul-17 | 4,61,661 | 448.89 | 84.65 | 03-Jul-17 | 2,91,912 | 247.70 | 1,39,05,041 | 13,081.76 | 92.68 |
| August 2017 | 93.85 | 04-Aug-17 | 11,10,260 | 1038.87 | 73.20 | 11-Aug-17 | 12,02,270 | 902.75 | 1,40,55,146 | 11,816.20 | 84.17 |
| September 2017 | 101.20 | 29-Sep-17 | 32,41,382 | 3288.36 | 84.75 | 08-Sep-17 | 3,57,717 | 305.59 | 2,94,23,565 | 27,814.99 | 91.15 |
| October 2017 | 133.50 | 31-Oct-17 | 34,00,127 | 4482.22 | 106.05 | 03-Oct-17 | 28,36,340 | 2972.04 | 3,48,57,481 | 41,718.08 | 119.96 |
| November 2017 | 135.20 | 02-Nov-17 | 11,83,978 | 1592.89 | 114.30 | 15-Nov-17 | 4,84,928 | 563.82 | 1,32,14,675 | 16,541.10 | 123.13 |
| December 2017 | 141.7 | 28-Dec-17 | 19,92,299 | 2,817.21 | 111.85 | 05-Dec-17 | 3,89,331 | 440.50 | 1,81,61,694 | 23,528.77 | 122.77 |

*(Source: www.nseindia.com)*

***Market price on the first working day following the Board meeting approving the Issue, i.e., on August 09, 2017***

**BSE**

| Date | Open (₹) | High (₹) | Low (₹) | Close (₹) | Traded volume (No. of Equity Shares) | Total value of Equity Shares traded (in ₹ Lakhs) |
|---|---|---|---|---|---|---|
| August 10, 2017 | 84.60 | 84.60 | 74.10 | 75.10 | 459,563 | 359.98 |

*(Source: www.bseindia.com)*

**NSE**

| Date | Open (₹) | High (₹) | Low (₹) | Close (₹) | Traded volume (No. of Equity Shares) | Total value of Equity Shares traded (₹) |
|---|---|---|---|---|---|---|
| August 10, 2017 | 84.80 | 84.80 | 74.70 | 75.40 | 1,692,249 | 1,328.14 |

*(Source: www.nseindia.com)*

## DIVIDEND POLICY

Our Company does not have a formal dividend policy. The declaration and payment of dividends will be recommended by our Board and approved by our shareholders at their discretion.

Our Company has not declared any dividends in the last three fiscal years.

Future dividends will depend on the revenue, cashflows, financial condition (including capital position) and other factors affecting our Company. For a summary of some of the restrictions that may materially inhibit our ability to declare or pay dividends, see the section titled "*Risk Factors – Our Company has not paid dividends in the last three Fiscal Years. There can be no assurance that our Company will be in a position to pay dividends in the future*" on page 50.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of our Company's financial condition and results of operations is based on, and should be read in conjunction with, our audited financial as of and for the years ended March 31, 2017, March 31, 2016 and June 30, 2015, included in the section titled "Financial Statements" beginning on page 156.*

*Our Company's fiscal year ends on March 31 of each year, including in respect of the nine month period ending March 31, 2016, prior to which our Company's fiscal year ended on June 30. In the year 2016, in compliance with the requirements of the Companies Act, 2013, our Company changed its fiscal year to a March 31 year end instead of a June 30 year end. Accordingly, our results of operations in fiscal 2016 (9 months) are not comparable to either fiscal 2017 (12 months) or fiscal 2015 (12 months). In this Placement Document (i) the term fiscal 2017 denotes the 12 months ended March 31, 2017; (ii) fiscal 2016 denotes the nine months ended March 31, 2016; (iii) fiscal 2015 denotes the 12 months ended June 30, 2015.*

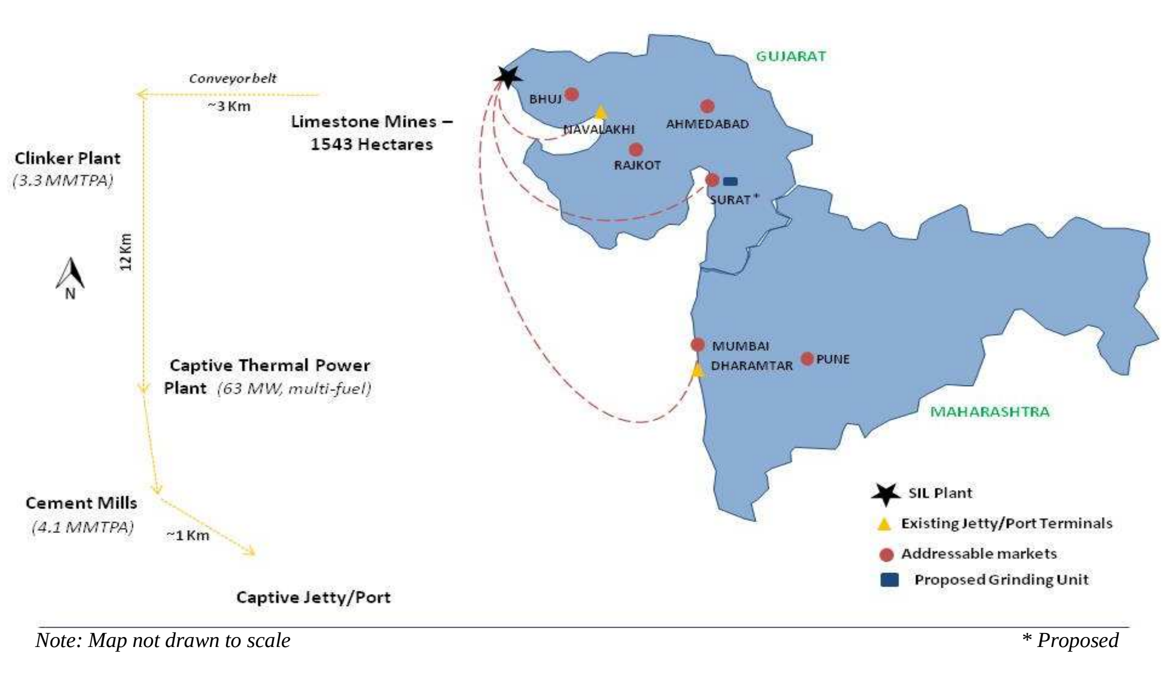
**OVERVIEW**

We are among the lowest cost producers of cement in the industry, operating one of the largest fully integrated single stream cement plants strategically located in Kutch, Gujarat (*Source: CRISIL Report*). We have an installed capacity of 4.1 Mn T of cement as of September 30, 2017, which we are in the process of expanding to 8.1 Mn T of cement.

Our manufacturing facility is located in close proximity to marine limestone deposits at Kutch, Gujarat, and the GMDC lignite mines. Besides connectivity through road, we have also established coastal shipping infrastructure by investing in a captive all weather jetty and two fully equipped sea terminals at Navlakhi, Gujarat and Dharamtar, Maharashtra. We have also recently commissioned two cement bulk carriers of 4,400 dead weight tonnage (DWT) each for coastal shipping. Accordingly, we are well positioned to access markets in and around Mumbai along the western coast of India with access to markets in as far as Cochin domestically and Africa, Europe, Sri Lanka and a few countries in the Middle East internationally without incurring significantly higher delivery costs.

Our supporting infrastructure consists of (i) a 3.3 Mn T clinker unit, (ii) a 63 MW of captive multi-fuel thermal power plant, and (iii) three RMC plants. We are in the process of implementing a 13 MW waste heat recovery power plant which is currently scheduled to be commissioned by March 2018.

Below is a representation of (i) our single stream cement plant; and (ii) our connectivity by sea:




*Note: Map not drawn to scale* ** Proposed*

We currently sell a range of quality cement products such as 53 grade OPC (ordinary portland cement), blended cement such as PPC (portland pozzolana cement) and buyer specification based RMC under our umbrella brand 'Sanghi Cement'. We cater to large infrastructure and industrial projects as well as the retail market through a network of approximately 1,500 dealers, 75 commission agents and 146 indenting agents, as of September 30, 2017. The western region of India, particularly Gujarat, is our core market. We also sell in and around Mumbai and Kochi. We service the Gujarat and Rajasthan markets primarily by road, whereas the western coastal region of India, including states of Maharashtra and Kerala are primarily serviced through sea.

We are ISO 9001:2008, OHSAS 18001:2007, SA 8000:2008 and ISO 14001:2004 certified for our manufacturing and sale of clinker and cement reflecting our commitment towards quality, safety, accountability and sustainable environment. For four consecutive years the Indian Bureau of Mines & Directors of Mines Safety, Government of India has awarded our mining operations the First Prize in the Best Mining category. In addition, we were recently awarded:

- India's Most Trusted (Cement Manufacturing) Company Award 2017 by International Brand Consulting Corporation, USA;
- India's Top Challengers 2016-17 Trophy by the Construction World Magazine & Media; and
- "the Most Reliable Cement Brand Award in the Real Estate Sector" by DNA.

For fiscal 2017, 2016 and 2015 our total income was ₹ 999.77 crore, ₹ 763.94 crore and ₹ 939.35 crore, respectively, and our profit after tax was ₹ 63.14 crore, ₹ 15.98 crore and ₹ 30.59 crore, respectively. Our EBITDA increased from ₹ 164.49 crore in fiscal 2015 to ₹ 200.43 crore in fiscal 2017. Our EBITDA per tonne for fiscal 2017 and fiscal 2015 was ₹ 686 and ₹ 694 with an EBITDA margin of 20.05% and 17.51%, respectively.

Further, ICRA recently upgraded our working capital rating and long term loan rating to "A-Stable" in February 2017 and May 2017, respectively and reaffirmed in July 2017 to ICRA A- for term loans and cash credit facilities and ICRA A2+ on short term non-fund based limits. In addition, our working capital limits were assigned an 'IND-A' category rating by India Ratings & Research in February 2017.

**SIGNIFICANT FACTORS AFFECTING RESULTS OF OUR OPERATIONS**

Our results of operations and financial condition are impacted by a number of factors, including the following, which are of particular importance:

***Demand and supply for cement***

Our cement sales volume and prices are influenced by the supply of and demand for cement in the western region of Indian cement market. Supply of cement and construction of new capacity is influenced by factors such as availability of limestone, the economic environment, perception of prospective demand and the cost of capital. Demand for cement can be stimulated by GDP growth, the fiscal policies of the central and state governments and increased spending on infrastructure and housing. The Government's focus on and sustained increase in budgetary allocation for the affordable housing and infrastructure sectors and the development of a structured and comprehensive policies that encourages greater private sector participation (together with international and multilateral development financial institutions for infrastructure projects) is expected to result in increase in affordable housing projects and several large infrastructure projects. Our ability to benefit from the considerable investments proposed in the affordable housing and infrastructures sector will be key to our results of operations.

Our manufacturing facility is located in Kutch, Gujarat and the majority of our revenue is derived from sales of cement in western region, including Gujarat, and to some extent in the western coastal region. Accordingly, economic conditions and growth in these regions have a direct impact on our operations, including the level of demand for and supply of cement, which in turn is dependent on the level of economic activity in the industries and markets that we serve, in particular the construction and housing industries. Improvements or declines in the level of business activity in these industries coupled with decline in the local economy could materially affect our results of operations.

Given the size of India and the freight intensive nature of the product, the cement business in India is significantly dependent upon regional demand and supply. Prices in a particular region or market are influenced by the growth in demand, capacity additions and general demand-supply dynamics of that region or market.

Infrastructure and logistics bottlenecks, such as the availability of trucks and cost of transportation and increase in power and fuel prices, may also impact pricing. Further, whenever any new large manufacturing facility comes on stream, it disturbs the demand-supply balance in that region and cement prices tend to soften, especially if the region is already experiencing excess supply.

***Seasonality of business***

Demand for cement is seasonal as climatic conditions, particularly the monsoon, affect the level of activity in the construction industry. As a result, we usually experience relatively weaker sales volume during the quarter ending September 30, and somewhat stronger sales in other quarters more particularly in the quarter ending March 31. We expect our results of operations will continue to be affected by seasonality in the future. Our results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year.

***Capacity Utilization and Operating Efficiencies***

As of March 31, 2017, our installed manufacturing capacity was 4.1 Mn T of cement and 3.30 Mn T of clinker. Higher capacity utilization results in greater production volumes and higher sales, and allows us to spread our fixed costs over a higher quantity of products sold, thereby increasing our profit margins. A summary description of our capacities for major product categories being manufactured in our facilities in India for the six months ended September 30, 2017, fiscal 2017, 2016 and 2015 are set forth below:

| **Particulars** | **Six months ended September 30, 2017** | | | **Fiscal 2017** | | | **Fiscal 2016*** | | | **Fiscal 2015** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Capacity** (1) | **Capacity utilization** | **Sales volume** (2) | **Capacity** (1) | **Capacity utilization** | **Sales volume** (2) | **Capacity** (1) | **Capacity utilization** | **Sales volume** (2) | **Capacity** (1) | **Capacity utilization** | **Sale s volume** (2) |
| Cement (3) | 2.04 | 55% | 1.11 | 4.10 | 62% | 2.53 | 2.97 | 62% | 1.80 | 2.89 | 75% | 2.14 |
| Clinker | 1.64 | 61% | Negligib le | 3.30 | 74% | 0.36 | 2.39 | 73% | 0.27 | 3.30 | 65% | 0.20 |

** represents nine month period ended March 31, 2017*
(1) *In Mn T*
(2) *In MMTPA*
(3) *Includes OPC and PPC.*

We continuously focus on improving our operational efficiencies and reducing operating costs in order to improve our results of operations. We also focus on continuously upgrading the quality of our products and manufacturing processes addressing specific customer requirements and market segments and to improve operational efficiencies and our product mix. Such efforts are also expected to result in significant reduction in operating costs and with increase in volume of production could lead to decrease in manufacturing cost per tonne of cement. We have also made incremental improvements to our equipment over the past few years to increase utilisation rates as well as operational efficiencies. Further, on product mix it has been observed that the proportion of blended cement in the market has been rising, with the share of PPC being the highest. Accordingly, our ability to continue to expand our product portfolio by increasing the proportion of PPC in our product mix remains a key factor.

Further, capacity utilization is dependent on sales undertaken by us, which to a large extent is contingent upon our ability to reach our customers in a cost effective manner, which traditionally has been through road. Increase in our capacity utilization is also dependent on our ability to reach our customers through other means, including sea routes. In this regard, we have commenced supplying our product through sea to customers situated in the western coastal region. We have also commissioned two bulk cement ships during this fiscal to cater to western coastal market, particularly Mumbai, which may otherwise be difficult to cater through road. Ability to develop and leverage shipping infrastructure remains a key component to access markets which cannot be services through road thereby impacting our capacity utilization.

For further details in relation to our capacity expansion, see section titled "*Our Business – Milestones and Major Events*" on page 102.

***Expenditure on power and fuel for production***

Power and fuel expenses generally comprise the largest portion of our total expenditures. While power and fuel expenses accounted for 24.00%, 22.19% and 20.97% of our total expenditure and 22.04%, 20.92% and 19.06%, of our total income for six month ended September 30, 2017, fiscal 2017 and 2016, respectively. Fluctuations in the prices of lignite and imported coal therefore have a significant direct impact on our results of operations. We possess high degree of flexibility in utilising lignite, pet coke, coal in the fuel mix for our clinker process and our captive thermal plant, which in turns helps us in effectively managing our cost of production. For example, in current fiscal our preference for fuel has shifted towards lignite in light of lower cost per kilo calorie compare to other fuels. Further, we are also in the process of implementing a waste heat recovery power plant with a capacity of 13MW to further reduce our power consumption cost.

However, depending on the fuel mix we consume any adverse change in prices of such fuel, including lignite, pet coke or coal will have a direct bearing on our power and fuel expense. Any ban on the fuel we would consume for our operations, may adversely impact our ability to manufacture cement at acceptable costs and may have an adverse effect on our profitability.

## 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. These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is 1 July, 2015. An explanation of effect of transition from Indian GAAP (IGAAP) to Ind AS on Company's Accounts is explained in audited financial statements for fiscal 2017.

b. **Revenue recognition**

**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 subsidy and excludes value added tax/ sales tax.

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, net of accumulated depreciation and accumulated impairment losses, if any. 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**

- **Financial assets**

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

- **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.

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 unrecognised 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 recognised 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.

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:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realised within twelve months after the reporting period, or
4. 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 foreing 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.

## CHANGES IN ACCOUNTING POLICIES

Our audited financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS by our Company. The audited financial statements for the year ended March 31, 2016 and for earlier periods were prepared in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The accounting policies set out in audited financial statements for the year ended March 31, 2017 (Note 1) have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and the opening Ind AS balance sheet at July 1, 2015 (the "**Transition Date**").

## OUR RESULTS OF OPERATIONS

Set forth below is our audited profit and loss statement, the components of which are expressed as a percentage of income for the periods indicated.

### Fiscal 2017 compared to fiscal 2016 (under Ind AS)

*Our Company's fiscal year ends on March 31 of each year, including in respect of the nine month period ending March 31, 2016, prior to which our Company's fiscal year ended on June 30. In the year 2016, in compliance with the requirements of the Companies Act, 2013, our Company changed its fiscal year to a March 31 year end instead of a June 30 year end. Accordingly, our results of operations in fiscal 2016 (9 months) are not comparable to fiscal 2017 (12 months).*

**(in ₹ crores)**

| **Particulars** | **For the year ended 31 March, 2017** | | **For the nine month period ended 31 March, 2016** | |
|---|---|---|---|---|
| | **(in ₹ crores)** | **As % of total income** | **(in ₹ crores)** | **As % of total income** |
| **Revenue** | | | | |
| Sale of Products | 1,098.70 | 99.50 | 838.54 | 99.62 |
| Other Operating Income | 3.32 | 0.30 | 1.48 | 0.18 |
| **I. Revenue from Operations** | 1,102.02 | 99.80 | 840.02 | 99.79 |
| **II. Other income** | 2.24 | 0.20 | 1.74 | 0.21 |
| **III. Total Income (I+II)** | 1,104.26 | 100.00 | 841.76 | 100.00 |
| **IV. Expenses** | | | | |
| Cost of materials consumed | 71.03 | 6.43 | 52.40 | 6.23 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 7.84 | 0.71 | 16.96 | 2.01 |
| Power and fuel | 231.04 | 20.92 | 160.45 | 19.06 |
| Employee Benefits Expenses | 52.53 | 4.76 | 38.24 | 4.54 |
| Depreciation and Amortization Expenses | 73.06 | 6.62 | 53.98 | 6.41 |
| Selling Expenses | 333.32 | 30.18 | 243.16 | 28.89 |
| Other Expenses | 208.07 | 18.84 | 177.64 | 21.10 |
| Finance costs | 64.23 | 5.82 | 22.18 | 2.63 |
| **Total Expenses (IV)** | **1,041.13** | 94.28 | **764.99** | 90.88 |
| **V. Profit/(loss) before Exceptional Items and Tax** | **63.14** | 5.72 | **76.76** | 9.12 |
| **VI. Exceptional Items** | - | | 60.39 | 7.17 |
| **VII. Profit/(loss) before Tax** | **63.14** | 5.72 | **16.38** | 1.95 |
| **VIII. Tax expense:** | | | | |
| 1. Current Tax | - | | 0.39 | 0.05 |

| | | | | | |
|---|---|---|---|---|---|
| | 2. Deferred Tax | - | | - | |
| **IX.** | **Profit/(Loss) for the period** | **63.14** | 5.72 | **15.98** | 1.90 |

**COMPONENTS OF REVENUE AND EXPENDITURE**

The components of our revenue and expenditure are as set forth below.

***Total income***

Our total income consists of revenue from operations and other income.

*Revenue from operations*

Our revenue from operations consists of sale of products, which consists of mainly cement, clinker and RMC manufactured by our Company and other operating income comprising of scrap sale, duty drawback and other miscellaneous income.

*Other income*

Our other income comprises of interest from fixed deposits with banks and other non-operating income comprising of penalties on returned cheques, recoveries from third parties and other miscellaneous income.

***Expenses***

Our expenses consists of cost of materials consumed, changes in inventories of finished goods, work-in-process, and stock-in-trade, power and fuel, employee benefit expenses, depreciation and amortisation expense, selling expenses, other expenses and finance cost.

*Cost of materials consumed*

Our expenditure on materials consists of cost of materials consumed, which primarily include lime stone, fly ash, gypsum and other raw material. In 1996, we secured a mining lease for limestone from the Government of Gujarat over approximately over approximately 1,500 hectares of land which is valid until 2046. Similarly, we also have mining lease for silica, clay and laterite. We generally source fly ash from power plants situated in Mundra.

*Changes in inventories of finished goods, work-in-progress and stock-in-trade*

Our expenditure in relation to change in inventories consist of change in our inventory of finished products (being cement and clinker), work-in-progress (being raw material, raw meal, clinker and cement in process) and goods in transit (being cement and clinker) at the beginning and the end of the year caused by manufacture and sale of our products in the year.

*Power and fuel*

Our power and fuel expenses consist of cost of fuel (i.e. lignite, coal and petcoke) and other miscellaneous expenses. We generally source lignite from GMDC who excavate these from their mines and import coal from overseas suppliers (typically from Indonesia).

*Employee benefit expenses*

Our employee benefit expenses consist of salaries, wages, bonus, contribution to provident fund and other benefits and expenses towards staff welfare.

*Depreciation expenses*

Our depreciation expenses relate to depreciation of fixed assets.

*Selling expenses*

Our selling expenses consist of freight charges, stevedoring expenses, port and shipping expenses and sales and promotion expenses.

*Other expenses*

Our other expenses consist primarily of manufacturing expenses and other operating expenses.

Manufacturing expenses include excise duty paid, consumption of packaging material, consumption of stores and spares and other manufacturing expenses.

Other operating expenses include repairs to plant and machinery, repairs to building, advertisements, CSR expenses and other operating administrative expenses.

*Finance costs*

Our finance costs consist of interest expenses on long term borrowings, short term borrowings from banks and other lenders and other finance cost.

**Significant factors affecting our results during fiscal 2017**

- Demonetisation pursuant to RBI's scheme of withdrawal of legal tender character of the old bank notes; and
- Change in fiscal year to March 31 year from June 30 year, resulting in fiscal 2016 comprises of nine month period compared to fiscal 2017 comprising of 12 month period.

***Total Income***

Our total income was ₹ 841.76 crores in fiscal 2016 compared to ₹ 1,104.26 crores in fiscal 2017.

*Revenue from operations*

*Sale of products*. Our revenues from sale of our products was ₹ 838.54 crores in fiscal 2016 compared to ₹ 1,098.70 crores in fiscal 2017. The relative decrease was primarily due to lower price realisation which was partially offset by increase in sales of cement and clinker.

*Other operating income*. Our other operating income was ₹ 1.48 crores in fiscal 2016 compared to ₹ 3.32 crores in fiscal 2017.

*Other income*

Our other income was ₹ 1.74 crores in fiscal 2016 compared to ₹ 2.24 crores in fiscal 2017.

***Expenses***

Our total expenses were ₹ 764.99 crores in fiscal 2016 compared to ₹ 1,041.13 crores in fiscal 2017.

*Cost of materials consumed.* Our cost of materials consumed was ₹ 52.40 crores in fiscal 2016 compared to ₹ 71.03 crores in fiscal 2017. This increase was primarily due to increase in raw material requirement on account of higher sales, which was partially offset by decrease in the raw material cost.

*Changes in inventories of finished goods, work-in-progress and stock-in trade.* Our closing inventories of finished goods, stock-in-progress and stock-in-trade were lower by ₹ 9.12 crores for fiscal 2017 compared to our opening inventories for fiscal 2017. Such decrease in our closing inventories was primarily due to increase in consumption of inventories for finished goods.

*Power and fuel.* Our power and fuel expenses was ₹ 160.45 crores in fiscal 2016 compared to ₹ 231.04 crores in fiscal 2017. This increase was primarily due to increase in consumption of power and fuel on account of higher consumption of raw materials, coupled with marginal increase in price of power and fuel.

*Employee benefit expenses.* Our employee benefit expenses increased from ₹ 38.24 crores in fiscal 2016 to ₹ 52.53 crores in fiscal 2017. The relatively marginal increase was due to increase in salaries, wages and bonus.

*Depreciation expense.* Depreciation expense was ₹ 53.98 crore in fiscal 2016 and ₹ 73.06 crores in fiscal 2017. This was relatively a marginal increase due to increase in our fixed assets.

*Selling expenses*. Our selling expenses was ₹ 243.16 crores in fiscal 2016 compared to ₹ 333.32 crores in fiscal 2017.

*Other expenses.* Our other expenses was ₹ 177.64 crores in fiscal 2016 compared to ₹ 208.07 crores in fiscal 2017. This increase was primarily due to:

(a) increase in manufacturing expenses from ₹ 112.18 crores in fiscal 2016 to ₹ 157.82 crores in fiscal 2017 primarily on account of increase in excise duty paid due to increase in production volume and increase in consumption of packing material and stores and spares; and

(b) decrease in other operating expenses from ₹ 65.46 crores in fiscal 2016 to ₹ 50.25 crores in fiscal 2017 on account of decrease in repairs to plant and machinery.

*Finance costs.* Our finance costs increased from ₹ 22.18 crores in fiscal 2016 to ₹ 64.23 crores in fiscal 2017, primarily due to fresh borrowings amounting to ₹ 325 crores availed in March 2016, resulting in full impact of interest cost in fiscal 2017.

*Profit before exceptional items and tax*

Our profit before exceptional items and tax was ₹ 76.76 crores in fiscal 2016 compared to ₹ 63.14 crores in fiscal 2017. This decrease was primarily due to increase in finance cost on account of increase in borrowings coupled.

*Tax expense*

We did not provide any tax expense as we were not liable for tax under regular tax provisions and under MAT.

*Profit after tax*

Due to the reasons mentioned above, our profit after tax was ₹ 15.98 crores in fiscal 2016 compared to ₹ 63.14 crores in fiscal 2017.

**Fiscal 2016 compared to fiscal 2015 (under Indian GAAP)**

*Our Company's fiscal year ends on March 31 of each year, including in respect of the nine month period ending March 31, 2016, prior to which our Company's fiscal year ended on June 30. In the year 2016, in compliance with the requirements of the Companies Act, 2013, our Company changed its fiscal year to a March 31 year end instead of a June 30 year end. Accordingly, our results of operations in fiscal 2016 (9 months) are not comparable to fiscal 2015 (12 months).*

| | **Particulars** | **For the nine month period ended March 31, 2016** | | **For the year ended June 30, 2015** | |
|---|---|---|---|---|---|
| | | **(in ₹ crore)** | **As % of total revenue** | **(in ₹ crore)** | **As % of total revenue** |
| | Sale of products | 854.16 | 109.57 | 1,033.06 | 109.98 |
| | Less: | | | | |
| | Excise duty | 77.82 | 9.98 | 102.10 | 10.87 |
| | **Net Sales** | 776.34 | 99.59 | 930.96 | 99.11 |
| | Other operating Income | 0.40 | 0.05 | 1.29 | 0.14 |
| I. | Revenue from operations | 776.74 | 99.64 | 932.26 | 99.25 |
| II. | Other income | 2.82 | 0.36 | 7.10 | 0.76 |
| III. | **Total Revenue (I+II)** | **779.56** | 100.00 | **939.35** | 100.00 |
| IV. | Expenses: | | | | 0.00 |
| | Cost of material consumed | 52.39 | 6.72 | 51.10 | 5.44 |

| | | | | | |
|---|---|---|---|---|---|
| | Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 16.19 | 2.08 | (16.31) | (1.74) |
| | Employee benefits expense | 37.80 | 4.85 | 46.46 | 4.95 |
| | Power and fuel | 160.45 | 20.58 | 246.56 | 26.25 |
| | Selling expenses | 257.55 | 33.04 | 327.49 | 34.86 |
| | Other expenses | 111.59 | 14.31 | 116.56 | 12.41 |
| | Finance Cost | 27.23 | 3.49 | 27.47 | 2.92 |
| | Depreciation | 54.05 | 6.93 | 106.43 | 11.33 |
| | **Total expenses** | **717.25** | 92.01 | **908.76** | 96.74 |
| V. | **Profit before exceptional items & tax** | **62.31** | 7.99 | **30.59** | 3.26 |
| | **Exceptional item –** | | | | |
| | One Time Net Expenses of Lenders' Prepayment | 60.39 | 7.75 | - | |
| | **Profit before tax (III-IV-V)** | **1.92** | 0.25 | **30.59** | 3.26 |
| VI. | **Tax expense:** | | | | |
| | Current Tax | 0.39 | 0.05 | 0.00 | |
| VII. | **Profit after tax for the period** | **1.53** | 0.20 | **30.59** | 3.26 |

**COMPONENTS OF REVENUE AND EXPENDITURE**

The components of our revenue and expenditure are as set forth below.

***Total revenue***

Our total revenue consists of revenue from operations and other income.

*Revenue from operations*

Our revenue from operations consists of net sale of products (excluding excise duty), which consists of cement, clinker and RMC manufactured by our Company and other operating income comprising of scrap sale, duty drawback and other miscellaneous income.

*Other income*

Our other income comprises of interest from fixed deposits with banks and other non-operating income comprising of penalties on returned cheques, recoveries from third parties and other miscellaneous income.

***Expenses***

Our expenses consists of cost of materials consumed, changes in inventories of finished goods, work-in-process, and stock-in-trade, power and fuel, employee benefit expenses, depreciation and amortisation expense, selling expenses, other expenses and finance cost.

*Cost of materials consumed*

Our expenditure on materials consists of cost of materials consumed, which primarily include lime stone, fly ash, gypsum and other raw material. In 1996, we secured a mining lease for limestone from the Government of Gujarat over approximately over approximately 1,500 hectares of land which is valid until 2046. Similarly, we also have mining lease for silica, clay and latrite. We generally source fly ash from power plants situated in Mundra.

*Changes in inventories of finished goods, work-in-progress and stock-in-trade*

Our expenditure in relation to change in inventories consist of change in our inventory of finished products (being cement and clinker), work-in-progress (being raw material, raw meal, clinker and cement in process) and goods in transit (being cement and clinker) at the beginning and the end of the year caused by manufacture and sale of our products in the year.

*Employee benefit expenses*

Our employee benefit expenses consist of salaries, wages, bonus, contribution to provident fund and other benefits and expenses towards staff welfare.

*Power and fuel*

Our power and fuel expenses consist of cost of fuel (i.e. lignite, coal and petcoke) and other miscellaneous expenses. We generally source lignite from GMDC who excavate these through their mines and import coal from overseas suppliers (typically from Indonesia).

*Selling expenses*

Our selling expenses consist of freight charges, stevedoring expenses, port and shipping expenses and sales and promotion expenses.

*Other expenses*

Our other expenses consist primarily of manufacturing expenses and other operating expenses.

Manufacturing expenses include consumption of packaging material, consumption of stores and spares and other manufacturing expenses.

Other operating expenses include repairs to plant and machinery, repairs to building, advertisements, CSR expenses and other operating administrative expenses.

*Finance costs*

Our finance costs consist of interest expenses on long term borrowings, short term borrowings from banks and other lenders and other finance cost.

*Depreciation expenses*

Our depreciation expenses relate to depreciation of fixed assets.

**Significant factors affecting our results during fiscal 2016**

- Early redemption of loans and preference shares;
- Change in fiscal year to March 31 year from June 30 year, resulting in fiscal 2016 comprises of nine month period compared to fiscal 2015 comprising of 12 month period.

***Total revenue***

Our total revenue was ₹ 939.35 crores in fiscal 2015 compared to ₹ 779.56 crores in fiscal 2016.

*Revenue from operations*

*Net sales*. Our net sales was ₹ 930.96 crores in fiscal 2015 compared to ₹ 776.34 crores in fiscal 2016. The relative increase in our net sales is due to higher sales which was partially set off by lower price realisation.
*Gross sales.* Our gross sales was ₹ 1,167.21 crores in fiscal 2015 compared to ₹ 958.73 crores in fiscal 2016.

*Other operating income*. Our other operating income decreased from ₹ 1.29 crores in fiscal 2015 to ₹ 0.40 crores in fiscal 2016.

*Other income*

Our other income was ₹ 7.10 crores in fiscal 2015 compared to ₹ 2.82 crores in fiscal 2016.

***Expenses***

Our total expenses was ₹ 908.76 crores in fiscal 2015 compared to ₹ 717.25 crores in fiscal 2016.

*Cost of materials consumed.* Our cost of materials consumed was ₹ 54.10 crores in fiscal 2015 compared to ₹ 52.39 crores in fiscal 2016. This relative increase was primarily due to contribution made to the District Mineral Fund and National Exploration Trust in accordance with the MMDRA.

*Changes in inventories of finished goods, work-in-progress and stock-in trade.* Our closing inventories of finished goods, stock-in-progress and stock-in-trade were decreased by ₹ 16.19 crores for fiscal 2016 compared to our opening inventories for fiscal 2016. Such increase in our closing inventories was primarily due to increase in consumption of inventories for finished goods.

*Employee benefit expenses.* Our employee benefit expenses was ₹ 46.46 crores in fiscal 2015 compared to ₹ 37.80 crores in fiscal 2016. The relative increase was primarily due to regular increase in salaries, wages and bonus.

*Power and fuel.* Our power and fuel expenses were ₹ 246.56 crores in fiscal 2015 compared to ₹ 160.45 crores in fiscal 2016. This relative decrease was primarily due to decrease in cost of pet coke and coal.

*Selling expenses*. Our selling expenses was ₹ 327.49 crores in fiscal 2015 compared to ₹ 257.55 crores in fiscal 2016. The relative increase in selling expenses was primarily due to increase in freight charges on account of higher sales to customers, which was partially offset by relative decrease in sales and promotion expenses.

*Other expenses.* Our other expenses were ₹ 116.56 crores in fiscal 2015 compared to ₹ 111.59 crores in fiscal 2016. This decrease was primarily due to:

(a) relatively marginal decrease in manufacturing expenses from ₹ 61.6 crores in fiscal 2015 to ₹ 46.13 crores in fiscal 2016; and

(b) increase in other operating expenses from ₹ 54.96 crores in fiscal 2015 to ₹ 65.46 crores in fiscal 2016 on account of increase in repairs to plant and machinery.

*Finance costs.* Our finance costs was ₹ 27.47 crores in fiscal 2015 compared to ₹ 27.23 crores in fiscal 2016. The relative increase in the finance cost was primarily due to increase in our borrowing cost.

*Depreciation expense.* Depreciation expense was ₹ 106.43 crores in fiscal 2015 compared to ₹ 54.05 crores in fiscal 2016, primarily due to change in useful life of plant and machinery owing to the rules prescribed under Companies Act, 2013 towards depreciation.

*Profit before tax exceptional items and tax*

Our profit before exceptional items and tax was ₹ 30.59 crores in fiscal 2015 compared to ₹ 62.31 crores in fiscal 2016. This increase was primarily due to higher sales.

*Exceptional items*

During fiscal 2016, we made provision of one time exceptional expenses of ₹ 60.39 crores, towards repayment of cumulative concessions availed in past from our lenders.

*Tax expense*

We did not provide any tax expense as we were not liable for tax under regular tax provisions and under MAT.

*Profit after tax*

Due to the reasons mentioned above, our profit after tax was ₹ 30.59 crores in fiscal 2015 compared to ₹ 1.53 crores in fiscal 2016.

**INDEBTEDNESS**

As at March 31, 2017, our borrowings (long term and short term) aggregated to ₹ 599.41 crores, which consisted of long term borrowings (excluding current maturities) amounting to ₹ 459.02 crores, short term borrowings amounting to ₹ 127.81 crores and current maturities of long term borrowings amounting to ₹ 12.58 crores.

(in ₹ crores)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at June 30, 2015 |
|---|---|---|---|
| Long term borrowings | | | |
| *Secured* | 459.02 | 471.23 | 282.29 |
| *Unsecured* | - | | |
| Short term borrowings | | | |
| *Secured* | 127.81 | 65.22 | 52.75 |
| *Unsecured* | - | | |
| Other current liabilities | | | |
| Current maturities of long term borrowings | 12.58 | 66.63 | 157.49 |
| **Total borrowings** | **599.41** | **603.08** | **492.53** |

Our loans are secured by way of mortgage of our factory land and building and hypothecation of other present and future assets of the Company on a pari-passu/exclusive first charge/second charge basis. Our financing agreements include various conditions and covenants restricting certain activities and certain transactions. Specifically, we may require lender consents to sell or dispose assets charged, effect any change in capital structure, dilute the shareholding of the promoters, access capital markets for mobilizing additional resources in the form of debt or equity, effect any change in debt-equity ratio, undertake guarantee obligations, undertake new project or expansion, effecting any amalgamations or mergers, make any drastic change in management and Board of Directors and permit any transfer of controlling interest. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and may adversely affect our ability to conduct our business and operations or implement our business plans. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations.

## CONTINGENT LIABILITIES NOT PROVIDED FOR

The following table sets forth certain information relating to our contingent liabilities as of March 31, 2017:

| Particulars | As at 31.03.2017 (in ₹ crores) |
|---|---|
| Excise & Service Tax | 61.46 |
| Customs | 12.41 |
| Sales Tax | 1.76 |
| Claims of Gujarat Water Supply and Sewerage Board | 26.38 |
| Land Revenue Tax | 1.17 |
| Electricity Duty | 3.30 |
| Other Claims against the Company | 2.27 |
| **Total** | **108.75** |
| **(Less) Deposits** | **(52.12)** |
| **Net liability** | **56.63** |

## OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2017, our Company does not have any off-balance sheet arrangements, derivative instruments or other relationships with any entities that would have been established for the purpose of facilitating off balance sheet arrangements, except in relation to contracts pending execution on capital account and not provided amounting to ₹ 24.74 crores.

## INTEREST COVERAGE RATIO

The following table details the Company's interest coverage ratio as per its standalone financial statements as of March 31, 2017, March 31, 2016 and June 30, 2015:

| | For the year ended March 31, 2017 (Ind AS) | For nine month period ended March 31, 2016 (Indian GAAP) | For the year ended June 30, 2015 (Indian GAAP) |
|---|---|---|---|
| (i) Earnings before interest and tax (in ₹ crores) | 127.37 | 89.54[#] | 58.06 |
| (ii) Interest expended (in ₹ crores) | 64.23 | 27.23 | 27.47 |
| **Interest coverage ratio** | **1.98** | **3.29** | **2.11** |

*[#] For the audited financial statements for the nine months ended March 31, 2016 an exceptional amount of ₹ 60.39 crores has not been considered as interest expended being one time net expenses of lenders prepayment. If the same is considered the ratio would have been 1.71.*

## LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have been to finance our working capital needs and capital expenditure. We have financed our operations primarily by way of cash flow from operations and long-term and short-term borrowings in the form of cash credits.

We had cash and bank balances of ₹ 16.27 crores and ₹ 83.03 crores as of March 31, 2017 and 2016, respectively. Our anticipated cash flows are however dependent on several factors beyond our control. Set forth below is a summary of our cash flow data for the periods indicated.

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| | In ₹ crores | |
| Net cash from/(used in) operating activities | 76.00 | 142.42 |
| Net cash from/(used in) investing activities | (7.87) | (123.52) |
| Net cash from/(used in) financing activities | (68.22) | (18.96) |

***Cash Flow from/ (used in) Operating Activities***

Our net cash from operating activities for fiscal 2017 was ₹ 76.00 crores. While our profit before tax was ₹ 62.97 crores for fiscal 2017, we had operating profit before working capital changes of ₹ 199.79 crores, primarily as a result of adjustments to the profit made for non-cash items such as depreciation and amortization expense, finance costs and interest income. Our working capital adjustments to our net cash generated from operations for fiscal 2017 mainly included increase in inventories of ₹ 48.13 crores and increase in trade and other receivables of ₹ 5.50 crores, increase in other current assets, loans and advances of ₹ 48.86 crores and decrease in trade payables and other liabilities and provisions of ₹ 19.79 crores.

Our net cash from operating activities for fiscal 2016 was ₹ 142.42 crores. While our profit before tax was ₹16.37 crores for fiscal 2016, we had operating profit before working capital changes of ₹ 141.97 crores, primarily as a result of adjustments made for non-cash items such as depreciation and amortization expense, finance costs, interest income, etc. Our working capital adjustments to our net cash generated from operations for fiscal 2016 mainly included decrease in inventories of ₹ 4.97 crores, increase in trade and other receivables of ₹2.66 crores, increase in other current assets, loans and advances of ₹ 6.57 crores and net increase in trade payables and other liabilities and provisions of ₹ 4.82 crores.

***Cash Flow from/ (used in) Investing Activities***

Our net cash used in investing activities for the fiscal 2017 was ₹ 7.87 crores, reflecting payments for purchase of fixed assets and capital work in progress of ₹ 75.22 crores and liquidation of fixed deposits from Banks of ₹ 66.68 crores, partially offset by sale of fixed assets of ₹ 0.13 crores and interest income of ₹ 0.54 crores.

Our net cash used in investing activities for the fiscal 2016 was ₹123.52 crores, reflecting payments for purchase of fixed assets and capital work in progress of ₹ 46.38 crores and investment of fixed deposits in Banks of ₹ 77.56 crores, partially offset by sale of fixed assets of ₹ 0.01 crores and interest income of ₹ 0.41 crores.

***Cash Flow from/ (used in) Financing Activities***

Our net cash used in financing activities for fiscal 2017 was ₹ 68.22 crores, reflecting availment of secured long-term borrowings of ₹ 148.58 crores, availment of secured short-term borrowings of ₹ 62.59 crores, repayment of loan of ₹ 209.10 crores and payment of interest and financial charges of ₹ 70.29 crores.

Our net cash used in financing activities for fiscal 2016 was ₹18.96 crores, reflecting availment of secured long-term borrowings of ₹284.95 crores, availment of secured short-term borrowings of ₹12.47 crores, repayment of loans of ₹109.87 crores, repayment of redeemable preference shares of ₹42.66 crores and payment of interest and financial charges of ₹163.85 crores.

## QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

We are exposed to market risks that are related to the normal course of our operations such as interest rate, liquidity risk, foreign exchange risk and reputational risk, which may affect economic growth in India and the value of our financial liabilities, our cash flows and our results of operations.

### *Interest Rate Risk*

Our Company's exposure to interest rate risk relates primarily to its long term and short term debt. As of September 30, 2017 and March 31, 2017, our Company has outstanding secured loans of ₹ 728.40 crores and ₹ 599.41 crores, all of which bore interest at floating rates. Therefore, fluctuations in interest rates could have the effect of increasing the interest due on our Company's outstanding debt. Our Company currently does not, and has no plans to engage in, interest rate derivative or swap activity.

### *Liquidity Risk*

Our Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due. Our Company manages its liquidity profile through the efficient management of existing funds and effective forward planning for future funding requirements.

Going forward, and to the extent it is able to do so, our Company intends to primarily use internally generated funds to meet its financing requirements, except in relation to its proposed expansion plan which shall be funded through internal accruals and other modes of financing including equity and debt.

### *Foreign Exchange Risk*

We are exposed to exchange rate risk. A certain portion of our products are exported by us in U.S. dollars. Any appreciation in the value of the Rupee against U.S. dollar would decrease the realisation of Rupee value of our products. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. While we do not enter into hedging arrangements against currency exchange rate risks, we believe we are naturally hedged against such fluctuations to the extent they are covered through imports denominated in U.S. dollars. However, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates and we will be subject to foreign exchange fluctuations to the extent of uncovered net foreign exchange receivables or payables. Adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition.

### *Credit Risk*

We are exposed to credit risk on amounts owed to us by our dealers or customers. If they do not pay us promptly, or at all, it may impact our working capital cycle and/or we may have to make provisions for or writeoff on such amounts.

### *Commodity Price Risk*

We are exposed to the price risk associated with purchasing our fuel. We generally do not enter into long-term firm price contracts for the supply of our fuel. Therefore fluctuations in the price and availability of these fuel may adversely affect our business and results of operations.

## SIGNIFICANT DEVELOPMENTS

To our knowledge, there has been no significant developments post March 31, 2017, except as mentioned below:

(a) declaration of unaudited interim limited reviewed financial statements for six month period ended September 30, 2017;
(b) resignation of Mr. T. M. Jagan Mohan from our Board; and
(c) significant developments mentioned elsewhere in this Placement Document.

## INDUSTRY OVERVIEW

*The information contained in this section is derived from various industry and publicly available resources. The information also includes information available from reports or databases of CRISIL. The Company, its Directors, the Placement Agents nor any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.*

*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the Cement Market Assessment for India and Western Region, released in January 2018 (the "Report") based on the Information obtained by CRISIL from sources which it considers reliable ("Data"). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*

### Macroeconomic Scenario: India

The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. However, long-term challenges remain significant. (Source: CIA Factbook)

Recent data suggests that India's economic recovery is gradually taking hold following a lackluster performance in Q1 FY 2017. The economy grew at a faster 6.3% in year-on-year terms in Q2 FY 2017, which runs from July to September, with the effects of demonetization and the implementation of the Goods and Services Tax (GST) gradually dissipating. Although the fourth quarter got off to a weaker start, with seasonal effects dragging on economic activity in October, stronger data for November, including auto sales and the manufacturing PMI, suggests that the economy remains on a recovery path. Meanwhile, Moody's upgraded the country's sovereign issuer ratings to Baa2 from Baa3 in mid-November. The ratings agency expects the government's reform agenda to unleash India's growth potential and help drive down the government debt burden over the medium term, thus warranting a higher credit rating. (Source: https://www.focus-economics.com/countries/india)

### Overview of Cement Industry

The Indian Cement market is the second largest in the world after China and accounts for approximately 260 mtpa of cement demand. Cement demand in the India has grown at 3.2% CAGR over last 5 years reaching approximately 263 mtpa in 2016-17. As cement industry is largely regional in nature owing to high logistics cost, the share of imports (in local consumption) and exports (in local production) is very small.

The cement industry in India has been growing at 1.2 times of GDP growth in the past two decades. However, with continued decline in the investment-to-GDP ratio, there has been significantly lower capital formation in the economy. This, in turn, has reflected in the cement-to-GDP multiplier being consistently below one over last few years. Pan-India cement demand grew at 3.2% CAGR between 2011-12 and 2016-17.

### Regional Outlook

***Western India - Maharashtra***

Maharashtra is one of the fastest growing states in recent times with GSDP growing at a healthy pace of 7-8% CAGR in the period 2011-12 and 2016-17. The state GSDP grew at 9.4% year on year in 2016-17 compared to India's GDP growth of approximately 7% led by robust growth in services sector (10-11% year on year) which accounts for 55-60% of Maharashtra's GSDP.

Maharashtra's cement demand is estimated at 31-32 MT, constituting nearly 12% India's cement demand. Further the state's cement consumption has risen at 3-4% CAGR over the past 5 years, in tandem with India's average growth rate of 3.2%. During 2006-07 to 2011-12, cement demand rose robustly at 8-9%, propelled by strong economic growth infrastructure spending, and developing real estate markets in key cities such as Mumbai, Pune and Nasik. State's GDP increased at 11.5-13.5%, construction GDP increased at 16-17% during the same period. Demand growth moderated between 2011-12 to 2016-17 to 3-4% CAGR to reach 31-32 million Tonnes largely due to economic slowdown, supply overhang in key real estate markets, poor monsoons (impacting rural demand), water and aggregate availability issues in rural and semi urban areas. The consumption growth in the period was led by increased state spending on infrastructure construction especially road, irrigation, metro projects and impetus to low cost housing under the Pradhan Mantri Awas Yojnain semi-urban and urban areas. Maharashtra state government expenditure on urban development and transport infrastructure nearly doubled over the past 5 years.

The Mumbai Metropolitan Region comprising of Mumbai/Thane and Pune constitutes 25-30% and 15-20% of overall state demand. The Mumbai Metropolitan Region, the financial and commercial hub of India, occupies the largest share in state demand owing to large population base, high level of urbanization and development in terms of penetration of real estate and infrastructure. Pune is the second largest cement consumer in Maharashtra with high penetration of real estate construction on back of development in IT/ITeS sector in the recent past. Both the districts have also witnessed significant proportion of industrial activity further augmenting cement demand in the region. The share of OPC consumption and non-trade sales is very high in these regions owing to large proportion of institutional sales in infrastructure and housing (high rise real estate construction). Mumbai and Pune have seen a sluggish growth in real estate in the past 2-3 years given high proportion of housing inventory/prices, and declining investor interest. The absorption of housing units in Mumbai and Pune has declined at a CAGR of 4-5% over the past 2 years owing to demonetization, RERA, high average capital values and economic slowdown impacting investor sentiment.

The Mumbai Metropolitan region is predominantly a non-trade market owing to higher penetration of high rise real estates and execution of key infrastructure projects in Mumbai and Thane cities. Share of trade segment in Pune is relatively higher than in Mumbai owing to relatively higher penetration of IHB segment. About 45-55% demand from non-trade segment comprises of bulk cement in Mumbai. The proportion of bulk cement dwindles down slightly to 35-45% of non-trade share in Pune.

*Segment outlook in Maharashtra*

The trade segment contributes 55-60% of overall cement demand in the state on back of higher penetration of individual households in Marathwada, Khandesh and Vidarbha regions and execution of various small infrastructure projects which do not necessitate bulk procurement through non-trade channel (to the tune of 200-500 bags per order) support the share of trade in overall demand. Share of non-trade segment has risen over the past few years and currently accounts for 40-45% of the overall state demand owing to higher share of real estate projects viz. residential and commercial construction in cities such as Mumbai, Thane, Pune, Nagpur, Nasik etc. and governments' focus on development of transport and irrigation infrastructure in the state.

PPC is a widely consumed cement grade in Maharashtra, estimated to have a share of 55-60% in the overall demand in fiscal 2017. Higher preference for PPC is largely attributed to cost-benefit dynamics and easy availability of fly ash (from power plants) for blending within the state. The share of OPC is estimated to be about 35-40% as the usage is limited to structurals in high rise residential & commercial projects and large ticket infrastructure projects, which are concentrated in Konkan and Desh clusters. The preference for PPC is higher in Khandesh, Marathwada and Vidarbha regions, majorly consumed in the dominant IHB segment and small infrastructure/retail projects. PSC holds a marginal share of 0-3% in the state.

***Western India - Gujarat***

Gujarat GSDP grew at a healthy rate of 8-9% CAGR between the period 2011-12 and 2016-17 led by growth in industries and services sector in the state. However, the growth during 2016-17 moderated on account of sluggish pace of activity in the industrial sector which grew 5-6% year on year in 2016-17.

Gujarat's cement demand is estimated at 22-23 MT, constituting nearly 9% India's cement demand. Further the state's cement consumption has risen at 4-5% CAGR over the past 5 years, slight above with India's average growth rate of 3.2%. Gujarat cement demand grew at 11-12% CAGR from 2006-07 to 2011-12, largely spearheaded by increase in infrastructure and industrial construction in the state, supported by housing especially in Tier-I and Tier-II cities.

Cement demand growth in the state moderated to 4-5% CAGR from 2011-12 to 2016-17 to reach 22-23 MTPA. The modest pace of growth was largely on account of slowdown in the housing and industrial activity and policy level factors such as demonetization, GST etc. Investment in housing was impacted due to lesser than average monsoons and implementation of RERA. Credit growth of scheduled commercial banks for the state slowed to 8-9% in fiscal 2017 as compared to robust 11-12% in the previous fiscal.

Infrastructure demand was the key contributor to cement consumption in the state with state government expenditure in transport, water supply & sanitation, urban development and irrigation rose at CAGR of 13% from 2011-12 to 2016-17. South and North Gujarat are the key contributors to cement demand in the state, constituting nearly 65-70% of overall consumption.Cement demand in Gujarat is expected to grow at a CAGR of 5-6% over the next five years, projected to reach 29-30 MTPA by 2021-22.

*Segment outlook in Gujarat*

The trade segment in Gujarat accounts for 50-55% of the overall sales. The trade segment constitutes majority sales emulating from housing (IHB and small-medium real estate projects) and small infrastructure and retail outlet construction. Share of non-trade segment has risen over the past few years and currently accounts for 45-50% of the overall state demand owing to increasing share of transport and irrigation infrastructure in the state, further supported by industrial and commercial construction in the state.

PPC and OPC are the most widely consumed cement grades in Gujarat, occupying nearly similar share in in the overall demand for fiscal 2017. Relatively higher share of OPC as compared to India average is on account of higher share of non-trade sales viz. infrastructure, industrial and large real estate projects. With further impetus to infrastructure, the share of non-trade sales is slated to improve and thus consumption of OPC is expected to rise further. PSC, meanwhile, holds a negligible share of 0-2% in the state.

**Industry-wise Outlook and Demand**

***Housing***

*Maharashtra*

Housing segment accounts for a majority share in overall state demand owing to higher penetration of households in clusters such as Desh, Khandesh, Marathwada and Vidarbha regions. The demand for urban housing (real estate) is largely driven by cities such as Mumbai, Thane, Pune, Nasik and Nagpur owing to employment-led migration, better economic activity and high level of infrastructure development. Whereas individual houses are largely preferred in the semi-urban and rural areas.

The slowdown in housing segment in the last 4-5 years owing to high inventory overhang, impact of RERA and demonetization has resulted in a gradual rise in the share of infrastructure led cement demand with implementation of large ticket projects in road, rail, metro, and irrigation segments.

Demand from housing sector is expected to grow at a modest pace of 3-4% CAGR over the next 5 years attributed to government initiatives like housing for all and rapid urbanization in cities such as Nagpur and Pune:

- A slowdown in housing segment was witnessed over the past few years on account of existing inventory, affordability concerns on account of high capital values and impact of RERA, GST and demonetization
- Real estate market in Mumbai and Pune shall remain subdued over the next 2-3 years owing to negligible growth in absorption rates and an oversupply situation. About 340-360 million sq.ft. of supply is envisaged against a demand of 270-290 million sq. ft. in the 2 cities by end of 2019
- Growth in housing is expected to gradually revive over the next 5 years, driven by affordable and individual housing segment

- Steady growth in housing credit by banks has improved absorption rates. The decline in housing inventory is expected to influence initiation of new real estate projects, thereby supporting overall demand from housing segment in Teir-II cities
- Under PMAY, construction of nearly 15,000 houses is planned to relocate population staying in approximately 400 slums in Nagpur
- With complete implementation of RERA, work on several stalled projects in urban and metropolitan regions is expected to re-start in order to meet project timelines
- Construction activity on the IHB housing front is expected to pick up pace with normal monsoons, lower interest rates and government initiatives such as credit linked subsidy, financial inclusion etc.
- Maharashtra has a shortage of nearly 2 million households and about 14% of the population is currently residing in rented houses. Migration to permanent houses will provide a further impetus to housing demand

*Gujarat*

Housing sector constitutes 50-55% of total cement demand in the state followed closely by infrastructure and industries led cement consumption at 45-50%. Individual houses (IHB) constitutes 60-70% of housing demand and rest 30-40% is comprised by real estate construction in cities such as Ahmedabad, Vadodara, Rajkot and Surat etc. and affordable housing projects. As per census 2011, the housing demand has been on a gradual rise with total households increasing to about 13 million in 2011-12 against 10 million in 2001-02.

RERA and demonetization have majorly impacted housing and industrial development in Gujarat in fiscal 2017. The absorption of new homes has been on a decline in key cities owing to high capital values and declining investor sentiment. The residential real estate supply is also reeling under pressure with slow pace of construction activity and lesser initiation in new projects.

Demand from infrastructure is majorly constituted by ongoing projects in roads/highways, metro, rail and irrigation sectors. The Gujarat state government budgeted estimate for 2016-17 for expenditure on construction of roads and bridges was Rs. 39 billion, an on-year rise of 1-2% from Rs. 38.5 billion in 2015-16.

***Infrastructure***

*Maharashtra*

Infrastructure construction received an investment impetus from the state government, increasing the pace of construction activity on projects such as road widening and concretization, urban transportation projects such as metro and monorail, irrigation, and ports amongst others. The Maharashtra state government budgeted estimate for 2017-18 for expenditure on construction of roads and bridges was Rs. 70 billion, an on-year rise of 45% from Rs. 48 billion in 2016-17.

Demand from infrastructure sector is poised to witness a robust growth at 8-9% CAGR over the next 5 years on account of government focus on execution of key infrastructure projects under transportation and urban development in the state.

Length of roads in the state has seen a robust growth in the past few years and the state government is expected to continue improving connectivity of smaller towns and districts to urban / semi urban areas. The state government revenue expenditure on infrastructure has risen at a CAGR of 13% from Rs. 144 billion in 2011-12 to Rs. 261 billion in 2016-17. Ongoing construction of metro rail projects to be a key driver in infrastructure growth. A total of 6 metro lines are currently under construction (4 in MMR and 1 each in Pune & Nagpur).

Furthermore, execution of other key projects is expected to elevate demand from infrastructure sector in the near term:

- Mumbai-Delhi Dedicated Freight Corridor
- Coastal Road and Trans harbour Link in Mumbai and Outer ring road in Pune
- Road network upgradation - concretization and lane widening activities for national and state highways
- Mumbai-Nagpur Samruddhi expressway
- Navi Mumbai Airport

- Smart city mission launched in the Pune district – to entail an investment of approximately Rs. 30 billion

*Gujarat*

Infrastructure is expected to be key demand driver over the next 5 years. Demand from infrastructure sector is slated to grow at a strong 7-8% CAGR over the next 5 years on account of government focus on execution of key infrastructure projects in roads, railway, metro and irrigation sectors. The state government revenue expenditure on infrastructure has risen at a CAGR of 14% from Rs. 93 billion in 2011-12 to Rs. 181 billion in 2016-17. Infrastructure investments. Length of roads in Gujarat have risen at a CAGR of nearly 4% from 2011-12 to 2015-16 and state's construction GDP improved at a CAGR of 5%.

Key large (ongoing / planned) projects in the infrastructure sector comprise of

- Mumbai-Delhi Dedicated Freight Corridor (nearly 40% of the entire corridor passes through Gujarat)
- Ahmedabad - Gandhinagar Metro
- Surat Metro
- Mumbai – Ahmedabad High Speed Rail
- Several road upgradation projects - concretization and lane widening activities for national and state highways

***Industrial***

*Maharashtra*

Demand from the sector is expected to grow at a modest pace of 4-5% CAGR over the next 5 years. A healthy industrial base in the state is expected to create cement demand from upgradation/ modernization projects in steel, pharmaceuticals, automobile, chemicals, engineering amongst others.

- Sona Alloy's steel plant expansion plan in Ratnagiri attracting approximately Rs. 32 billion investment
- Textile unit by Raymond
- Dairy project by Amul in Vidarbha cluster

Demand in commercial sector will be driven largely by development of services and manufacturing sector comprising BFSI and IT/ITeS. Employment led migration shall support urbanization in cities leading to construction of retail outlets, shopping malls, recreation centers, multiplexes, etc.

- About 9-9.5 million sq. ft. of commercial/office spaces to be built in Mumbai over the next 2-3 year, majorly in BFSI and IT/ITeS sector
- About 5-6.5 million sq. ft. of commercial/office spaces to be built in Pune over the next 2-3 years, largely in the IT/ITeS sector

*Gujarat*

Industrial construction in South Gujarat (Surat, Valsad Bharuch and Vadodara) and Kutch clusters have largely contributed to cement consumption in the past few years. Commercial sector also witnessed moderate growth especially in the cities such as Ahmedabad, Vadodara and Surat driven by developments in BFSI, IT/ ITeS and retail establishments (shopping complex/malls/multiplex).

Demand from industrial sector is expected to grow at a healthy pace over the next 5 years. Development of Special Investment region by the Gujarat state government in Dholera and Mandal Bechraji is slated to improve private investments in the industrial space. Furthermore, the construction of western dedicated freight corridor will lift industrialization activities in rural and semi-urban areas. Demand in the commercial sector will be led by construction of IT parks and special economic zones in cities such as Ahmedabad, Bharuch, Kachchh, Vadodara, Surat etc. Several hotels are currently under construction in urban areas of Ahmedabad, Surat and Vadodara; supporting demand from commercial construction.

Key ongoing / planned projects in the industrial and commercial space include:

- Welspun Steel's 3 MTPA crude steel unit in Kachchh district
- Rashmi Seamless's 2.5 lakh TPA seamless pipes unit at Dahej in Bharuch district
- A 3 lakh TPA iron and steel products plant in Ahmedabad district
- IT Park in Vadodara
- Construction of Pharma SEZ in Bharuch
- Construction of Gujarat International Finance Centre in Gandhinagar
- An SEZ at Kandla Port
- An Oil and Gas SEZ at Bharuch

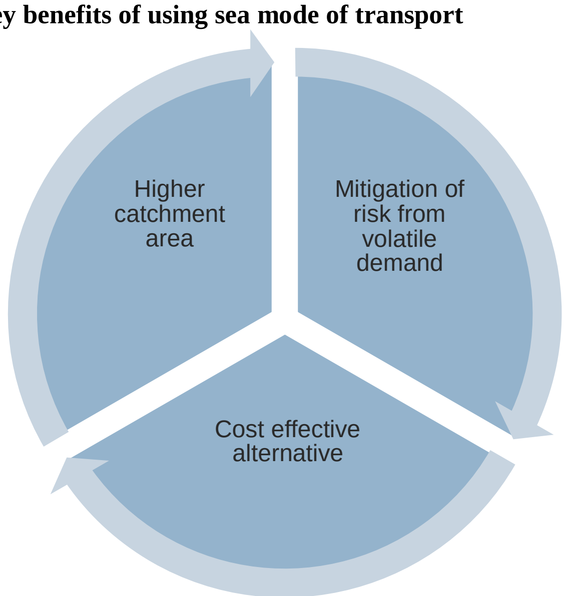
**Logistics in Indian cement industry**

Traditionally, a large proportion of cement production in India is transported through road network, owing to several factors such as better connectivity to remote areas, improving network as well issues related to rail/ rake availability & material handling. Additionally, for smaller distance (up to 200 km), transportation through road is more economical compared to rail. Moreover, it offers flexibility to transport smaller quantum of cement. In 2011-12, road transport accounted for about 2/3$^{rd}$ of the total pan-India cement dispatches, followed by rail, accounting for approximately 34%. Transport through sea accounted for a marginal share of approximately 1-2%.

By the end of 2016-17, the share of road in cement transportation increased further to approximately 65-70% levels, primarily as issues related to rail transportation continued to exist amidst improved road connectivity over the years in key remote areas as well as stable diesel prices (as against gradual hike of 7-8% CAGR in rail freight). Furthermore, rapid capacity additions (to the tune of approximately 135 million tonnes) during FY12-FY17 period forced players to expand their presence, with higher reliance on road network.

The share of sea, though improved to approximately 4% of total dispatches in FY17, still remained at nascent stage owing to lack of any major development in the ecosystem such as developing captive jetty, bulk container terminal, packaging plants near ports etc.

**Key benefits of using sea mode of transport**




*Source: Industry, CRISIL Research*

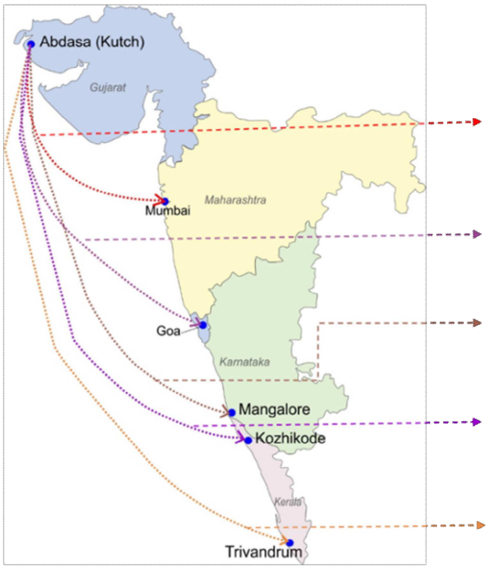
- **Higher catchment area:** Transportation through sea allows cement manufactures to expand their geographical reach in areas farther than approximately 450 km from their cement plants in key coastal demand cluster. Over the past few years, key large players have widened their market share in key demand clusters in states such as Maharashtra, Karnataka, and Kerala etc. from their manufacturing plants in Gujarat through sea route.

- **Cost effective alternative:** The freight component (typically accounting for about 25-30% of total cost), therefore, plays a major role in enhancing the competitiveness of a cement manufacturer within the demand cluster. Transportation through sea has the lowest per tonne freight cost as compared to the other two modes of transportation. For example, freight for transportation on Kutch to Trivandrum route (around approximately 2550 km) via sea would be cheaper by approximately 40-50% than rail and that of rail will be further cheaper by approximately 25% than road. Moreover, the incremental increase in sea freight will be lower as the distance increases compared to road and rail.

- **Mitigation of risk from volatile demand environment:** Reliance on sea transportation helps company mitigate the risk from volatility in demand in key clusters and offload inventory in other high growth clusters, supporting overall sales volumes.

Geographical expansion by cement manufacturers is influenced by various factors such as pricing of competitors in the demand cluster, number of cement plants and their location, share of sales channel (trade vs. non-trade), brand perception of players currently catering to the demand cluster etc. Transportation through sea route is typically feasible for a distance longer distance where the demand cluster is nearer to the port. In case the demand cluster is farther from a specified port, the company will incur additional secondary freight from port to the demand cluster. However, despite secondary freight, the effective freight cost will be lower as compared to road transport.

**Key routes for cement transportation and freight cost**




| Distance in Km (Road) | Freight by Sea | Freight by Rail | Freight by Road |
|---|---|---|---|
| ~850 | Rs 1,250-1,350 | Rs 1,500-1,600 | Rs 2,000-2,100 |
| ~1,400 | Rs 1,700-1,800 | Rs 2,550-2,650 | Rs 3,200-3,300 |
| ~1,750 | Rs 1,800-1,900 | Rs 3,000-3,100 | Rs 3,650-3,750 |
| ~2,000 | Rs 1,900-2,000 | Rs 3,250-3,350 | Rs 4,100-4,200 |
| ~2,550 | Rs 2,000-2,100 | Rs 3,650-3,750 | Rs 4,850-4,950 |

*Note: The freight costs are approximate and include loading/unloading charges*
*Source: Industry, CRISIL Research*

*The following information is qualified in its entirety, and should be read together with, the more detailed financial and other information included in this Placement Document, including the information contained in the section titled "Risk Factors," beginning on page 46.*

*Our Company's fiscal year ends on March 31 of each year, including in respect of the nine month period ending March 31, 2016, prior to which our Company's fiscal year ended on June 30. In the year 2016, in compliance with the requirements of the Companies Act, 2013, our Company changed its fiscal year to a March 31 year end instead of a June 30 year end. Accordingly, our results of operations in fiscal 2016 are not comparable to either fiscal 2017 or fiscal 2015. In this Placement Document (i) the term fiscal 2017 denotes the 12 months ended March 31, 2017; (ii) fiscal 2016 denotes the nine months ended March 31, 2016; (iii) fiscal 2015 denotes the 12 months ended June 30, 2015.*

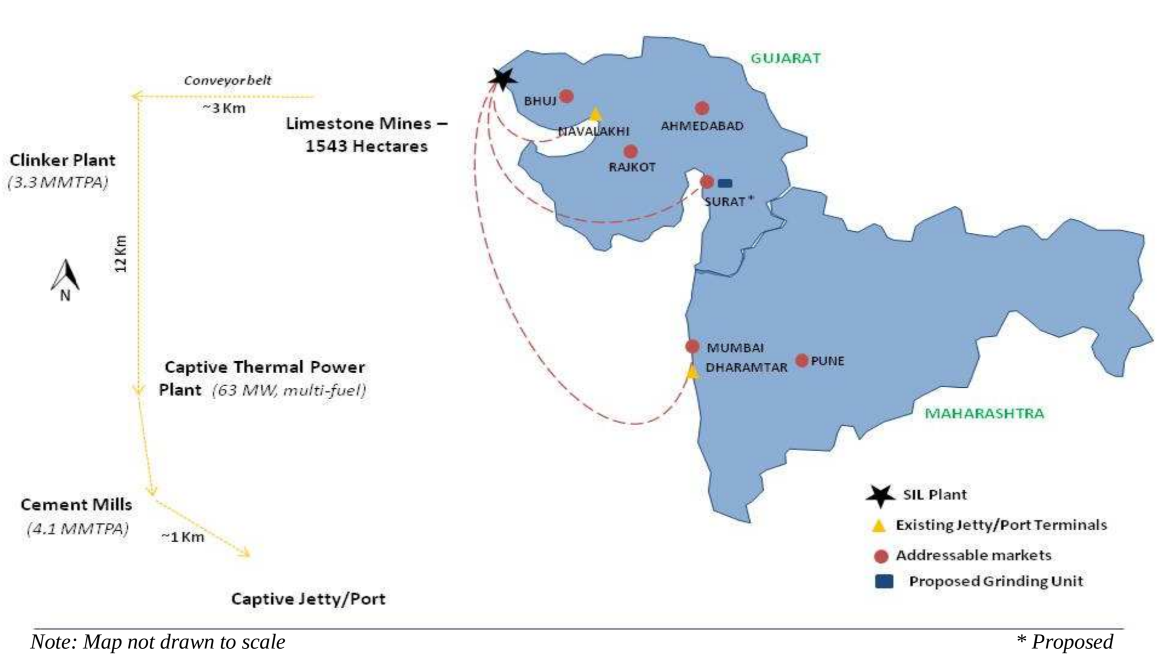
## OVERVIEW

We are among the lowest cost producers of cement in the industry, operating one of the largest fully integrated single stream cement plants strategically located in Kutch, Gujarat (*Source: CRISIL Report*). We have an installed capacity of 4.1 Mn T of cement as of September 30, 2017, which we are in the process of expanding to 8.1 Mn T of cement.

Our manufacturing facility is located in close proximity to marine limestone deposits at Kutch, Gujarat, and the GMDC lignite mines. Besides connectivity through road, we have also established coastal shipping infrastructure by investing in a captive all weather jetty and two fully equipped sea terminals at Navlakhi, Gujarat and Dharamtar, Maharashtra. We have also recently commissioned two cement bulk carriers of 4,400 dead weight tonnage (DWT) each for coastal shipping. Accordingly, we are well positioned to access markets in and around Mumbai along the western coast of India with access to markets in as far as Cochin domestically and Africa, Europe, Sri Lanka and a few countries in the Middle East internationally without incurring significantly higher delivery costs.

Our supporting infrastructure consists of (i) a 3.3 Mn T clinker unit, (ii) a 63 MW of captive multi-fuel thermal power plant, and (iii) three RMC plants. We are in the process of implementing a 13 MW waste heat recovery power plant which is currently scheduled to be commissioned by March 2018.

Below is a representation of (i) our single stream cement plant; and (ii) our connectivity by sea:




*Note: Map not drawn to scale* ** Proposed*

We currently sell a range of quality cement products such as 53 grade OPC (ordinary portland cement), blended cement such as PPC (portland pozzolana cement) and buyer specification based RMC under our umbrella brand

'Sanghi Cement'. We cater to large infrastructure and industrial projects as well as the retail market through a network of approximately 1,500 dealers, 75 commission agents and 146 indenting agents, as of September 30, 2017. The western region of India, particularly Gujarat, is our core market. We also sell in and around Mumbai and Kochi. We service the Gujarat and Rajasthan markets primarily by road, whereas the western coastal region of India, including states of Maharashtra and Kerala are primarily serviced through sea.

We are ISO 9001:2008, OHSAS 18001:2007, SA 8000:2008 and ISO 14001:2004 certified for our manufacturing and sale of clinker and cement reflecting our commitment towards quality, safety, accountability and sustainable environment. For four consecutive years the Indian Bureau of Mines & Directors of Mines Safety, Government of India has awarded our mining operations the First Prize in the Best Mining category. In addition, we were recently awarded:

- India's Most Trusted (Cement Manufacturing) Company Award 2017 by International Brand Consulting Corporation, USA;
- India's Top Challengers 2016-17 Trophy by the Construction World Magazine & Media; and
- "the Most Reliable Cement Brand Award in the Real Estate Sector" by DNA.

For fiscal 2017, 2016 and 2015 our total income was ₹ 999.77 crore, ₹ 763.94 crore and ₹ 939.35 crore, respectively, and our profit after tax was ₹ 63.14 crore, ₹ 15.98 crore and ₹ 30.59 crore, respectively. Our EBITDA increased from ₹ 164.49 crore in fiscal 2015 to ₹ 200.43 crore in fiscal 2017. Our EBITDA per tonne for fiscal 2017 and fiscal 2015 was ₹ 686 and ₹ 694 with an EBITDA margin of 20.05% and 17.51%, respectively.

Further, ICRA recently upgraded our working capital rating and long term loan rating to "A-Stable" in February 2017 and May 2017, respectively and reaffirmed in July 2017 to ICRA A- for term loans and cash credit facilities and ICRA A2+ on short term non-fund based limits. In addition, our working capital limits were assigned an 'IND-A' category rating by India Ratings & Research in February 2017.

**STRENGTHS**

We believe that the quality of mineral resources, availability of raw materials, multi-fuel capabilities of our clinker and thermal power plants, and our coastal location allows us to operate with low operational cost which serves as our key competitive advantage in the industry. Accordingly, the following are our key business strengths:

***Access to high quality of minerals resulting in cost efficient production of superior grade of products***

Access to limestone reserve is a key consideration for production of cement in an efficient manner. Further, quality of limestone reserves to a large extent determines cost of crushing/mining and to an extent the quality of cement being produced.

Accordingly, in 1996, we secured a mining lease from the Government of Gujarat over approximately 1,500 hectares of land which is valid until 2046. The leased area contains reserves of approximately 1,001 million tonnes of calcium rich, soft marine limestone of which approximately 826 million tonnes were available as of April 1, 2016 (*Source: Mining Plan, 2016*).

We conduct our mining operations using a single L&T surface miner KSM-304C with a belt conveyor in an economically viable manner and without having to carry out any preparatory operations such as ground levelling. Surface mining has a lower impact on the environment as it does not employ conventionally detrimental mining practices of blasting and excavating minerals. Our surface miner directly crushes limestone to desired sizes resulting in lesser waste while also eliminating the need for primary crushing. Our process thus results in lower cost of excavation thereby resulting in reduced manufacturing cost of our cement while ensuring reduced atmospheric pollution and ground vibrations, in addition to which we replenish excavated areas through large scale rain water harvesting.

Our limestone consumption for our manufacturing unit for six months period ended fiscal 2016 and fiscal 2017 was 2.43 Mn T and 3.31 Mn T, respectively. Based on the historical requirements of limestone and in view of the present operating capacity and proposed expansion plan, we believe that our reserves of limestone are sufficient to meet our requirements during the term of the lease.

Our mining operations are not only ISO 14001:2004 certified but have also been awarded the First Prize in the Best Mining category for the last four consecutive years by the Indian Bureau of Mines & Directors of Mines Safety, Government of India. Specifically, at the 24th Mines Environment & Mineral Conservation Week Celebrations 2016-17, our Jadua Mine in the A-1 category was awarded the first prize both for "Overall Performance" and "Publicity Propaganda & Fire Fighting", and second prize for our "Systematic & Scientific Development", "Health, Safety, Welfare & Occupational Health Check-up Facilities" and "Raising by Explosives, Storage & Transportation/ Raising by Surface Miner". Prior to which, in 2008 and 2013 we were also awarded the Greentech Environment Excellence Award.

***Multiple fuel capability and alternate fuel firing system to control production cost and reduce environmental impact***

We possess high degree of flexibility in utilising lignite, pet coke, coal in the fuel mix for our clinker process and our captive thermal plant, which in turns helps us in effectively managing our cost of power and fuel. Both systems are designed to handle varying calorific values of fuel, including the high calorific value and volatility of lignite. This allows us to select the fuel based upon its availability, pricing and cost per kilo calorie. For instance, in the present scenario of rising prices of coal and petcoke, we have managed our fuel costs by blending lignite with pet coke and imported coal, thereby minimising the impact of the increase in prices of pet coke and coal. The proportion of lignite in total fuel mix consumed during the six months ended September 30, 2017 was around 74% against 27% in Fiscal 2017. Ability to interchange the fuel provides us with the competitive advantage to hedge against fluctuation in prices of a fuel category over another, to manufacture our products at optimum cost.

We are in the process of setting up a waste heat recovery based power plant which will extract waste heat from our existing clinker plant and is expected to generate about 13 MW of power. The process is both environment friendly and cost saving as no fuel will be burnt with waste heat generated from the clinker manufacturing process being converted to steam to generate power.

In line with our conservation efforts, we also utilize by-products and waste generated in place of natural resources. This is also true of our pond ash and fly ash which we utilize in place of laterite at times in the manufacture of clinker, use of plastic waste in place of coal in power generation, the consumption of coal tar in place of lignite, pet coke and coal for firing our kiln and the use of municipal waste as fuel for our thermal plant.

***Coastal location and bulk shipping capabilities, providing access to other markets and import of fuel and raw material***

We have a captive all weather jetty, two cement bulk carriers of 4,400 DWT each for coastal shipping and two fully equipped sea terminals at Navlakhi, Gujarat and Dharamtar, Maharashtra. At our captive all weather jetty, we have the capability to load bulk cement onto ships at a rate of approximately 400 tonnes per hour at Sanghipuram, Gujarat. The jetty is connected by a creek to the anchorage point, thus shielding our loading operations from sea weather. We also utilize our all-weather jetty to simultaneously unload pet coke and coal which we import. Our terminal at Navlakhi is equipped with a ship unloader capable of unloading at about 250 tonnes per hour and has a 5,000 tonne silo, while at Dharamtar the ship unloader is capable of operating at 200 tonne per hour and has two silos with a combined 4,000 tonne capacity.

A key strength of our coastal location is the lower cost of transportation. Logistics is one of the key elements of operating costs for a cement producer and transportation through sea has the lowest per tonne freight cost as compared to the other two modes of transportation. For example, freight for transportation on Kutch to Trivandrum route (around 2,550 km) via sea would be cheaper by approximately 40-50% than rail and that of rail will be further cheaper by approximately 25% than road. Moreover, the incremental increase in sea freight will be lower as the distance increases compared to road and rail (*Source: CRISIL Report*). Our strength is further enhanced by our two cement bulk carriers which we use for transporting our products to the coastal belt of Maharashtra and near Rajkot, Gujarat. Our exports to Africa, Europe, Sri Lanka and the Middle East are generally carried out on free on board or FOB from the Sanghi port, which minimises our handling and transport cost to other commercial ports.

Since we have a captive jetty, we have the flexibility of expanding our current loading and unloading capabilities merely by upgrading our existing fleet of loading equipment thereby minimising the capital expenditure required to handle any additional capacity for sea transport of our products or import of fuel and raw materials and setting up of related infrastructure. Further, while our terminal at Navlakhi services a part of our core market in Gujarat, the sea terminal at Dharamtar also affords us access to high volume markets in Mumbai, Thane and Pune, which constitute approximately 40% to 50% of overall state demand in Maharashtra (*Source: CRISIL Report*).

Thus our coastal location in Gujarat serves dual benefit for us, i.e. (i) allows us to import fuel economically; and (ii) gives us access to markets both in terms of exports and other western coastal markets without incurring significantly higher costs, while we continue to cater to our core income generating markets.

***Proximity of raw material including fuel allows us to maintain cost leadership***

Being located close to raw materials minimises transportation expenses, thereby reducing the overall cost of production. We are within 5 kms of the limestone mine at Jadua which we transport through our conveyor belt thus eliminating reliance on traditional modes of transport. The lignite reserves of the Bhuj district in Gujarat, mined by the GMDC, are also within 50 km of our manufacturing facility.

Being located close to the raw material helps us save time and cost towards transportation of raw materials and lesser turnaround time for supply of final products to our customers while maintaining our cost efficiencies.

In addition to our proximity to sources of limestone and lignite, at a distance of approximately 170 kms there are thermal power plants at Mundra which generate large volumes of fly ash (in addition to our captive thermal plant), which acts as an additive to manufacture PPC. This has allowed us to maintain healthy product mix, and over the years we have been able to steadily increase our PPC production with it forming 36.13% and 33.74% of our total cement sales volume in six month period ended September 30, 2017 and fiscal 2017.

We service our requirements for other additives, specifically silica and clay requirements through our mining leases over approximately 160 hectares and 49 hectares, respectively. At the 7$^{th}$ Metalliferous Mines Safety Week-2016 our Motiber Silica Sand Mine in Category C was awarded the first prize for both "Overall Performance" and "Quarry Workings and General Safety" and second prize for "Appointment of Statutory Persons and Maintenance of Records". We have implemented rain water harvesting near our mines for captive use and alternatively we also have a 5,500 kL/d desalination plant which has access to abundant sea water in addition to the rain water harvesting dams and the resultant reservoirs created by our mining operations.

Amongst our peers we have the lowest cost in terms of power and fuel (*Source: CRISIL Report*). We experienced a 7.75% reduction in raw material cost per tonne of production in fiscal 2017 as compared to fiscal 2016 and achieved a capacity utilization of 62% for cement and 74% for clinker in fiscal 2017.

Our EBITDA per tonne was ₹ 1,014 and ₹ 686 for the six month ended September 30, 2017 and fiscal 2017 with an EBITDA margin of 23.36% and 20.05% for the same periods. In fiscal 2017 our EBITDA margin of 20.05% was higher than the operating margins of both large and medium players being 19.1% and 15.9%, respectively, and considerably higher than that of small players being 10.3% in fiscal 2017 (*Source: CRISIL Report*).

We believe we are able to operate at these levels of operating efficiency due to our cost and efficiency management protocols, the quality of our integrated manufacturing processes together and the optimization of our product mix which we achieved with the gradual shift from OPC in favour of PPC.

***Quality of products with a fully automated facility including on-site quality control systems***

Our manufacturing facility at Kutch, Gujarat is fully automated and ISO 9001:2008 certified for quality. Equipped with state-of-the-art technology from FLSmidth Private Limited and an NABL accredited laboratory certified as ISO/IEC 17025:2005 compliant for both chemical and mechanical testing, we are able to monitor and control the production process on a real time basis.

We have an advanced material management system, with conveyor belts connecting our grinding units to the mines where we are also equipped with a material stacker and a reclaimer. The installation of the conveyor belt connecting our clinker plant to the mines has contributed to reducing raw material costs. Accordingly, we meet our health and safety protocols for which we have been OHSAS 18001:2007 certified for the manufacture and sale of cement and clinker since 2004.

Our quality assurance extends to our delivered product to customers through our twelve "Shakti Raths". These are mobile testing laboratories which use a compression testing machine provided by us. The Shakti Raths provide on-site testing of the concrete delivered to our customers demonstrate the consistency of the product we produce which is free to the customers.

***Experienced Promoters and strong management team***

Our Promoters, Ravi Sharan Sanghi, Aditya Sanghi and Alok Sanghi, have been instrumental in the growth of our business. We believe that our cost effectiveness has been achieved by adherence to the vision of our Promoters and senior management team and their experience in the cement industry. Nirubha Balubha Gohil, one of our Executive Directors has experience in the power industry and is responsible for pollution control norms, factory regulations and other administrative matters. Our Executive Director and Chief Financial Officer, Bina Mahesh Engineer, has approximately two decades of experience in project and corporate finance, having recently been conferred the prestigious "Best CA CFO Award – Woman 2016" by Institute of Chartered Accountants of India.

**STRATEGIES**

Our key focus is to maintain our cost efficiency, while seeking a graded expansion of our manufacturing capacity. In particular, we adopt the following key business strategies:

***Strategically capture the growing cement demand in existing markets***

We believe that there is potential for increasing our scale of operations within our existing geographies allowing us to cash in on incremental demand. Gujarat's cement consumption rose at a CAGR of 4-5% over the past five years, slightly above India's average growth rate of 3.2% and demand in the state is estimated at 22-23 MT, constituting nearly 9% of India's cement demand (*Source: CRISIL Report*). Operating in a familiar market which currently is not indicating an entry of any new player or increase in significant production capacity in the region, we believe will help in increasing our production without disrupting cement pricing.

As per the CRISIL Report, demand for cement is expected to grow moderately in fiscal 2018, driven by government spends on infrastructure and revival in rural housing demand. While our market share in Gujarat is approximately 10-11%, we believe there is room for growth in the overall western region where our market share is limited to approximately 4-5% and where, as per the CRISIL Report, the demand for cement in fiscal 2018 is expected to grow by approximately 4-5%.

Further, we believe that our ability to deliver in bulk leads to increased supply of our products to higher cement consumption markets such as Mumbai and Pune. We believe that bulk cement commands higher pricing in Mumbai and surrounding areas. According to CRISIL Research, the Mumbai Metropolitan Region, comprising Mumbai, Thane and Pune, is the financial and commercial hub of India, occupies the largest share in state demand owing to large population base, high level of urbanization and development in terms of penetration of real estate and infrastructure. Pune is the second largest cement consumer in Maharashtra with high penetration of real estate construction on back of development in information technology/information technology enables services sector in the recent past. Further, Maharashtra is currently a supply deficit state with nearly half of its demand being catered to from outside the state (*Source: CRISIL Report*) which we are positioned to cater to in bulk by sea with relatively lesser associated transportation cost.

In addition, we intend to identify markets along the western coastal region of India which may be subject to demand supply mismatch, while we continue to focus on emerging markets in such regions. We currently have about 38 distributors outside our core markets in Maharashtra strengthening our market presence.

***Low cost expansion achieving economies of scale***

Our manufacturing process benefits from the efficiencies of our single stream process bolstered with the consumption of by-products and heightened self-sufficiency in the supply as well as transport of raw material and distribution of our products.

We propose to replicate this synergy in our expansion of clinker and cement capacity. Approximately 840 hectares of land was allotted to us by the Government of Gujarat, and is expected to be sufficient to carry out the brown-field expansion at Kutch. This will consist of a brownfield expansion of 10,000 TPD clinker capacity and

2 Mn T cement capacity within the premises of our existing plant at Sanghipuram, Gujarat. Further, a greenfield grinding unit of 2 Mn T cement capacity, which will be supplied clinker from our existing plant by sea, is also proposed to be set up at Surat, Gujarat, for which we are in the process of acquiring land.

The additional power requirement will be met with the establishment of a 65 MW thermal unit adjacent to our existing captive thermal power plant at Sanghipuram, Gujarat, from which power will also be wheeled to the greenfield grinding unit at Surat.

We believe we are positioned to replicate our low operational costs and operating efficiencies. Our mining lease is valid until 2046 giving us access to limestone reserves of 1,001 million tonnes of which approximately 826 million tonnes were available as of April 1, 2016 (*Source: Mining Plan, 2016*). This will allow us to continue excavations with surface mining while keeping environmental impact in check with rain water harvesting and the extension of the green belt in adjoining areas.

We are self-sufficient in terms of meeting our power supply requirements and are connected to the power grid in the state of Gujarat. We propose to meet the power requirements of capacity expansions internally as well. In addition to the current expansion of 65 MW, we have a 13 MW waste heat recovery plant under implementation which together with our existing 63 MW will result in an ultimate ramp up of our total installed capacity to about 140 MW.

Our proposed capex of ₹ 1,250 crore is at about $45-50 per tonne, as compared to $90-110 per tonne for a 3 MMTPA greenfield expansion (comprising a grinding unit of 3 MMTPA, clinker unit of 2.3 to 2.5 MMTPA and a 40-50 MW captive power plant) and $70-80 per tonne for a brownfield expansion for a similar capacity (*Source: CRISIL Report*).

***Capitalize on our brand image, strengthen our dealer network and price positioning***

We market our products under our brand 'Sanghi Cement' which in November 2017 was conferred "the Most Reliable Cement Brand Award in the Real Estate Sector" by DNA. Based on our operating history spanning over a decade, we believe we have positioned our range of premium to generic products as representing quality with a right balance of pricing.

Further, we believe our past affiliation with the Indian Premier League, as an associate sponsor of the Gujarat Lions, boosted our brand visibility and similar exercises will be undertaken in the future when required. We intend to continue to leverage the goodwill of our brand to enhance relationships with existing clients, seek new clients as well as diversify our business in allied sectors to help us grow our operations.

We also intend to grow our business by adding new dealers both in existing as well as in new markets. We intend to do this by effectively leveraging our distribution network and existing relationships. Thus, we believe that our strong marketing capabilities and established relationships with our existing distributors as well as our wide range of product offerings will enable us to expand our distributor base. We believe that our marketing focused services, as well as our range of products, will continue to differentiate us from our competitors and help enhance our distributor base.

***Optimize product volume and mix to increase margins***

Our capacity utilization for clinker and cement in Fiscal 2017 was 62% and 74%, respectively, and in the six months ended September 30, 2017 was 55% and 61%, respectively. Following the commissioning of our cement bulk carriers, we are now able to deliver larger volumes and more frequently to Mumbai and its surrounding areas. Therefore, we propose to enhance the utilization level of our existing capacity over the coming years.

The proportion of blended cement in the market has been rising, with the share of PPC being the highest. On a pan-India level, PPC is the most sold category with 72-73% share, followed by OPC at 20-21% and 7-9% by PSC. PPC offers improved operating margins as blending fly ash or slag with OPC can lower power, fuel and raw material costs. (*Source: CRISIL Report*)

While OPC continues to be a major revenue contributor with 61% of our total sales volume for the six month period ended September 30, 2017, PPC contributed 35% of our total sales volume for the same period. The PPC component of our product mix has increased steadily in the last three years with PPC and OPC contributing only

25% and 65% of our total sales volume, respectively, in fiscal 2015. While we will retain OPC in our product mix we will continue to increase the proportion of PPC in our product portfolio to improve our margins.

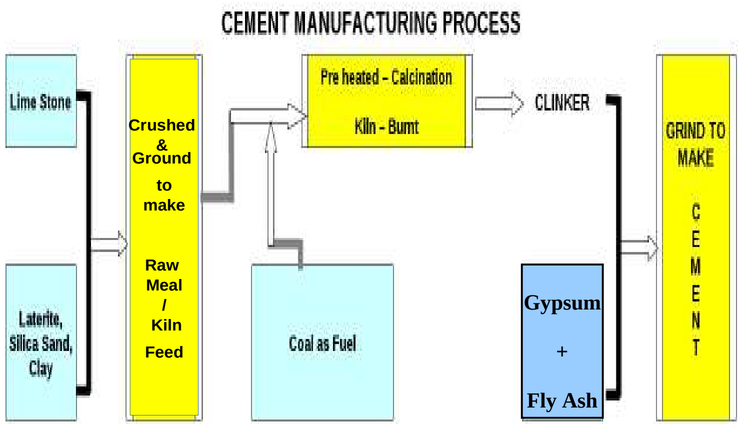
**Milestones and Major Events**

The following table sets forth our milestones and major events over the last three years:

| Fiscal | |
|---|---|
| 2002 | • 2.48 MMTPA clinker unit commissioned at Sanghipuram, Gujarat |
| 2003 | • 2. 9 MMTPA cement plant set-up at Sanghipuram, Gujarat |
| 2007 | • Clinker production enhanced by an additional 0.82 MMTPA |
| 2011 | • Commissioned 63 MW captive thermal power plant<br>• First sea terminal set up at Navlakhi, Gujarat and ship loading system |
| 2013 | • Second sea terminal set up at Dharamtar, Maharashtra |
| 2016 | • Capacity addition of 1.2 MMTPA at the grinding unit |
| 2017 | • Conveyor belt from mines to clinker plant<br>• Further investment in captive jetty<br>• Alternate fuel firing system<br>• Set up the silo for storing PPC |
| 2018 | • Two 4,400 DWT bulk cement ships<br>• 13 MW waste heat recovery plant |

**Production Process**

The following diagram sets forth an overview of our manufacturing process and depicts the core efficiencies built in through minimum waste generation in the chain:




**Stage 1: Mining, Stacking and Reclaiming**

The raw materials needed to produce cement (calcium carbonate, silica, alumina, and iron ore) are generally extracted from limestone, laterite, clay and silica sand. The raw meal produced through surface mining is supplied by feeder belt conveyors to the plant. It is first brought to a pre-blending pile trough belt conveyor and stacked into longitudinal piles each through stacker boom conveyor. The additives, clay and laterite also mined from captive mines of the plant, are brought to pre-blending yard and are stock piled separately into longitudinal piles.

The stacked components are then reclaimed by bridge reclaimers cutting simultaneously across all layers in case of limestone and in a slice cutting pattern in case of additives. The raw materials, in required proportion, are extracted and ground to fine powder and transported and stored in a blending silo.

**Stage 2: Clinker Process, Kiln**

The blended raw material is called the 'raw meal' or 'kiln feed' and is preheated in a preheater for calcination of raw material. Thereafter heating and sintering is done in a rotary kiln where raw feed is converted to clinker which is then cooled in a cooler. Once cooled, the clinker may be stored temporarily in a clinker store, or may pass directly to the grinding unit.

**Stage 3: Grinding Unit, Finished Product**

The grinder unit grinds clinker to a fine powder. A small amount of gypsum is required to be ground with the clinker to control setting time. The gypsum controls the setting properties of the cement when water is added. Slag is also added as an additive in cement manufacturing process. Fly ash is also added in the required proportion depending on type of cement i.e. whether OPC or PPC. Finally, the cement is stored in silos before being shipped in bulk or in bags to the sites where it will be used.

**Description of our products**

We develop and manufacture our products at our manufacturing facility and primarily market such products in western region of India. We also market clinker and cement in the Middle East. A brief description of our products is set forth below:

- *Ordinary Portland Cement ("**OPC**").* We manufacture OPC, which primarily consists of high quality OPC 53 and a small quantity of lower grade OPC 43. The manufacture of OPC 53 requires compliance with higher quality specifications.

- *Pozolana Portland Cement ("**PPC**").* PPC is manufactured by blending additives such as fly ash and gypsum to clinker.

- *Ready Mix Concrete ("**RMC**").* RMC is customized version of concrete manufactured as per predetermined engineered mix design. It is used in construction in relatively smaller quantities for specific purposes.

- *Portland Slag Cement ("**PSC**").* We recently commenced the manufacture of small quantities of PSC, which is a type of blended cement used as an alternative to PPC.

Our manufacturing capacity of cement is 4.1 Mn T of cement as of September 30, 2017. A summary description of our capacities for major product categories being manufactured in our facilities in India for the six months ended September 30, 2017, fiscal 2017, fiscal 2016 and fiscal 2015 are set forth below:

(*In ₹ crore*)

| Particulars | Half Year Fiscal 2018 | | fiscal 2017 (12 months) | | fiscal 2016 (9 months) | | fiscal 2015 (12 months) | |
|---|---|---|---|---|---|---|---|---|
| | Capacity (proportionate for the period) (Mn T) | Capacity utilization | Capacity (Mn T) | Capacity utilization | Capacity (Mn T) | Capacity utilization | Capacity (Mn T) | Capacity utilization |
| Cement[1] | 2.04 | 55% | 4.10 | 62% | 2.97 | 62% | 2.89 | 75% |
| Clinker | 1.64 | 61% | 3.30 | 74% | 2.39 | 73% | 3.30 | 65% |

[1] *Includes OPC and PPC.*
*Source: Certificate issued by B.J. Chauhan & Associates*

A summary description of the volume of products being sold from our manufacturing facility in for the six months ended September 30, 2017, fiscal 2017, fiscal 2016 and fiscal 2015 are set forth below:

| Particulars | Six months ended September 30, 2017 | | Fiscal 2017 (12 months) | | Fiscal 2016 (9 months) | | Fiscal 2015 (12 months) | |
|---|---|---|---|---|---|---|---|---|
| | Volume (MMTPA) | % of total volume | Volume (MMTPA) | % of total volume | Volume (MMTPA) | % of total volume | Volume (MMTPA) | % of total volume |
| Cement Products | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| OPC 53 | 0.70 | 61% | 1.67 | 57% | 1.17 | 56% | 1.54 | 65% |
| PPC | 0.40 | 35% | 0.85 | 29% | 0.63 | 30% | 0.60 | 25% |
| PSC | 0.01 | 1% | 0.01 | 0% | - | 0% | - | 0% |
| RMC | 0.03 | 3% | 0.03 | 1% | 0.02 | 1% | 0.03 | 1% |
| *Sub-total* | *1.14* | *99.7%* | *2.56* | *87.7%* | *1.82* | *87.1%* | *2.17* | *91.6%* |
| Clinker | 0.004 | 0.3% | 0.36 | 12.3% | 0.27 | 12.9% | 0.20 | 8.4% |
| **Total** | **1.14** | **100%** | **2.92** | **100%** | **2.09** | **100%** | **2.37** | **100%** |

For the six months ended September 30, 2017, fiscal 2017, fiscal 2016 and fiscal 2015 our gross sales from domestic and export markets is as follows:

(*In ₹ crore*)

| Particulars | Six months ended September 30, 2017 | | fiscal 2017 | | fiscal 2016 (re-grouped as per Ind AS) | | fiscal 2015 | |
|---|---|---|---|---|---|---|---|---|
| | Sales | % of total sales | Sales | % of total sales | Sales | % of total sales | Sales | % of total sales |
| *Cement* | | | | | | | | |
| Domestic | 588.08 | 95.89% | 1,117.27 | 90.42% | 848.24 | 89.76% | 1,089.23 | 93.32% |
| Export | 15.13 | 2.47% | 37.41 | 3.03% | 30.99 | 3.28% | 18.92 | 1.62% |
| *Sub-total* | *603.21* | *98.36%* | *1,154.68* | *93.44%* | *879.23* | *93.04%* | *1,108.15* | *94.94%* |
| *Clinker* | | | | | | | | |
| Domestic | 1.12 | 0.18% | 0.13 | 0.01% | 6.44 | 0.68% | 2.71 | 0.23% |
| Export | - | 0.00% | 69.98 | 5.66% | 50.20 | 5.31% | 46.51 | 3.98% |
| *Sub-total* | *1.12* | *0.18%* | *70.11* | *5.67%* | *56.64* | *5.99%* | *49.22* | *4.22%* |
| *RMC* | 8.93 | 1.46% | 10.90 | 0.88% | 9.11 | 0.96% | 9.84 | 0.84% |
| **Total** | **613.26** | **100.00%** | **1,235.69** | **100.00%** | **944.98** | **100.00%** | **1,167.21** | **100.00%** |

**Expansion Plans**

The Business Operations and Finance Committee of our Board has recently resolved to take up an expansion plan primarily consisting of (i) a brownfield expansion of 3.3 MMTPA clinker capacity and 2 MMTPA cement capacity within the premises of our existing plant at Sanghipuram, Gujarat, (ii) a greenfield grinding unit of 2 MMTPA cement capacity to be set up at Surat, Gujarat and (iii) a 65 MW thermal power plant unit adjacent to our existing captive thermal power plant at Sanghipuram, Gujarat ("**Expansion Plan**").

For our proposed thermal power plant, we entered into an umbrella agreement with Hangzhou Steam Turbine Co. Ltd. and others in 2017. We have already, in 2015, entered into agreements with FLSmidth Private Limited for a pyro processing unit, as well as with Loesche India Private Limited and Loesche GmbH for various mills.

**Logistics**

Our logistics chain by land consists of 51 sales depots, of which 43 are located in Gujarat and eight in Rajasthan, which are supported by 20 authorised transporters, of which 14 are for bag cement and the remaining six for loose cement. Finished product is dispatched to sales depots as per an auto-assigning system. Thereafter, clearing and forwarding agents dispatch material as per the order book maintained in the customer relationship management software which is also provide to our authorised transporters such that timely dispatch is monitored.

We have long standing relationship with several logistics providers in India who provide transportation of our products to our distribution network and customers. We are normally responsible for the loading and the unloading of our products.

Our logistics chain by sea consist of our captive all weather jetty at Sanghipuram and two fully equipped sea terminals at Navlakhi, Gujarat and Dharamtar, Maharashtra. In addition to which we have also recently commissioned two cement bulk carriers of 4,400 dead weight tonnage (DWT) each for coastal shipping.

**Sales and marketing network**

Over the years we have established our sales network both in international and domestic markets to further augment our reach to existing and potential customers.

We categorize our sales as “non-trade” which consists of direct sales to end users and “trade” which is through our dealer network, for which have dedicated teams. As of September 30, 2017, we had established 67 Customer Care Centres which serve as a one-stop solution assisting our retail buyers with technical services like civil engineer, architect, housing finance, government liaison and purchase of other materials. The focus of the CCC is on customer retention and enhancing word-of-mouth publicity.

In addition to the direct marketing approach to our customers, we are also involved in marketing our products through our dealer network where we incentivize exclusivity. As of September 30, 2017, our dealer network consisted of 1,500 dealers directly connected to our SAP system to ensure direct order and dispatch monitoring system across the market. In addition, we operate with 146 indenting agents as of September 30, 2017 who are paid a commission on sales in return for guaranteeing credit sales in the non-trade segment sales which they cover. We typically appoint indenting agents for two year periods, subject to periodic review by us.

With a marketing department comprising about a 100 personnel, we strive to sustain brand value by targeting timely bulk delivery, mobile quality checks and our one roof all services customer care centre while leading in delivered cost comparisons.

**Customers**

Our domestic sales account for approximately 90% of our total sales. Our customers in India are broad based such that top customers in any quarter would typically not exceed 5% of our total domestic sales and may not necessarily rank in the top 10 in subsequent quarters. Some of our important customers for the six months ended September 30, 2017 and for fiscal 2017, comprise of companies from the Adani Group, Hindustan Infrastructure Solution, Jindal Saw Limited, Ranjit Buildcon Limited, RDC Concrete India Private Limited, J. Kumar Infraprojects Limited, Aegis Logistics Limited and Cube Construction Engineering Limited.

Our exports consist of cement and clinker sales made against sight letters of credit or advance payment. We export to the Middle East, parts of the African continent and Sri Lanka. Our revenue from exports contributed 2.47%, 8.69%, 8.59%, and 5.61% to our gross sales) for the six months ended September 30, 2017, fiscal 2017, fiscal 2016 and fiscal 2015, respectively.

**Raw materials**

The primary raw material to manufacture clinker (and thereafter cement) is limestone which comprises around 82%-86% of the total input mix in clinker. The raw materials required to manufacture cement are clinker, fly ash, gypsum and slag. Of our total raw material consumed, clinker accounted for 83.84% for fiscal 2017 and 82.40% for the six months ended September 30, 2017, respectively. Power and fuel expenses generally comprise the largest portion of our total expenditures. While power and fuel expenses accounted for 24.00%, 22.19% and 20.97% of our total expenditure and 22.04%, 20.92% and 19.06%, of our total income for six month ended September 30, 2017, fiscal 2017 and 2016, respectively. See “*Management’s Discussion and Analysis of Our Financial Condition and Results of Operations - Significant Factors Affecting Our Results of Operations - Expenditure on power and fuel for production*” on page 73.

**Intellectual property**

We own the brand “Sanghi Cement” and have obtained registrations for the slogan “Turning Dreams into Concrete Reality” which is valid until June 2018. Our brand and other intellectual property acquired through our years of experience is a key asset.

Our confidential information is also protected by trade secrets and through confidentiality terms with employees and key managerial personnel, which restrain them from disclosing proprietary or confidential information, trade secrets, manufacturing process, information concerning the business transactions or affairs, designs, developmental or experimental work, ideas, innovations, databases, client or customer lists, business plans, marketing plans, financial information pertaining to our business, business practices, or from using any process connected with our manufacturing processes for personal benefit or otherwise. We therefore rely on these confidentiality obligations not being breached for the continued protection of such information.

**Insurance**

We maintain insurance coverage that we consider is necessary for our business. We have a comprehensive mega risk insurance policy and some of the major risks covered for our business assets are against earthquakes, fire, sabotage, terrorism and loss of profit due to disruption of production as well as for plant and machinery. We also have workmen compensation insurance for our employees as well as employees hired by certain contractors at our jetty and terminals.

We maintain insurance coverage that we consider is necessary for our business. We have also obtained insurance marine cargo insurance as well as marine hull insurance for our cargo vessels, Sanghi Sudarshan and Sanghi Trishul which are certified by The Shipowners' Mutual Protection and Indemnity Association as meeting the financial security requirements of the Martitime Labour Convention, 2006.

**Competition**

The majority of our sales come from the state of Gujarat where we have a market share of approximately 10-11%. Our cement sales in Gujarat alone represented 89.56% and 90.81% of our total domestic sales volume for the six month period ended September 30, 2017 and fiscal 2017, respectively.

Our position in relation to our competitors will depend upon our ability to anticipate and respond to various competitive factors facing the industry, including pricing strategies by competitors, our ability to source key raw material cost effectively, make required investments to improve our distribution network, eliminate redundancies and increase production at low-cost, high-quality supply sources. For further information, see "*Risk Factors*" on page 46.

**Subsidiary**

Our Company incorporated a wholly-owned subsidiary company "Sange Testing Service (Sanghai) Co. Ltd." at Shanghai, China. However, our Company has not invested any funds in the said subsidiary company nor has the said subsidiary company commenced any operations.

**Employees**

Our human capital contributes significantly to our business operations and we believe that employees are our valuable asset and core strength. To further support that strength, we have identified skill set building as one of the key business drivers, and have focused our employee initiatives in that direction. We periodically organize various trainings for our employees to enhance their knowledge and skills. Our learning and development training programs are governed by quality business management principles adopted by us, which include a principle of in-depth identification of development needs and comprehensive structure of learning and development.

We believe that our human resources initiatives have led to positive trends in the production, quality, cost, delivery, safety and morale parameters in manufacturing, a higher level of engagement in workers, better working relationships between sales managers and reportees. We also engage contract labour depending on our requirements from time to time, particularly at our manufacturing facilities.

As of September 30, 2017, we had a total workforce of 1,780 personnel consisting of 779 employees and 1001 contractual workers.

**Occupational health and safety management**

Occupational health and safety management is an integral part of our commitment towards the well-being of everyone who works at our manufacturing facility, including contract personnel. We have been OHSAS 18001:2007 certified for the manufacture and sale of cement and clinker since 2004.

Our Plant Safety Committee is tasked with developing measures to prevent accidents and ensuring a healthy work environment at our manufacturing facility. In addition to having and Emergency Preparedness Plan in place, our standard operating procedures include HIRA which is hazard identification and risk assessment, area inspection, job safety analysis as part of our day to day operations. We also conduct tool box talks as well as "Wear Your PPE" campaign to regularize the use of personal protective equipment.

Our efforts in bringing discipline and commitment have contributed to improving safety standards in the work place, reducing both work related injuries and lost man days to nil in the past two years. Our safety statistics as internally maintained by our Company for the last five years are as follows:

| Safety Statistics | fiscal 2012-13 | fiscal 2013-14 | fiscal 2014-15 | fiscal 2015-16 | fiscal 2016-17 |
|---|---|---|---|---|---|
| Work related fatality | 0 | 0 | 0 | 0 | 0 |
| Work related injuries | 4 | 5 | 2 | 0 | 0 |
| Lost man days | 9 | 7 | 3 | 0 | 0 |
| Occupational health diseases | 0 | 0 | 0 | 0 | 0 |

**Properties**

Our manufacturing facility is situated at Sanghipuram, Village Motiber, Taluka Abdassa, District Kutch, Gujarat, which is situated on land which is part of the approximately 840 hectares of land we were allotted by the Government of Gujarat. We own the land on which our registered office is situated at Sanghinagar P.O. Hayatnagar Mandal, Ranga Reddy District, Telangana. We also own the floor on which our corporate office in Ahmedabad, Gujarat is situated. Our office in Mumbai is under a three year lease commencing October 2017. In addition we are in the process of acquiring approximately 5 acres of land in Surat, Gujarat as part of our expansion plans.

**Corporate social responsibility**

We have been actively undertaking corporate social responsibility ("**CSR**") activities. The Board has constituted a CSR Committee to formulate our CSR Policy and to discuss and review CSR activities that we undertake pursuant to it.

Our CSR initiatives are focused on key areas of preservation of the environment, housing, education, healthcare and livelihood improvements for the upliftment of the economically weaker sections of the society. We support the development of communities through distribution of scholarships to school children in the surrounding villages of Kutch, Gujarat, and financial support to cater to the medical and healthcare needs of the community with our contributions to Swach Bharat Abhiyan, Ahmedabad Frolic Round Table 199 Trust, the Ramvada Trust, Akshaya Patra and Shree Matana Madh Devi Pilgrim Seva Camp.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the SEBI Listing Regulations and our Articles of Association.

As per the provisions of our Articles of Association, our Board shall comprise not less than three and not more than 15 Directors. We currently have 11 Directors on our Board of which five are executive Directors, and six are non-executive Independent Director.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of Directors, excluding the independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring director is eligible for re-election.

The following table sets forth details regarding our Board as at the date of this Placement Document.

| Name, Address, Occupation, DIN, Term and Nationality | Age | Designation |
|---|---|---|
| **Ravi Sharan Sanghi***<br><br>Address: Sanghi Nagar, Rangareddy – 5015011.<br><br>Occupation: Industrialist<br><br>Nationality: Indian.<br><br>Term: Five years with effect September 1, 2015<br><br>DIN: 00033594 | 65 | Chairman and Managing Director |
| **Aditya Sanghi**<br><br>Address: Directors Bungalows, Po. Sanghipuram, Taluka Abdasa, District Kutch – 370511.<br><br>Occupation: Industrialist<br><br>Nationality: Indian.<br><br>Term: Five years with effect from September 6, 2017.<br><br>DIN: 00033755 | 35 | Executive Director |
| **Alok Sanghi**<br><br>Address: 4, River Green Gokuldham Village, Sanathal Tal Sanand, Ahmedabad – 382 210.<br><br>Occupation: Industrialist<br><br>Nationality: Indian.<br><br>Term: Five years with effect from September 6, 2017. | 34 | Executive Director |

| Name, Address, Occupation, DIN, Term and Nationality | Age | Designation |
|---|---|---|
| DIN: 00033506 | | |
| **Bina Mahesh Engineer**** <br><br> Address: 1101, 11th Floor, Lakshchandi Tower 28, SV Road, Kandivali West, Mumbai – 400 067. <br><br> Occupation: Service <br><br> Nationality: Indian <br><br> Term: Three years with effect from September 6, 2016 <br><br> DIN: 01653392 | 50 | Executive Director |
| **Nirubha Balubha Gohil** <br><br> Address: 8, Palacial Bungalows, Opposite Vraj Vihar – 2, B/H Bidiwala Park, Satellite, Ahmedabad – 380 015. <br><br> Occupation: Service <br><br> Nationality: Indian <br><br> Term: Three years with effect from December 22, 2017 <br><br> DIN: 05149953 | 67 | Executive Director |
| **Devidas Kashinath Kambale** <br><br> Address: D-2603, Lloyds Estate, Wadala Heights Chs, Sangam Nagar, Wadala E, Mumbai - 400037 <br><br> Occupation: Retired professional <br><br> Nationality: Indian <br><br> Term: Five years commencing from June 24, 2017 <br><br> DIN: 00020656 | 66 | Independent Director |
| **Sadashiv Sawrikar***** <br><br> Address: Plot No. 390, Road No. 22B, Jubilee Hills, Hyderabad – 500033. <br><br> Occupation: Practising Chartered Accountant <br><br> Nationality: Indian <br><br> Term: Five years commencing from June 24, 2017 <br><br> DIN: 02073022 | 63 | Independent Director |

| Name, Address, Occupation, DIN, Term and Nationality | Age | Designation |
|---|---|---|
| **Dabbir Badri Narayan Rao**<br><br>Address: Flat No. – 301, Banjara Petals, Road No. 5, Banjara Hills, Hyderabad – 500 034.<br><br>Occupation: Professional<br><br>Nationality: Indian.<br><br>Term: Five years commencing from June 24, 2017<br><br>DIN: 01180539 | 70 | Independent Director |
| **Radha Krishna Pandey**<br><br>Address: L-277, Sarita Vihar, New Delhi – 110 076.<br><br>Occupation: Retired professional<br><br>Nationality: Indian.<br><br>Term: Five years commencing from June 24, 2017<br><br>DIN: 00190017 | 78 | Independent Director |
| **Sundaram Balasubranian**<br><br>Address: E-103, Raheja Atlantis, Sector – 31, Gurgaon - 122001<br><br>Occupation: Legal profession<br><br>Nationality: Indian<br><br>Term: Till the next Annual General Meeting<br><br>DIN: 02849971 | 75 | Independent Director (Additional) |
| **Mahendra Kumar Doogar**<br><br>Address: Flat No. 515, Pocket-B, Sarita Vihar, Delhi – 110 076.<br><br>Occupation: Practising Chartered Accountant<br><br>Nationality: Indian<br><br>Term: Three years with effect from February 11, 2016<br><br>DIN: 00319034 | 66 | Independent Director |

* *Ravi Sharan Sanghi's name has appeared in the list of directors disqualified, as published by the Ministry of Corporate Affairs for association with companies that had failed to file annual returns for a continuous period of three years. However, Ravi Sharan Sanghi has represented to the MCA and the relevant Registrar of Companies, Hyderabad through letters dated October 6, 2017 that he had resigned from the board of that company prior to it defaulting in the filing of its returns and accordingly, he has applied to the Registrar of Companies for rectification of this error and removal of his name from the list of disqualified directors.*

*[**] Bina Mahesh Engineer's name has appeared in the list of directors disqualified, as published by the Ministry of Corporate Affairs for association with companies that had failed to file annual returns for a continuous period of three years. She has filed a writ petition before the Bombay High Court in this regard. For further details please see "Legal Proceedings – Litigation involving our Directors".*

*[***] Sadashiv Sawrikar's name has appeared in the list of directors disqualified, as published by the Ministry of Corporate Affairs for association with companies that had failed to file annual returns for a continuous period of three years. In this regard, Sadashiv Sawarikar has given an undertaking that the defaulting company will opt for the Condonation of Delay Scheme 2018 introduced by the MCA with effect from January 1, 2018. For further details, please see Risk Factors "The names of three of our Directors appear in the list of disqualified directors published by the MCA." at page 48.*

**Brief biographies of our Directors**

**Ravi Sharan Sanghi,** aged 65 years, is the Chairman and Managing Director of our Company. He holds a bachelor's degree in commerce from Osmania University. He has over 35 years of experience as an industrialist.

**Aditya Sanghi,** aged 35 years, is an Executive Director of our Company. He holds a master of engineering from the Kate Gleason College of Engineering, Rochester Institute of Technology. He has been associated with our Company for approximately past 11 years.

**Alok Sanghi,** aged 34 years, is an Executive Director of our Company. He holds a bachelor of science in business from the Indiana University. He has been associated with our Company for approximately past 10 years.

**Bina Mahesh Engineer,** aged 50 years, is an Executive Director of our Company. She has been associated with our Company since June 9, 1997. She holds a bachelor's degree in commerce from the University of Bombay and is a qualified chartered accountant. She has approximately 20 years of experience in corporate finance and accountancy. She was awarded the "CA CFO – Woman Award 2016" by the Institute of Chartered Accountants.

**Nirubha Bulabha Gohil,** aged 67 years, is an Executive Director of our Company. He has been associated with our Company since August 6, 2010. He holds a diploma in mechanical engineering from Government Polytechnic, Bhavnagar. He has over approximately 43 years of experience in thermal power stations. Previously, he has held positions in VXL India Ltd. as its deputy general manager and with DCW Limited as its Vice President (Technical).

**Devidas Kashinath Kambale,** aged 66 years, is an Independent Director of our Company. He holds a master's degree in finance management from the University of Bombay and a master's degree in commerce from The University of Poona. Previously, he has held positions in the Unit Trust of India and IDBI Bank as its Chief General Manager.

**Sadashiv Sawrikar,** aged 63 years, is an Independent Director of our Company. He is a qualified chartered accountant. He has over 35 years of experience as a chartered accountant. He is the founding partner of Jayant & Sadashiv Chartered Accountants.

**Dabbir Badri Narayan Rao,** aged 70 years, is an Independent Director of our Company. He holds a bachelor's degree in engineering (mechanical branch) from Sri Ventakeswara University, a diploma in cement technology awarded by Holderbank and a master's degree in design and production engineering from the University of Burdwan. Previously, he has held positions in Andhra Cements Limited as its Vice-President (Tech), Cement Research Institute of India as its CRI Cadre Official, Grasim Industries Limited as its technical consultant. He was the chairman of the Gypsum and Gypsum Based Products for Buildings Sectional, Committee, CED21, Director General of the Buildings Materials and Technology Promotion Council and Director General of National Council of Cement and Buildings Materials.

**Radha Krishna Pandey,** aged 78 years, is an Independent Director of our Company. He is a qualified company secretary and received his certificate of membership from the Institute of Company Secretaries of India in August, 1971. He also holds a bachelor's degree in law from the University of Lucknow and a master's degree in commerce from the University of Allahabad. Previously, he has held positions with Delhi Stock Exchange Association Limited as their Executive Director, with Hicks Thermometers (India) Limited as their company secretary, with the Bihar State Text Book Publishing Corporation Limited as its secretary.

**Sundaram Balasubranian,** aged 75 years, is an Independent Director (Additional) of our Company. He holds a bachelor's degree in law from the University of Delhi, a bachelor's degree in commerce from University of Madras and is a qualified chatered accountant, company secretary and cost & works accountant. He was the exchairman of the Company Law Board, India. He has over 38 years of professional experience.

**Mahendra Kumar Doogar,** aged 66 years, is an Independent Director of our Company. He is a qualified Chartered Accountant was admitted as a fellow in the Institute of Chartered Accountants of India in August, 1981. He is the managing partner to Doogar & Associates. He has 41 years of experience.

**Relationship between Directors**

Except Aditya Sangh and Alok Sanghi who are sons of Ravi Sharan Sanghi, none of the Directors are related to each other.

**Interest of Directors in our Company**

Ravi Sharan Sanghi, our Chairman and Managing Director and our Executive Directors, Aditya Sanghi, Alok Sanghi, Bina Mahesh Engineer and Nirubha Bulabha Gohil may be deemed to be interested to the extent of remuneration paid by our Company, as well as to the extent of reimbursement of expenses payable to them. Our non-executive Directors, including independent Directors, may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other reimbursement of expenses.

Our Directors may be regarded as interested in the Equity Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. Our Directors may also be regarded as interested in the Equity Shares held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners or trustees. For details of the Equity Shares held by our Directors, see the sub-section titled "*Shareholding of the Directors and Key Management Personnel*" on page 115.

Our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners. Except as stated in the related party transactions in the section titled "*Financial Statements*" on page 156 and except as otherwise stated in this Placement Document, we have not entered into any contract, agreements, arrangements during the preceding two years from the date of this Placement Document in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements, arrangements which are proposed to be made with them.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. Further, our Company has not availed any loans from the Directors which are currently outstanding.

**Borrowing powers of the Board of Directors**

In accordance with the Articles of Association and subject to the provisions of the Companies Act, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of our Board, borrow any sum of money for the purpose of our Company and our Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit. Pursuant to a resolution of our shareholders dated September 22, 2014, our Board is authorised to borrow up to an amount ₹ 5,000 crores.

**Terms of appointment and remuneration of our Executive Directors**

Pursuant to resolution passed by the Nomination and Remuneration Committee on May 24, 2017, Ravi Sharan Sanghi is entitled to a salary of ₹ 1.875 crores per annum with effect from April 1, 2017 and a commission at 1% of our Company's net profit for each financial year. He also receives perquisites as per the Company's rules. However, the total remuneration payable to Ravi Sharan Sanghi shall not exceed the limit prescribed under section 196, 197 and other applicable provisions read with Schedule V of the Companies Act.

Pursuant to a shareholders resolution dated June 24, 2017, Aditya Sanghi is entitled to a basic salary of ₹ 1.25 crores per annum and a commission at 0.50% of net profits each Financial Year. He also receives perquisites as per the Company's rules. However, the total remuneration payable to Aditya Sanghi shall not exceed the limit prescribed under section 196, 197 and other applicable provisions read with Schedule V of the Companies Act.

Pursuant to a shareholders resolution dated June 24, 2017, Alok Sanghi is entitled to a basic salary of ₹ 1.25 crores per annum and a commission at 0.50% of net profits each Financial Year. He also receives perquisites as per the Company's rules. However, the total remuneration payable to Alok Sanghi shall not exceed the limit prescribed under section 196, 197 and other applicable provisions read with Schedule V of the Companies Act.

Pursuant to resolution passed by the Nomination and Remuneration Committee on May 24, 2017, Bina Mahesh Engineer is entitled to a basic salary of ₹ 1.25 crores per annum and a commission at 0.50% of net profits each Financial Year. She also receives perquisites as per the Company's rules. However, the total remuneration payable to Bina Mahesh Engineer shall not exceed the limit prescribed under section 196, 197 and other applicable provisions read with Schedule V of the Companies Act.

Pursuant to a board resolution dated November 9, 2017, Nirubha Balubha Gohil is entitled to a basic salary of ₹ 60 lakhs per annum. He also receives perquisites as per the Company's rules. However, the total remuneration payable to Nirubha Balubha Gohil shall not exceed the limit prescribed under section 196, 197 and other applicable provisions read with Schedule V of the Companies Act.

The following table sets forth the compensation paid by our Company, to our existing executive Directors for the current fiscal (till September 30, 2017) and fiscals 2017, 2016 and 2015.

*(₹ in lakhs)*

| Executive Director | Total remuneration (including salary and other benefits) | | | |
|---|---|---|---|---|
| | fiscal 2018 (until September 30, 2017) | fiscal 2017 | fiscal 2016 (nine months) | fiscal 2015 |
| Ravi Sharan Sanghi | 93.95 | 207.18 | 114.77 | 142.60 |
| Aditya Sanghi | 62.70 | 128.79 | 76.29 | 100.40 |
| Alok Sanghi | 62.70 | 128.79 | 76.29 | 100.40 |
| Bina Mahesh Engineer | 62.70 | 128.79 | 76.29 | 100.40 |
| Nirubha Balubha Gohil | 30.20 | 50.40 | 37.80 | 49.06 |

**Remuneration of our non-executive Directors**

Our non-executive Directors are entitled to reimbursement of out of pocket expenses, sitting fees, in such amounts or proportion as may be decided by the Board.

The following table sets forth the sitting fees paid by our Company to our existing non-executive Directors for the current fiscal (till September 30, 2017) and fiscals 2017, 2016 and 2015.

| Name of Director | Total sitting fees | | | |
|---|---|---|---|---|
| | fiscal 2018 (until September 30, 2017) | fiscal 2017 | fiscal 2016 (nine months) | fiscal 2015 |
| Devidas Kashinath Kambale | 40,000 | 45,000 | 45,000 | 45,000 |
| Sadashiv Sawrikar | 60,000 | 75,000 | 67,500 | 82,500 |
| Dabbir Badri Narayan Rao | 30,000 | 37,500 | 30,000 | 37,500 |
| Radha Krishna Pandey | 60,000 | 82,500 | 67,500 | 82,500 |
| Sundaram Balasubranian | Nil | Nil | Nil | Nil |
| Mahendra Kumar Doogar | 30,000 | 30,000 | 15,000 | N.A. |

**Corporate Governance**

Our Board is in compliance with the corporate governance requirements under SEBI Listing Regulations, and under the Companies Act.

*Committees of the Board of Directors*

The Board of Directors has inter-alia constituted the following committees pursuant to the provisions of the Companies Act and the SEBI Listing Regulations: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; and (iv) Corporate Social Responsibility Committee.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

| Committee | Members |
|---|---|
| Audit Committee | Sadashiv Sawrikar (Chairman), Devidas Kashinath Kambale and Radha Krishna Pandey |
| Nomination and Remuneration Committee | Devidas Kashinath Kambale (Chairman), Radha Krishna Pandey and Sadashiv Sawrikar |
| Stakeholders' Relationship Committee | Radha Krishna Pandey (Chairman), Sadashiv Sawrikar and Ravi Sharan Sanghi |
| Corporate Social Responsibility Committee | Radha Krishna Pandey (Chairman), Aditya Sanghi and Nirubha Balubha Gohil |

**Key Management Personnel of our Company**

The following table sets forth the details of our Key Management Personnel:

| Name of the Key Management Personnel | Designation |
|---|---|
| Ravi Sharan Sanghi | Chairperson and Managing Director |
| Bina Mahesh Engineer | Executive Director and Chief Financial Officer |
| Anil Agrawal | Company Secretary and Compliance Officer |

**Biographies of our Key Management Personnel**

For brief profiles of our Chairman and Managing Director and our Executive Director and Chief Financial Officer, see the sub-section titled " – *Brief Biographies of our Directors*" on pages 111 and 112.

**Anil Agrawal**, aged 42 years is our Company Secretary and Compliance Officer. He has been associated with our Company since June 1, 2012. He holds a bachelor's degree in commerce from the Gujarat University and a bachelor's degree in law from the Gujarat University and is a qualified company secretary. He has approximately 18 years of experience in secretarial compliance. He is responsible for secretarial compliances of our Company. Prior to joining our Company, he was employed with Sanghi Energy Limited, Sanghi Infrastructure Limited, Italia Ceramics Limited and Kanoria Dyechem Limited. He is a permanent employee of our Company.

**Interest of Key Management Personnel**

Our Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in our Company, if any. Our Key Management Personnel may also be regarded as interested in the Equity Shares held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners or trustees. For details of the Equity Shares held by our Key Management Personnel, see the sub-section titled "*Shareholding of the Directors and Key Management Personnel*" on page 115.

Our Key Management Personnel may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners. Except as stated in the related party transactions in the section titled "*Financial Statements*" on page 156 and except as otherwise stated in this Placement Document, we have not entered into any contract, agreements, arrangements during the preceding two years from the date of this Placement Document in which our Key Management Personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements, arrangements which are proposed to be made with them.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Key Management Personnel are interested. Further, our Company has not availed any loans from the Key Management Personnel which are currently outstanding.

**Shareholding of the Directors and Key Management Personnel**

As on the date of this Placement Document, except as stated below, none of the Directors and Key Management Personnel hold any Equity Shares in our Company.

| Sr. No. | Name | Designation | No. of Equity Shares |
|---|---|---|---|
| 1. | Ravi Sharan Sanghi | Chairman and Managing Director | 4,98,78,750 |
| 2. | Aditya Sanghi | Executive Director | 28,89,500 |
| 3. | Alok Sanghi | Executive Director | 28,89,500 |
| 4. | Anil Agrawal | Company Secretary and Compliance Officer | 100 |

**Other confirmations**

Except as otherwise stated in this Placement Document, none of the Directors, promoters or Key Management Personnel have any financial or other material interest in the Issue.

**Related Party Transactions**

For details in relation to the related party transactions entered into by our Company during the last three fiscal years, as per the requirements under applicable accounting standards see the section titled "*Financial Statements*" on page 156.

## PRINCIPAL SHAREHOLDERS

The shareholding pattern of our Company as of December 31, 2017 is as follows.

| Category | Category of Shareholder | No of Share holders | No of fully paid up Equity Shares held | No of Partly paid-up Equity Shares held | No of Shares Underlying Depository Receipts | Total No of Shares Held (VII) = (IV)+(V)+(VI) | Shareholding as a % of total no of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No of Shares Underlying Outstanding convertible securities (Including Warrants) | Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares | | Number of Shares pledged or otherwise encumbered | | Number of Equity Shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. | As a % of total Shares held | No. | As a % of total Shares held | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | | | | (X) | (XI) | (XII) | | (XIII) | | (XIV) |
| (A) | Promoter & Promoter Group | 26 | 16,49,45,782 | 0 | 0 | 16,49,45,782 | 74.98 | 16,49,45,782 | 0 | 16,49,45,782 | 74.98 | 0 | 74.98 | 0 | 0.00 | 11,64,14,523 | 70.58 | 16,49,45,782 |
| (B) | Public | 26,464 | 5,50,33,218 | 0 | 0 | 5,50,33,218 | 25.02 | 5,50,33,218 | 0 | 5,50,33,218 | 25.02 | 0 | 25.02 | 0 | 0.00 | 83,83,733 | 15.23 | 5,50,23,588 |
| (C) | Non Promoter-Non Public | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (C1) | Shares underlying DRs | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| (C2) | Shares held by Employs Trusts | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | **Total:** | **26,490** | **21,99,79,000** | **0** | **0** | **21,99,79,000** | **100.00** | **21,99,79,000** | **0** | **21,99,79,000** | **100.00** | **0** | **100.00** | **0** | **0.00** | **12,47,98,256** | **56.73** | **21,99,69,370** |

## Statement showing shareholding pattern of the Promoters and Promoter Group

| Category | Category of Shareholder | PAN | No of Share holders | No of fully paid up Equity Shares held | No of Partly paid-up Equity Shares held | No of Shares Underlying Depository Receipts | Total No of Shares Held (VII) = (IV)+(V)+(VI) | Shareholding as a % of total no of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No of Shares Underlying Outstanding convertible securities (Including Warrants) | Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares | | Number of Shares pledged or otherwise encumbered | | Number of Equity Shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. | As a % of total Shares held | No. | As a % of total Shares held | |
| | | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | | | | (X) | (XI) | (XII) | | (XIII) | | (XIV) |
| | | | | | | | | | | | | | | | | | | | |
| 1 | Indian | | | | | | | | | | | | | | | | | | |
| (a) | Individuals / Hindu Undivided Family | | 14 | 81132307 | 0 | 0 | 81132307 | 36.88 | 81132307 | 0 | 81132307 | 36.88 | 0 | 36.88 | 0 | 0.00 | 79030950 | 97.41 | 81132307 |
| | | | | | | | | | | | | | | | | | | | |
| 1 | Sri Ram Sharan Sanghi | ABVPS4157L | - | 187000 | 0 | 0 | 187000 | 0.09 | 187000 | 0 | 187000 | 0.09 | 0 | 0.09 | 0 | 0.00 | 187000 | 100.00 | 187000 |
| 2 | Sri Ravi Sanghi | ALVPS4019F | - | 49878750 | 0 | 0 | 49878750 | 22.67 | 49878750 | 0 | 49878750 | 22.67 | 0 | 22.67 | 0 | 0.00 | 49878750 | 100.00 | 49878750 |
| 3 | Sri Gireesh Sanghi | AFVPS4470E | - | 1354457 | 0 | 0 | 1354457 | 0.62 | 1354457 | 0 | 1354457 | 0.62 | | 0.62 | 0 | 0.00 | 187000 | 13.81 | 1354457 |
| 4 | Smt. Kamala Rani Sanghi | ATSPS0821L | - | 140250 | 0 | 0 | 140250 | 0.06 | 140250 | 0 | 140250 | 0.06 | 0 | 0.06 | 0 | 0.00 | 140250 | 100.00 | 140250 |
| 5 | Smt. Anita Sanghi | ALCPS2770E | - | 1020200 | 0 | 0 | 1020200 | 0.46 | 1020200 | 0 | 1020200 | 0.46 | 0 | 0.46 | 0 | 0.00 | 1020200 | 100.00 | 1020200 |
| 6 | Smt. Alka Sanghi | AKAPS0182K | - | 1074150 | 0 | 0 | 1074150 | 0.49 | 1074150 | 0 | 1074150 | 0.49 | | 0.49 | 0 | 0.00 | 140250 | 13.06 | 1074150 |
| 7 | Ms. Ekta Sanghi | AURPS8457L | - | 343750 | 0 | 0 | 343750 | 0.16 | 343750 | 0 | 343750 | 0.16 | 0 | 0.16 | 0 | 0.00 | 343750 | 100.00 | 343750 |
| 8 | Ms. Aarti Sanghi | AXGPS7897C | - | 343750 | 0 | 0 | 343750 | 0.16 | 343750 | 0 | 343750 | 0.16 | 0 | 0.16 | 0 | 0.00 | 343750 | 100.00 | 343750 |
| 9 | Sri Ravi Sanghi HUF | AARHR7700M | - | 7866000 | 0 | 0 | 7866000 | 3.58 | 7866000 | 0 | 7866000 | 3.58 | | 3.58 | 0 | 0.00 | 7866000 | 100.00 | 7866000 |
| 10 | Sri Gireesh Sanghi HUF | AAEHG4086N | - | 7866000 | 0 | 0 | 7866000 | 3.58 | 7866000 | 0 | 7866000 | 3.58 | 0 | 3.58 | 0 | 0.00 | 7866000 | 100.00 | 7866000 |
| 11 | Sri Aditya Sanghi | AYXPS7261A | - | 2889500 | 0 | 0 | 2889500 | 1.31 | 2889500 | 0 | 2889500 | 1.31 | 0 | 1.31 | 0 | 0.00 | 2889500 | 100.00 | 2889500 |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 | Sri Alok Sanghi | AZOPS5141H | - | 2889500 | 0 | 0 | 2889500 | 1.31 | 2889500 | 0 | 2889500 | 1.31 | | 1.31 | 0 | 0.00 | 2889500 | 100.00 | 2889500 |
| 13 | Sri Ashish Sanghi | AXGPS7898P | - | 2639500 | 0 | 0 | 2639500 | 1.20 | 2639500 | 0 | 2639500 | 1.20 | 0 | 1.20 | 0 | 0.00 | 2639500 | 100.00 | 2639500 |
| 14 | Sri Gaurav Sanghi | AXGPS7899N | - | 2639500 | 0 | 0 | 2639500 | 1.20 | 2639500 | 0 | 2639500 | 1.20 | 0 | 1.20 | 0 | 0.00 | 2639500 | 100.00 | 2639500 |
| | | | | | | | | | | | | | | | | | | | |
| **(b)** | **Central Government / State Government(s)** | | | | | | | | | | | | | | | | | | |
| **(c)** | **Financial Institutions / Banks** | | | | | | | | | | | | | | | | | | |
| **(d)** | **Any Other (Specify)** | | | | | | | | | | | | | | | | | | |
| | **Bodies Corporate** | | 12 | 83813475 | 0 | 0 | 83813475 | 38.10 | 83813475 | 0 | 83813475 | 38.10 | 0 | 38.10 | 0 | 0.00 | 37383573 | 44.60 | 83813475 |
| 1 | SZF Private Limited | AACCS8618M | - | 6884000 | 0 | 0 | 6884000 | 3.13 | 6884000 | 0 | 6884000 | 3.13 | 0 | 3.13 | 0 | 0.00 | 6884000 | 100.00 | 6884000 |
| 2 | Sanghi Threads Private Limited | AACCS8624B | - | 1754000 | 0 | 0 | 1754000 | 0.80 | 1754000 | 0 | 1754000 | 0.80 | 0 | 0.80 | 0 | 0.00 | 1754000 | 100.00 | 1754000 |
| 3 | Sanghi Filaments Private Limited | AACCS8623G | - | 2287500 | 0 | 0 | 2287500 | 1.04 | 2287500 | 0 | 2287500 | 1.04 | 0 | 1.04 | 0 | 0.00 | 2287500 | 100.00 | 2287500 |
| 4 | Sanghi Poly Zips Private Limited | AACCS8615G | - | 1482500 | 0 | 0 | 1482500 | 0.67 | 1482500 | 0 | 1482500 | 0.67 | 0 | 0.67 | 0 | 0.00 | 1482500 | 100.00 | 1482500 |
| 5 | Sanghi Synthetics Private Limited | AACCS8620F | - | 1675000 | 0 | 0 | 1675000 | 0.76 | 1675000 | 0 | 1675000 | 0.76 | 0 | 0.76 | 0 | 0.00 | 1675000 | 100.00 | 1675000 |
| 6 | Alpha Zippers Private Limited | AABCA7403M | - | 1675000 | 0 | 0 | 1675000 | 0.76 | 1675000 | 0 | 1675000 | 0.76 | 0 | 0.76 | 0 | 0.00 | 1675000 | 100.00 | 1675000 |
| 7 | Fancy Zippers Private Limited | AAACF3071F | - | 1468750 | 0 | 0 | 1468750 | 0.67 | 1468750 | 0 | 1468750 | 0.67 | 0 | 0.67 | 0 | 0.00 | 1468750 | 100.00 | 1468750 |
| 8 | Balaji Zippers Private Limited | AAACB8325N | - | 2775000 | 0 | 0 | 2775000 | 1.26 | 2775000 | 0 | 2775000 | 1.26 | 0 | 1.26 | 0 | 0.00 | 2775000 | 100.00 | 2775000 |
| 9 | SKK Zippers Private Limited | AACCS8621E | - | 3575000 | 0 | 0 | 3575000 | 1.63 | 3575000 | 0 | 3575000 | 1.63 | 0 | 1.63 | 0 | 0.00 | 3575000 | 100.00 | 3575000 |
| 10 | Maruti Fasteners Private Limited | AABCM3716H | - | 1468750 | 0 | 0 | 1468750 | 0.67 | 1468750 | 0 | 1468750 | 0.67 | 0 | 0.67 | 0 | 0.00 | 1468750 | 100.00 | 1468750 |
| 11 | Sanghi Polymers Private Limited | AAHCS0916P | - | 4700000 | 0 | 0 | 4700000 | 2.14 | 4700000 | 0 | 4700000 | 2.14 | 0 | 2.14 | 0 | 0.00 | 4700000 | 100.00 | 4700000 |
| 12 | Samruddhi Investors Services Private Limited | AAOCS0785M | - | 54067975 | 0 | 0 | 54067975 | 24.58 | 54067975 | 0 | 54067975 | 24.58 | 0 | 24.58 | 0 | 0.00 | 7638073 | 14.13 | 54067975 |
| | | | | | | | | | | | | | | | | | | | |
| | **Sub Total (A) (1)** | | **26** | **164945782** | **0** | **0** | **164945782** | **74.98** | **164945782** | **0** | **164945782** | **74.98** | **0** | **74.98** | **0** | **0** | **116414523** | **70.58** | **164945782** |
| **2** | **Foreeign** | | | | | | | | | | | | | | | | | | |
| **(a)** | **Individuals ( Non Resident Individuals / Foreign Individuals)** | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **(b)** | **Government** | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **(c)** | **Institutions** | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **(d)** | **Foreign Portfolio Investor** | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **(e)** | **Any Other (Specify)** | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Sub Total (A) (2)** | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Total Shareholding of Promoter and Promoter Group (A) + (A)(1)+(A)(2)** | | **26** | **164945782** | **0** | **0** | **164945782** | **74.98** | **164945782** | **0** | **164945782** | **74.98** | **0** | **74.98** | **0** | **0** | **116414523** | **70.58** | **164945782** |

# Statement showing shareholding pattern of public shareholders

| Category | Category of Shareholder | PAN | No of Share holders | No of fully paid up Equity Shares held | No of Partly paid-up Equity Shares held | No of Shares Underlying Depository Receipts | Total No of Shares Held (VII) = (IV)+(V)+(VI) | Shareholding as a % of total no of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No of Shares Underlying Outstanding convertible securities (Including Warrants) | Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of (A+B+C2) | Number of Locked in Shares | | Number of Shares pledged or otherwise encumbered | | Number of Equity Shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. | As a % of total Shares held | No. | As a % of total Shares held | |
| | | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | | | | (X) | (XI) | (XII) | | (XIII) | | (XIV) |
| | | | | | | | | | | | | | | | | | | | |
| 1 | Institutions | | | | | | | | | | | | | | | | | | |
| (a) | Mutual Fund | - | 5 | 8822326 | 0 | 0 | 8822326 | 4.01 | 8822326 | 0 | 8822326 | 4.01 | 0 | 4.01 | 0 | 0.00 | 0 | 0.00 | 8822326 |
| | Reliance Capital Trustee Co Ltd – A/c Reliance Mid & Small Cap Fund | AAATR0090B | - | 3488576 | 0 | 0 | 3488576 | 1.59 | 3488576 | 0 | 3488576 | 1.59 | 0 | 1.59 | 0 | 0.00 | 0 | 0.00 | 3488576 |
| | Aditya Birla Sun Limited A/c Aditya Birla Sun Life And Midcap Fund | AAATB0102C | - | 2500000 | 0 | 0 | 2500000 | 1.14 | 2500000 | 0 | 2500000 | 1.14 | 0 | 1.14 | 0 | 0.00 | 0 | 0.00 | 2500000 |
| | Aditya Birla Sun Limited A/c Aditya Birla Sun Life Value Fund | AAATB0102C | - | 2313750 | 0 | 0 | 2313750 | 1.05 | 2313750 | 0 | 2313750 | 1.05 | 0 | 1.05 | 0 | 0.00 | 0 | 0.00 | 2313750 |
| | Venture Capital Funds | - | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | Alternative Investment Funds | - | 1 | 1035838 | 0 | 0 | 1035838 | 0.47 | 1035838 | 0 | 1035838 | 0.47 | 0 | 0.47 | 0 | 0.00 | 0 | 0.00 | 1035838 |
| | Foreign Venture Capital Investors | - | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | Foreign Portfolio Investor | - | 11 | 643849 | 0 | 0 | 643849 | 0.29 | 643849 | 0 | 643849 | 0.29 | 0 | 0.29 | 0 | 0.00 | 0 | 0.00 | 643849 |
| | **Financial Institutions / Banks** | - | 2 | 262178 | 0 | 0 | 262178 | 0.12 | 262178 | 0 | 262178 | 0.12 | 0 | 0.12 | 0 | 0.00 | 155978 | 59.49 | 262178 |
| | **Insurance Companies** | - | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| | **Providend Funds** | - | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **/ Pension Funds** | | | | | | | | | | | | | | | | | | |
| **Any Other (Specify)_** | - | | | 0 | 0 | | | | 0 | | | 0 | | 0 | 0.00 | 0 | 0.00 | |
| **Foreign Institutional Investors (FII)** | - | 1 | 29584 | 0 | 0 | 29584 | 0.01 | 29584 | 0 | 29584 | 0.01 | 0 | 0.01 | 0 | 0.00 | 0 | 0.00 | 29584 |
| **Sub Total (B) (1)** | - | 20 | 10793775 | 0 | 0 | 10793775 | 4..91 | 10793775 | 0 | 10793775 | 4..91 | 0 | 4..91 | 0 | 0.00 | 155978 | 1.45 | 10793775 |
| **Central Government / State Government / President of India** | - | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| **Sub Total (b) (2)** | - | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| **Non Institutions** | - | | | 0 | 0 | | | | 0 | | | 0 | | 0 | 0.00 | 0 | 0.00 | |
| **Individuals** | - | | | 0 | 0 | | | | 0 | | | 0 | | 0 | 0.00 | 0 | 0.00 | |
| **I. Individual shareholders holding nominal share capital up to Rs. 2 Lakhs.** | - | 24890 | 12055242 | 0 | 0 | 12055242 | 5.48 | 12055242 | 0 | 12055242 | 5.48 | 0 | 5.48 | 0 | 0.00 | 175620 | 1.46 | 12055242 |
| **I. Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs.** | - | 105 | 9796328 | 0 | 0 | 9796328 | 4.45 | 9796328 | 0 | 9796328 | 4.45 | 0 | 4.45 | 0 | 0.00 | 389826 | 3.98 | 9796328 |
| Suresh Kumar Agarwal | AAGFR0822H | - | 2467809 | 0 | 0 | 2467809 | 1.12 | 2467809 | 0 | 2467809 | 1.12 | 0 | 1.12 | 0 | 0.00 | 0 | 0.00 | 2467809 |
| **NBFCsregistered with RBI** | **-** | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.00** | **0** | **0.00** | **0** | **0.00** | **0** | **0.00** | **0** |
| **Employees Trusts** | **-** | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.00** | **0** | **0.00** | **0** | **0.00** | **0** | **0.00** | **0** |
| **Overseas Depositories (holding Drs) (balancing figure)** | **-** | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.00** | **0** | **0.00** | **0** | **0.00** | **0** | **0.00** | **0** |
| **Any Other (Specify)** | - | | | 0 | 0 | | | | 0 | | | 0 | | 0 | 0.00 | 0 | 0.00 | |
| **Non Resident Indians** | - | 513 | 787744 | 0 | 0 | 787744 | 0.36 | 787744 | 0 | 787744 | 0.36 | 0 | 0.36 | 0 | 0.00 | 0 | 0.00 | 787744 |
| **Trust** | - | 2 | 89896 | 0 | 0 | 89896 | 0.04 | 89896 | 0 | 89896 | 0.04 | 0 | 0.04 | 0 | 0.00 | 0 | 0.00 | 89896 |
| **Clearing Member** | - | 341 | 1361518 | 0 | 0 | 1361518 | 0.62 | 1361518 | 0 | 1361518 | 0.62 | 0 | 0.62 | 0 | 0.00 | 175195 | 12.87 | 1361518 |
| **Bodies Corporate** | - | 593 | 20148715 | 0 | 0 | 20148715 | 9.16 | 20148715 | 0 | 20148715 | 9.16 | 0 | 9.16 | 0 | 0.00 | 7487114 | 37.16 | 20142315 |
| Balaji Voyage Private Limited | AACCB7311C | - | 7240111 | 0 | 0 | 7240111 | 3.29 | 7240111 | 0 | 7240111 | 3.29 | 0 | 3.29 | 0 | 0.00 | 0 | 0.00 | 7233711 |
| Navdurga Voyage Private Limited | AACCN9698J | - | 8206544 | 0 | 0 | 8206544 | 3.73 | 8206544 | 0 | 8206544 | 3.73 | 0 | 3.73 | 0 | 0.00 | 6060000 | 73.84 | 8206544 |
| **Sub Total (B) (3)** | | 26444 | 44239443 | 0 | 0 | 44239443 | 20.11 | 44239443 | 0 | 44239443 | 20.11 | 0 | 20.11 | 0 | 0.00 | 8227755 | 18.60 | 44229813 |
| **Total Public Shareholding (B)= B(1)+(B)(2)+(B)(3 )** | | 26464 | 55033218 | 0 | 0 | 55033218 | 25.02 | 55033218 | 0 | 55033218 | 25.02 | 0 | 25.02 | 0 | 0.00 | 8383733 | 15.23 | 55023588 |

## Statement showing shareholding pattern of the non promoter- non public shareholder

| Category | Category of Shareholder | PAN | No of Share holders | No of fully paid up Equity Shares held | No of Partly paid-up Equity Shares held | No of Shares Underlying Depository Receipts | Total No of Shares Held | Shareholding as a % of total no of shares (calculated as per SCRR, 1957) | Number of Voting Rights held in each class of securities | | | | No of Shares Underlying Outstanding convertible securities (Including Warrants) | Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) | Number of Locked in Shares | | Number of Shares pledged or otherwise encumbered | | Number of Equity Shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. | As a % of total Shares held | No. | As a % of total Shares held | |
| | | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) = (IV)+(V)+(VI) | (VIII) As a % of (A+B+C2 | (IX) | | | | (X) | (XI)=(VII)+(X) As a % of (A+B+C2) | (XII) | | (XIII) | | (XIV) |
| 1 | **Custodian/DR Holder** | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | **Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)** | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)** | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

## ISSUE PROCEDURE

*Below is a summary intended to present a general outline of the procedure relating to the bidding, application payment, Allocation and Allotment of Equity Shares in the Issue. The procedure followed in the Issue may differ from the one mentioned below and the investors are presumed to have apprised themselves of such changes from our Company or the BRLMs. The prospective investors are also advised to inform themselves of any restrictions or limitations that may be applicable to them; see the sections titled "Selling Restrictions", "Purchaser Representations and Transfer Restrictions" on pages 135 and 140. Prospective investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the BRLMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares being offered in the Issue.*

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and section 42 of the Companies Act, 2013 and the rules thereunder. The Issue has been approved by our Board on August 9, 2017 and by our shareholders at the extraordinary general meeting held on September 9, 2017.

Our Company has received in-principle approvals dated January 18, 2018 from the NSE and January 18, 2018 from the BSE, respectively, under Regulation 28 of the SEBI Listing Regulations. Our Company has also filed a copy of this Placement Document with the Stock Exchanges.

After the Allotment of Equity Shares, our Company shall make applications to the Stock Exchanges for the listing approvals. Subsequently, after the credit of Equity Shares to the beneficiary accounts with the Depository Participant, our Company shall make applications to the Stock Exchanges for the final listing and trading approvals.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold outside India except in compliance with the laws of the jurisdictions where such offers and sales are made. In particular, the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For a description of the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 135. The Equity Shares are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 140.

### Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations, Section 42 and Section 62 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the mechanism of a QIP wherein a listed company in India may issue and allot equity shares to QIBs on a private placement basis provided *inter alia* that:

- a special resolution approving the QIP is passed by shareholders of the issuer. Such special resolution must specify (a) that the allotment of equity shares is proposed to be made pursuant to a QIP; and (b) the relevant date;

- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, have been listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same fiscal does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the issuer as per the audited balance sheet of the previous fiscal;

- the issuer shall be in compliance with the minimum public shareholding requirements;

- the issuer shall have completed allotments with respect to any offer or invitation made earlier by the issuer or shall have withdrawn or abandoned any invitation or offer previously made by the issuer;

- the issuer shall offer to each allottee such number of equity shares in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the equity shares; and

- at least 10% of the equity shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Bid Closing Date

**Issue Procedure**

1. Our Company and the BRLMs has identified the QIBs and circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic form or physical form to QIBs. In terms of section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched.

2. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation shall be deemed to have been made to such QIB to make an offer to subscribe to Equity Shares pursuant to the Issue**. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the BRLMs.

4. Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee, at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares.

5. QIBs may submit their Bids through the Application Form, including any revisions thereof, during the Bidding Period to the the BRLMs.

6. QIBs will be required to indicate the following in the Application Form:

    a. Full official name of the QIB to whom Equity Shares are to be Allotted;

    b. Number of Equity Shares Bid for;

    c. Price at which they are agreeable to subscribe for the Equity Shares; provided that QIBs may also indicate that they are agreeable to submit a Bid at a “Cut-off Price”; which shall be any price as may be determined by our Company in consultation with the BRLMs at or above the Floor Price as approved in accordance with SEBI ICDR Regulations;

    d. The details of the beneficiary account with the Depository Participant to which the Equity Shares should be credited; and

    e. A representation that it was outside the United States at the time an invitation to make an offer to subscribe to Equity Shares was made to it and is currently outside the United States, and it has agreed to certain other representations and warranties set forth in the Application Form.

7. Once a duly filled Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid Closing Date. The Bid Closing Date shall be notified to the Stock Exchanges and upon such notification the QIBs shall be deemed to have been given notice of such date.

   Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI. All such Bids/ Application Forms by/ or on behalf of various schemes of a single Mutual Fund shall be treated as a single application.

8. Upon the receipt of the duly completed Application Forms and after the Bid Closing Date, our Company shall in consultation with the BRLMs determine (i) the Issue Price, (ii) the number of Equity Shares to be Allocated; and (iii) the QIBs to whom the same shall be Allocated. Upon such determination, the BRLMs will send serially numbered CANs to the QIBs who have been Allocated the Equity Shares, together with a serially numbered Placement Document either in electronic form or through physical delivery. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to subscribe to the Equity Shares Allocated to such QIB and to pay the application money (being the product of the Issue Price and Equity Shares Allocated to such QIB). The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the BRLMs.**

9. Pursuant to receiving a CAN, each QIB shall be required to pay the application money for the Equity Shares indicated in the CAN at the Issue Price, through electronic transfer to the Escrow Account by the Pay-In Date. No payment shall be made by QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013, but not before receipt of final listing and trading approvals from the Stock Exchanges.

10. Upon receipt of the application monies from the QIBs, our Company shall Allot the Equity Shares as per the details provided in the CANs to such QIBs. Our Company shall intimate the Stock Exchanges about the Allotment.

11. After our Board (or a Committee thereof) passes the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. After receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the respective QIBs. Our Company shall then apply for the final trading approvals from the Stock Exchanges.

12. The Equity Shares that have been credited to the beneficiary accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

13. The final listing and trading approvals granted by the Stock Exchanges are also ordinarily available on the websites of the Stock Exchanges, and our Company may communicate the receipt of the final listing and trading approvals to the QIBs who have been Allotted Equity Shares. Our Company or the BRLMs shall not be responsible for any delay or non receipt of the communication of the final listing and trading approvals from the Stock Exchanges or any loss arising from such delay or non-receipt. QIBs are advised to apprise themselves of the status of the receipt of such approvals from the Stock Exchanges or our Company.

Only QIBs, as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations are eligible to invest in the Equity Shares pursuant to the Issue. Currently, QIB means:

- public financial institutions as defined in section 2(72) of the Companies Act, 2013;
- scheduled commercial banks;
- Mutual Funds;
- Eligible FPIs;
- multilateral and bilateral development financial institutions;
- VCFs registered with SEBI;
- FVCIs registered with SEBI;
- AIFs registered with SEBI;
- state industrial development corporations;
- insurance companies registered with Insurance Regulatory and Development Authority;
- provident funds with minimum corpus of ₹ 25 crores;
- pension funds with minimum corpus of ₹ 25 crores;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India; and
- systemically important non-banking financial companies.

**Eligible FPIs are permitted to participate in this Issue subject to compliance with applicable law and such that the shareholding of the Eligible FPIs does not exceed the specified limits as prescribed under applicable law in this regard. All non-resident QIBs shall ensure that the investment amount is paid as per RBI's notification no. FEMA 20(R)/ 2017-RB dated November 7, 2017, as amended from time to time.**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of our total paid-up Equity Share capital and the total holdings of all FPIs put together shall not exceed 24% of our paid-up Equity Share capital. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company, which would be subject to prior intimation to RBI.

In this regard, please note that as on the date of this Placement Document, our Company has not completed the process of increase in limit of aggregate holding of FPIs above 24%.

The RBI, typically, monitors the level of FII/NRI shareholding in Indian companies on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 2% below the overall limit, the RBI cautions non-resident investors and authorized dealers not to further transact in equity shares on the stock exchanges, without prior approval of the RBI. Further, upon aggregate foreign shareholding in Indian companies reaching the ceiling, the RBI prohibits further purchase of equity shares by non- resident investors on the stock exchanges. For details of shareholding of our Company, including shareholding of FIIs and NRIs, see the section titled "*Principal Shareholders*" on page 116.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Specifically, investments by FVCIs are required to be made in compliance with Schedule 1 of FEMA 20.

Eligible FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions whichmay be specified by the Government from time to time. In terms of the FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Our Company and the BRLMs and any of their respective shareholders, directors, partners, officers, employees, counsel, advisors, representatives, agents or affiliates are not liable for any amendments or modifications or changes to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. QIBs are advised to consult their advisers in this regard. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the Takeover Code. The QIB shall be solely responsible for compliance with the provisions of the Takeover Code, the SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable laws, rules, regulations, guidelines, notifications and circulars.

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the promoters:

- rights under a shareholders' agreement or voting agreement entered into with the promoters or persons related to the promoters;
- veto rights; or
- a right to appoint any nominee director on the Board,

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoters.

A minimum of 10% of the Equity Shares offered in this Issue shall be available for Allocation to Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other QIBs.

*Note:* Affiliates or associates of the BRLMs, who are QIBs may participate in the Issue in compliance with applicable laws.

**Application Process**

***Application Form***

QIBs shall only use the serially numbered Application Forms (specifically addressed to them) supplied by our Company and/ or the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through the Application Form and pursuant to the terms of the Preliminary Placement Document, the QIB will be deemed to have made the representations, warranties, acknowledgements and undertakings under the sections titled "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 1, 3, 135 and 140, respectively, including:

1. the QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is not excluded under Regulation 86 of the SEBI ICDR Regulations and is eligible to participate in this Issue;

2. the QIB has no right to withdraw its Bid after the Bid Closing Date;

3. the QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

4. the QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to the Issue. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

5. the QIB confirms that its application would not eventually result in triggering an open offer under the Takeover Code;

6. the QIB confirms that it is not a promoter of our Company and is not a person related to the promoters of our Company, either directly or indirectly and its Application does not directly or indirectly

represent the promoters or Promoter Group or a person related to the promoters;

7. the QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the promoters or persons related to the promoters, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the promoters;

8. the QIB confirms that to the best of its knowledge and belief, together with other QIBs in the Issue that belong to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

    a. the expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

    b. "Control" shall have the same meaning as is assigned to it by clause 1(e) of Regulation 2 of the Takeover Code.

9. the QIB confirms that that it was outside the United States at the time the offer of the Equity Shares was made to it and it is currently outside the United States;

10. the QIB confirms that it is not our affiliate or a person acting on behalf of such an affiliate; and

11. the QIB confirms it will not undertake any trade in the Equity Shares credited to its beneficiary accounts with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

**QIBs MUST PROVIDE THEIR BENEFICIARY ACCOUNT DETAILS, PERMANENT ACCOUNT NUMBER, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE BENEFICIARY ACCOUNT IS HELD.**

**IF SO REQUIRED BY THE BRLMs, THE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLMs TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE. IF SO REQUIRED BY THE BRLMs, THE ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID CLOSING DATE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.**

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of the Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by our Company in favour of the QIB.

***Submission of Application Form***

All Application Forms must be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied for. The Application Form shall be submitted to the BRLMs either through electronic form or through physical delivery at the following address:

| Name of BRLM | Address | Contact Person(s) | Email | Telephone and Facsimile |
|---|---|---|---|---|
| SBI Capital Markets Limited | 202, Maker Tower E, Cuffe Parade, Mumbai 400 005 | Sambit Rath/ Nikhil Bhiwapurkar | leap@sbicaps.com | Telephone: +91 22 2217 8300<br>Facsimile: +91 22 2217 8332 |

| Name of BRLM | Address | Contact Person(s) | Email | Telephone and Facsimile |
|---|---|---|---|---|
| HDFC Bank Limited | Investment Banking Group, Unit No. 401 & 402, 4th Floor, Tower B, Peninsula Business Park, Lower Parel Mumbai 400 013 | Rakesh Bhunatar/ Sakshi Jain | sanghi.qip@hdfcbank.com | Telephone: +91 22 3395 8021<br>Facsimile: +91 22 3078 8584 |
| Motilal Oswal Investment Advisors Limited | Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025 | Keyur Desai | leap@motilaloswal.com | Telephone: +91 22 3982 5541<br>Facsimile: +91 22 3980 4315 |

The BRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form.

**Permanent Account Number or PAN**

Each QIB should mention its Permanent Account Number ("**PAN**") allotted under the IT Act. The copy of the PAN card is required to be submitted with the Application Form. Bids without this information will be considered incomplete and is liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

**Pricing and Allocation**

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of not more than 5% of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations.

The "Relevant Date" referred to above, will be the date of the meeting in which the Board or the committee of Directors duly authorized by the Board decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

***Build up of the book***

The QIBs shall submit their Bids (including any revision thereof) through the Application Forms, within the Bidding Period to the BRLMs. Such Bids cannot be withdrawn after the Bid Closing Date. The book shall be maintained by the BRLMs.

***Price discovery and allocation***

Our Company, in consultation with the BRLMs, shall determine the Issue Price, which shall be at or above the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations. After finalisation of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

***Method of Allocation***

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

All the Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

**THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF THE EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BRLMs ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.**

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the BRLMs as per the details provided in the respective CAN.

***Number of Allottees***

The minimum number of Allottees in the Issue shall not be less than:

(a) two, where the Issue Size is less than or equal to ₹ 250 crores; or

(b) five, where the Issue Size is greater than ₹ 250 crores.

Provided that no single Allottee shall be Allotted more than 50% of the Issue Size.

The QIBs belonging to the same group or those who are under same control shall be deemed to be a single Allottee for the purposes of the Issue. For details of what constitutes "same group" or "common control" please see the sub- section titled "- *Application Process – Application Form*" on page 127.

**CAN**

Based on the Application Forms received, our Company in consultation with the BRLMs, shall decide the list of QIBs to whom the serially numbered CANs shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the application money payable for Allotment of such Equity Shares by the Pay-In Date in their respective names shall be notified to such QIBs. Additionally, a CAN will include details of the bank account(s) for the electronic transfer of funds, address where the application money needs to be sent, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the BRLMs and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

**QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOCATED / ALLOTTED TO THEM PURSUANT TO THE ISSUE.**

By submitting the Application Form, the QIB would have deemed to have made the representations and warranties as specified in the section titled "*Notice to Investors*" on page 1 and further that such QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by BSE and NSE.

**Bank Account for Payment of Application Money**

Our Company has opened the Escrow Account in the name of "Sanghi Industries Limited QIP - ESCROW ACCOUNT" with HDFC Bank Limited. The QIB will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, our Company and the BRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion.

***Payment Instructions***

The payment of application money shall be made by the QIBs in the name of Escrow Account as per the payment instructions provided in the CAN.

QIBs can make payment of the application money only through electronic transfer of funds from their own bank accounts.

**Note: Payments through cheques are liable to be rejected.**

***Designated Date and Allotment of Equity Shares***

1. The Equity Shares will not be Allotted unless the QIBs pay the application money for the Equity Shares allocated to them calculated at the Issue Price, to the Escrow Account as stated above.

2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the eligible QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

3. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

4. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

5. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the QIBs.

6. Following the credit of Equity Shares into the QIBs' beneficiary accounts, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

7. In the unlikely event of any delay in the Allotment or credit of Equity Shares, or receipt of the listing and trading approvals of the Stock Exchanges in relation to the Issue or the cancellation of the Issue, no interest or penalty would be payable by our Company.

8. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company.

9. In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the QIBs.

## Other Instructions

***Right to Reject Applications***

Our Company, in consultation with the BRLMs, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of our Company and the BRLMs in relation to the rejection of Bids shall be final and binding.

***Equity Shares in dematerialized form with NSDL or CDSL***

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. A QIB applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. The Equity Shares Allotted to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

3. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The BSE and the NSE have electronic connectivity with CDSL and NSDL.

4. The trading of the Equity Shares issued pursuant to the Issue would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

5. Our Company and the BRLMs will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or otherwise on the part of the QIBs.

6. For details of our Company Secretary and Compliance Officer, see the section titled "*General Information*" on page 154.

## PLACEMENT

The BRLMs have entered into a Placement Agreement dated January 18, 2018 with our Company pursuant to which, the BRLMs have agreed, subject to certain conditions, have agreed to manage the Issue, to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares of our Company, on reasonable efforts basis, pursuant to Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules made thereunder.

The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and the Issue is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than to Eligible QIBs.

The BRLMs and their affiliates may engage in transactions with and perform services for the Company and its affiliates in the ordinary course of business and may have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Company or affiliates, for which they may have received compensation and may in the future receive compensation.

In terms of the Placement Agreement, the Company has also acknowledged that the BRLMs or their eligible affiliates may arrange, at their own discretion and option, to purchase for their account, the Equity Shares offered pursuant to the Issue and may offer, issue and sell participatory notes or other derivative instruments that are the economic equivalent of owning Equity Shares offered pursuant to the Issue.

**Lock-up**

Ravi Sharan Sanghi has agreed that, without the prior written consent of the the BRLMs, he will not, and will procure that none of the members of the Promoter Group of the Company will, during the period commencing on the date of the Placement Agreement and ending 180 days after the date of allotment of Equity Shares pursuant to the Issue (both days inclusive) ("**Lock-up Period**"):

(a) purchase, offer, issue, lend, sell, grant any option or contract to purchase, purchase any option or contract to offer, issue, lend, sell, grant any option, right or warrant to purchase, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares), with respect to any of the foregoing,

(b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in Clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

(c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or

(d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a issue, offer, sale or deposit of the Equity Shares in any depository receipt facility; or

(e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction falling within (a) to (d) above.

The foregoing restrictions shall not apply to the issuance of any Equity Shares pursuant to the Issue.

In addition, Ravi Sharan Sanghi has agreed that, without the prior written consent of the BRLMs, he will not, and will procure that none of the members of the Promoter Group will, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration of any Equity Shares or any other securities of the Company substantially similar to the Equity Shares outside India, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired.

# SELLING RESTRICTIONS

## General

Except in India, no action has been taken or will be taken by our Company or the BRLMs that would permit an offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, except in India, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Placement Document, any offering materials and any advertisements in connection with the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on our Company or the BRLMs. The Issue will be made in compliance with the applicable regulations issued by the SEBI.

## India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to QIBs and is not an offer to the public. This Issue is a "private placement" within the meaning of Section 42 of the Companies Act, 2013 since the invitation or offer is to be made only to QIBs. This Placement Document is neither a public issue nor a prospectus under the Companies Act, 2013 or an advertisement and should not be circulated to any person other than to whom the offer is made. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India.

## Cayman Islands

The Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

## European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (defined below) and the 2010 Amending Directive (defined below), except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

(a) to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

(b) to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the BRLMs; and

(c) in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive, provided that no such offering of Equity Shares shall result in a requirement for the publication by our Company or the BRLMs of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

Our Company, the BRLMs have not authorised, and they will not authorise, the making of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by our Company, the GCBRLM or the BRLMs.

**Hong Kong**

The Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorized by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

The Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. The Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

(b) in other circumstances which do not result in this Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Placement Document may issue, circulate or distribute this Placement Document in Hong Kong or make or give a copy of this Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

**Mauritius**

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. The Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, the Placement Document does not constitute a public offering. The Placement Document is for the exclusive use of the person to whom it has been given by one of the BRLMs and is a private concern between the sender and the recipient.

**Qatar (excluding the Qatar Financial Centre)**

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company, the BRLMs are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the BRLMs are not, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

***Qatar Financial Centre***

This Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. The Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. The Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

**Singapore**

This Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

**United Arab Emirates (excluding the Dubai International Financial Centre)**

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. This Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

***Dubai International Financial Centre***

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

**United Kingdom (in addition to the European Economic Area selling restrictions above)**

The Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Each of the BRLMs (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to our Company; and (b) is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

**United States of America**

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are not being offered or sold in the United States in the Issue. The Equity Shares are being offered and sold in the Issue only outside the United States in "offshore transactions" (as defined in Regulation S) in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "*Purchaser Representations and Transfer Restrictions*" on page 140.

# PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

*Pursuant to Chapter VIII of the SEBI ICDR Regulations, any resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. In addition to the above, allotments made to QIBs, including FVCIs, VCFs and AIFs, in this Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. Specifically, investments by FVCIs are required to be made in compliance with Schedule 1 of FEMA 20. Investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares.*

**United States of America**

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Each purchaser of the Equity Shares, by accepting delivery of this Placement Document, will be deemed to:

- Represent and warrant to our Company, the BRLMs and their respective affiliates that the offer and sale of the Equity Shares to it is in compliance with all applicable laws and regulations.

- Represent and warrant to our Company, the BRLMs and their respective affiliates that it was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Equity Shares was originated.

- Represent and warrant to our Company, the BRLMs and their respective affiliates that it did not purchase the Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S).

- Acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and warrant to our Company, the BRLMs and their respective affiliates that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Represent and warrant to our Company, the BRLMs and their respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

- Agree to indemnify and hold the Company and the Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Acknowledge that our Company, the BRLMs and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

## THE SECURITIES MARKET OF INDIA

*The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLMs or any of their respective affiliates or advisors.*

**Stock exchanges regulation**

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members.

The SEBI is empowered to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

**Listing and delisting of securities**

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI Listing Regulations. The governing body of each recognised stock exchange is empowered to suspend trading of or withdraw admission to dealings in a listed security for breach of or non compliance with any conditions or breach of company’s obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange’s governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

**Disclosures under the SEBI Listing Regulations**

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management’s discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

**Minimum level of public shareholding**

Pursuant to an amendment to the SCRR in June 2010 and Regulation 38 of the SEBI Listing Regulations, all listed companies are required to maintain a minimum public shareholding of 25.00%.

**Index-based market-wide circuit breaker system**

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20.00% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

**BSE**

The BSE is one of the stock exchanges in India on which our Equity Shares are listed. Established in 1875, it is the first stock exchange in India to have obtained permanent recognition in 1956 from the Government of India under the SCRA and has evolved over the years into its present status as one of the largest stock exchange in India.

**NSE**

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked, screen-based trading facilities to market makers, to provide electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on-market" are exchanged through the National Securities Clearing Corporation Limited. After recognition as a stock exchange under the SCRA in April 1993, the NSE commenced operations in the wholesale debt market segment in June 1994 and operations in the derivatives segment in June 2000.

**Internet-based securities trading and services**

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

**Trading hours**

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

**Trading Procedure**

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

**Takeover Code**

Disclosure and mandatory bid obligations for listed Indian companies are governed by the Takeover Code which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Code will apply to any acquisition of the company's shares/voting rights/control. The Takeover Code prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Code mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Code also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

**Insider Trading Regulations**

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an 'insider' from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The Insider Trading Regulations, inter alia, impose certain restrictions on the communication of information by listed companies. Under the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

**Depositories**

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

**Derivatives (Futures and Options)**

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

## DESCRIPTION OF THE SHARES

*Set forth below is certain information relating to the share capital of our Company, including a brief summary of some of the provisions of the Memorandum and Articles of Association, the Companies Act and certain related legislation of India, all as currently in effect. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.*

### General

Our Company's authorized share capital is ₹ 550 crore divided into 35,00,00,000 Equity Shares of ₹ 10 each and 2,00,00,000 Preference Shares of ₹ 100 each. As on the date of this Placement Document, our Company's issued, subscribed and paid up capital totals ₹ 219.98 crore divided into 21,99,79,000 Equity Shares of ₹ 10 each. The Equity Shares are listed on the BSE and the NSE.

### Dividend

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of the Directors may pay interim dividend as appears to it be justified by the profits of our Company, subject to the requirements of the Companies Act.

The Equity Shares issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends declared by our Company.

### Capitalization of Reserves

In addition to permitting dividends to be paid as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus equity shares, which are similar to stock dividend. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations.

The Articles of Association permit our Company, in general meeting, upon the recommendation of the Board, to resolve in certain circumstances, certain amounts forming part of the undivided profits of our Company, standing to the credit of *inter alia* any of our Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, any capital redemption reserve fund and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be, subject to the provisions of the Companies Act, 1956, capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend.

### Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, we can increase our share capital by issuing new shares. According to Section 62(1)(a) of the Companies Act, 2013, such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date, the Board may dispose of the shares offered in respect of which no acceptance has been received in such manner which shall not be disadvantageous to the shareholders of the Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to the provisions of FEMA 20, if applicable.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to conditions prescribed under the Companies (Share Capital and Debentures) Rules, 2014, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

The Articles of Association provide that we may in general meeting also cancel shares which have not been taken or agreed to be taken by any person.

**General Meetings of Shareholders**

Pursuant to the provisions of Section 96 of the Companies Act, 2013, we must hold our annual general meeting each year, in addition to any other meetings, and within fifteen months of the previous annual general meeting. The Registrar of Companies may extend this period for not more than three months, in special circumstances at our request. The Board may convene an extraordinary general meeting of shareholders when necessary and shall convene such a meeting at the request of a shareholder or shareholders holding in the aggregate not less than 10% of our issued paid up capital. Written notices convening a meeting setting out the date and place of the meeting and its agenda must be given to members at least 21 clear days prior to the date of the proposed meeting and where any special business is to be transacted at the meeting, an explanatory statement must be annexed to the notice as required under the Companies Act, 2013 and the rules framed thereunder. A general meeting may be called after giving shorter notice if consent is received from all shareholders in the case of an annual general meeting and from shareholders holding not less than 95% of our paid up capital in the case of any other general meeting. The quorum requirements applicable to shareholder meetings under the Companies Act, 2013 have to be physically complied with.

Any listed public company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed is required to pass the resolution by means of a postal ballot instead of transacting the business in the general meeting of the company.

**Voting Rights**

At a general meeting upon a show of hands, every member holding shares, entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy are in the same proportion to such shareholder's share of our paid up equity capital. Subject to the procedure laid down under Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and SEBI Listing Regulations, a company shall provide the facility to vote through electronic voting (remote e-voting), to its members.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with us at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have the right to speak at meetings.

**Register of Shareholders and Record Dates**

We are obliged to maintain a register of shareholders at our Registered Office. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In the case of shares held in physical form, transfers of shares are registered on the register of members upon lodgment of the share transfer form duly complete in all respects accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

**Transfer of Shares**

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with applicable regulations by SEBI. These regulations provide the regime for the functioning of the depositories and their participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that our shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. We shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI Listing Regulations, in the event that a transfer of shares is not effected within fifteen days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, we are required to compensate the aggrieved party for the opportunity loss caused by the delay.

**Liquidation Rights**

In the event of our winding up, if the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the shares issued upon special terms and conditions. On winding up, the preference shares issued by our Company shall rank in priority to Equity Shares but shall not be entitled to any further participation in profits or assets.

# TAXATION

## Statement of Possible Special Tax Benefits available to the Company and its Shareholders

To,

The Board of Directors
**Sanghi Industries Limited**
Sanghinagar P.O.
Hayatnagar Mandal, Ranga Reddy District
Telangana 501 511

Dear Sirs,

**Sub: Proposed qualified institutions placement of equity shares of face value Rs 10 each ("Equity Shares") of Sanghi Industries Limited (the "Company") under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Issue")**

1. We have been requested by **Sanghi Industries Limited** ("the Company"), having its registered office at the above mentioned address, to certify the Statement of Possible Special Tax Benefits available to the Company and its Shareholders under the Income Tax Act, 1961 ("Act"). Accordingly, this certificate is issued in accordance with the terms of our engagement letter dated January 03, 2018.

2. The preparation of the Statement relating to Special Tax Benefit is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement of Special Tax Benefit and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

3. We are informed that this statement is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

4. Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the preliminary placement document and placement document of the Company prepared in connection with the Issue to be filed with the stock exchanges on which the Equity Shares of the Company are listed (the "**Stock Exchanges**") and any other authority (together the "**Placement Documents**").

5. We consent to the inclusion of the above information in the Placement Documents to be filed by the Company with the Stock Exchanges, the Securities and Exchange Board of India, and the Registrar of Companies, and any other authority and such other documents as may be prepared in connection with the Issue.

6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or certificates for the Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

7. Based on our examination, we, the previous independent joint statutory auditors of the Company, hereby certify that there are no possible special tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 ("Act") presently in force in India.

8. The Certificate is issued solely for the purpose of onward submission to the Securities and Exchange Board of India, Stock Exchanges and any other regulatory or statutory authority and for inclusion of its contents in the preliminary placement document and the placement document to be filed by the Company in connection with the Issue. This certificate should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Haribhakti & Co. LLP shall not be liable to the Company, the Securities and Exchange Board of India, Stock Exchanges and any other regulatory or statutory authority or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment.

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 103523W/W100048

____________________
Hemant J. Bhatt
Partner
Membership Number: 036834

Place: Ahmedabad
Date: January 10, 2018

## LEGAL PROCEEDINGS

*Our Company, from time to time, is involved in various legal proceedings in the ordinary course of business. Except as disclosed in this section, we are not involved in any legal proceedings, which if determined adversely, could result in material adverse effect on our business, financial condition or results of operations.*

*Further, other than as disclosed in this section (i) there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years involving our Company or any of our Subsidiaries; (iii) there are no defaults in repayment of statutory dues as of the date of this Placement Document and (iv) there are no material frauds committed against us in the last three years.*

*A summary of certain legal proceedings where the amount involved exceeds ₹ 0.63 crores, being 1.00% of our profit after tax in fiscal year 2017, and certain other litigation which may be construed as material is set forth below.*

### Litigation involving our Company

#### *I. Litigation by our Company*

1. Our Company filed a special civil application no. 8579 of 2006 (the "**Petition**") in the High Court of Gujarat (the "**Court**") against the State of Gujarat and others (collectively, the "**Respondents**") challenging the legality of orders dated January 1, 2005, January 24, 2005 and November 16, 2005 issued by the Officer of Commissioner of Electricity Duty (the "**Authority**") and demand notices issued by the Authority dated March 2, 2006 and April 1, 2006 for ₹ 2.43 crores and ₹ 0.88 crores, respectively (collectively, the "**Impugned Orders**"). While our Company had claimed exemption from payment of electricity duty on electricity generated from the captive power plant installed by our Company, for a period of 10 years, under the applicable provisions of the Bombay Electricity Duty Act, 1958, the Impugned Orders effectively reduced the exemption period to 3 years. Our Company prayed for, *inter alia*, grant of writ of mandamus or any other appropriate writ against the Impugned Orders and ad-interim relief during the pendency of the Petition. Thereafter, the Respondents filed an affidavit in reply dated May 5, 2006 pleading for dismissal of the Petition. The Court vide its order dated May 5, 2006 granted ad-interim relief and stayed the operation of the Impugned Orders subject to our Company filing an undertaking to the effect that it shall deposit the amount in dispute along with the interest thereon, if the Petition is determined against it. The matter is currently pending.

2. Our Company filed a special civil application no. 18669 of 2007 (the "**Petition**") in the High Court of Gujarat (the "**Court**") against the State of Gujarat and Others, challenging the legality of the order dated July 12, 2007 passed the Taluka Development Officer, Lakhpat directing our Company to pay a sum of ₹ 0.94 crores towards land revenue and ₹ 0.23 crores as penalty and subsequent order dated July 24, 2007 attaching the bank account of our Company (collectively, the "**Impugned Orders**") to recover the above-stated amounts as land revenue for lands exempt from such levy, granted by the State Government to our Company for mining purposes. Our Company prayed for, *inter alia*, grant of writ of mandamus or any other appropriate writ against the Impugned Orders and ad-interim relief during the pendency of the Petition. Pursuant to this, the Court vide its order dated July 27, 2007 stayed the operation of the Impugned Orders. The matter is currently pending.

#### *II. Litigation against our Company*

1. Essar Steel Limited (the "**Complainant**") filed a criminal case no. 2293/2002 before Civil Judge and Judicial Magistrate First Class at Surat against our Company and Shri O.P. Mantri (since deceased), General Manager (M&C) of our Company (together, the "**Accused**") alleging criminal breach of trust and cheating under sections 406 and 420 read with section 114 of the Indian Penal Code, 1860 by the Accused in relation to Hot Rolled Coil/Plates purchased from the Complainant and ₹ 0.14 crores remaining outstanding in lieu thereof. Our Company disputes receiving the Hot Rolled Coil/Plates as claimed by the Complainant. The matter is currently pending.

2. Rastriya Ispat Nigam Limited (the "**Plaintiff**") filed a summary suit no. 836/1999 before the City Civil Court at Ahmedabad (the "**Court**") against our Company for recovery of ₹ 0.15 crores, being the principal

amount and ₹ 0.13 crores as interest thereon along with a future interest calculated at the rate of 24% per annum from the date of the suit till realisation, with respect to outstanding payments in relation to purchase of steel by our Company from the Plaintiff. Our Company thereafter filed a leave to defend affidavit raising issues of jurisdiction in response to affidavit in support of summons for judgment dated June 30, 1999 filed by the Plaintiff. The Court vide its order dated February 10, 2000 directed our Company to deposit ₹ 0.08 crores as a precondition to defending the case. Our Company paid the requisite amount on June 6, 2001 and settlement proceedings were subsequently initiated in this matter.

3. Our Company received a show cause notice dated November 14, 2007 from the Directorate General of Central Excise Intelligence ("**DGCEI**") for allegedly claiming a wrongful exemption for its grinding unit in terms of Notification No. 39/2001-CE which exempted new industrial units being setup in the Kutch district of Gujarat after July 31, 2001 from payment of central excise for a period of five years. Our Company filed a detailed reply on August 31, 2009, contesting the show cause notice both on merits and limitation. Thereafter, the Commissioner of Central Excise vide its order dated January 12, 2010 ("**Impugned Order**") raised a demand for recovery of excise duty amounting to ₹ 40.00 crores from our Company for the period between November 2003 to March 2007 and imposed a penalty of like amount under Section 11AC of the Central Excise Act, 1944 ("**Act**"). Our Company filed an appeal against the Impugned Order before the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad ("**Tribunal**") on April 27, 2010 after depositing the excise duty in dispute. Simultaneously, our Company also applied for a stay on the Impugned Order under section 35F of the Act which was granted by Tribunal vide its order dated May 2, 2011. The matter is currently pending.

4. Our Company received a show cause notice dated March 16, 2007 ("**SCN**") from the Additional Commissioner, Central Excise & Customs, Rajkot ("**Adjudicating Authority**") for alleged wrongful availing of CENVAT credit in respect of service tax paid on Goods Transport Agency for the outward transportation of goods beyond the place of removal during the month of March, 2006. The SCN was later confirmed by the Adjudicating Authority vide its order dated December 31, 2009 ("**Impugned Order**") disallowing CENVAT credit amounting to ₹ 0.33 crores and imposing a penalty of equivalent amount on our Company. Being aggrieved by the Impugned Order, our Company filed an appeal before the Commissioner (Appeals), Central Excise, Rajkot who vide its order dated October 12, 2012 ("**Appeal Order**") set aside the Impugned Order and reduced the demand to ₹ 0.01 crores. Thereafter, our Company and the Commissioner of Central Excise, Kutch ("**Commissioner**") filed an appeal before the Central Excise & Service Tax Tribunal ("**Tribunal**") challenging the Appeal Order which was disposed of vide its order dated April 9, 2015. Subsequently, the Commissioner filed appeal no. 899 of 2015 before the High Court of Gujarat ("**High Court**") against the order passed by the Tribunal which was dismissed by the High Court by its oral order dated February 12, 2016. Being aggrieved by the order of the High Court, a special leave petition no. 16244 of 2016 was filed by the Commissioner before the Supreme Court of India which is currently pending.

5. Our Company received show cause notice dated April 1, 2013 ("**SCN**") from the Directorate of Revenue Intelligence for wrongful availing of exemption under Sl. No. 123 of Notification No. 12/2012-Cus by classifying imported goods as "steam coal" under tariff item 27011920 instead of "bituminous coal" under tariff item 27011200. Our Company filed a detailed reply to the SCN on December 3, 2013. Thereafter, the Commissioner of Customs, Kachchh passed the order dated February 27, 2014 ("**Impugned Order**") demanding payment of duty of ₹ 5.58 crores along with interest and a penalty of ₹ 0.70 crores. Aggrieved by the Impugned Order, our Company filed an appeal before the Customs, Excise & Service Tax Appellate Tribunal ("**CESAT**"), Ahmedabad on June 9, 2014. Our Company also filed a stay application no. C/12132 of 2014 before the CESAT, Ahmedabad to stay the operation of the Impugned Order which was granted on January 16, 2017 by a common interim order of CESAT, Chennai as the subject matter of the dispute was *subjudice* before the Supreme Court of India in civil appeal nos. 28937/2014 and 9725/2014. The matter is currently pending.

6. Gujarat Water Supplies and Sewerage Board ("**Claimant**") filed an arbitration petition no. 35 of 2011 before the High Court of Gujarat ("**High Court**") against our Company in relation to water supply agreement dated February 28, 2001 ("**Agreement**") wherein our Company had undertaken to supply the Claimant 0.20 crore litres of water per day for 330 days in an year, for a period of 10 years, in lieu of ₹ 15 crores, to be secured by corporate guarantee and fixed deposit receipt of like amounts in favour of the Claimant. The High Court vide its order dated August 5, 2011 appointed a sole arbitrator ("**Arbitrator**"). The Claimant filed its statement of claims dated October 8, 2011 praying for a sum of ₹ 29.79 crores along with interest thereon at the rate of 18% per annum from the date of accrual to the date of realisation on

account of breach of obligations by our Company under the Agreement. In response, our Company filed its counter-claim dated January 16, 2012 demanding a sum of ₹ 5.98 crores together with an interest of 18% per annum till the date of realisation from the Claimant. Pursuant to an interim order dated October 6, 2013 passed by the Arbitrator, our Company and the Claimant jointly explored the possibility of an amicable settlement of the matter, which later proved to be infructuous. The matter is currently pending.

7. The Director General of Investigation and Registration served on our Company a notice of enquiry dated August 6, 2007 alleging violation of Sections 33(1)(d), 2(o)(ii) and 2(1)(d) of the Monopolies and Restrictive Trade Practices Act, 1969 by our Company for engaging in unfair trade practices in relation to exorbitant increase in cement prices in 2005-06. Our Company filed an application before the Monopolies and Restrictive Trade Practices Commission under Regulation 65(1)(j) of the Monopolies and Restrictive Trade Practices Commission Regulations, 1991 for discharge of the Notice which was subsequently transferred to the Competition Appellate Tribunal on commencement of Competition (Amendment) Act, 2009. The matter is currently pending and no order has been passed till date.

8. State Load Dispatch Centre ("**Petitioner**") filed petition no. 1480 of 2015 before the Gujarat Electricity Regulatory Commission ("**Commission**") impleading our Company as one of the respondents in the matter of devising a mechanism for recovery of compensatory charges from entities who are in deviation to schedule and for whom a generating station of any entity is scheduled by the State Load Dispatch Centre to ensure over drawl/under drawl at regional periphery as stipulated by the Central Electricity Regulatory Commission. Thereafter, pursuant to directions of the Commission, the Petitioner placed on record a statement of monetary impact and proposed methodology for compensation. The matter is currently pending.

9. Haresh Sagalaji Vyas ("**Petitioner**") filed a writ petition (PIL) no. 199 of 2016 against the State of Gujarat ("**Government**") and our Company in the High Court of Gujarat ("**High Court**") alleging violation of terms and conditions of the lease sanctioned to our Company by the Government for mining of limestone ("**Mining Lease**") and causing air and water pollution. The Petitioner claimed that the Mining Lease was abrogable under the Mineral Conservation and Development Rules, 1988 and demanded an appointment of a SIT of Environment, Mining, Revenue and Economic Scam experts to investigate into the matter. Our Company challenged the writ petition by our reply dated November 9, 2016. The matter is currently pending.

10. Our Company made a request to Welspun India Limited ("**Welspun**") for supply of 40 Kilolitres of furnace oil ("**Oil**"). The Oil was dispatched to our Company in two tankers of M/s Radhya Shyam Transportation ("**Tankers**"). The Tankers were intercepted by police in transit from Ratnal to Bhuj and subsequently, a first information report ("**FIR**") was filed at Anjar on August 3, 2005 against, *inter-alia*, P.K. Patnaik, Manager (Commercial) of our Company and Sunil Kumar Jain, Vice President of Welspun for alleged violations of the Essential Commodities Act, 1955. Subsequently, police filed the chargesheet on February 25, 2006 and a criminal case no. 610 of 2006 was registered in the court of Additional Chief Judicial Magistrate, First Class at Anjar, Kutch. The matter is currently pending.

**Litigation involving our Directors**

Except as disclosed below, there is no outstanding material litigation involving our Directors as on the date of this Placement Document.

1. Bina Mahesh Engineer, executive Director of our Company, was also a director of Manbhavan Recreation Private Limited ("**Manbhavan**"). Manbhavan received a show cause notice dated March 14, 2017 from the Registrar of Companies. Mumbai ("**RoC**") stating that the name of Manbhavan would be struck off the Register of Companies ("**Register**") for not carrying on any business or operation for a period of two immediately preceding financial years. Pursuant to its resolution dated March 31, 2017, Manbhavan intimated the RoC to strike off its name from the Register vide its letter dated April 5, 2017. The name of Manbhavan was struck off vide notification dated July 19, 2017 published by the RoC. Subsequently, the name of Bina Mahesh Engineer appeared in the List of Disqualified Directors (of Struck Off Companies) under section 164(2)(a) of the Companies Act, 2013 published on the website of Ministry of Corporate Affairs by the RoC on September 6, 2017 ("**Impugned List**") due to non-filing of annual returns by Manbhavan for a continuous period of three financial years. Bina Mahesh Engineer filed a writ petition no. 3483 of 2017 dated December 11, 2017 in the High Court of Judicature at Bombay against the Union of India and the Registrar of Companies, Mumbai challenging the legality of the Impugned List.

**Compounding of Offences by our Company**

There have been no inquiries, inspections or investigations initiated or conducted or prosecutions filed, disposed of or fine imposed or compounding application filed under the Companies Act, 2013 or Companies Act, 1956 in relation to our Company and its subsidiaries in the last three years immediately preceding the year of circulation of this Placement Document.

**Material Frauds Committed against our Company**

There have been no frauds committed against our Company in the last three years preceding the date of this Placement Document.

**Litigation or legal action pending or taken by any ministry or department of the Government or statutory authority against our promoters**

There is no litigation or legal action pending or taken by any ministry or department of the Government or statutory authority against our Promoters during the last three years immediately preceding the year of the circulation of this Placement Document.

**Defaults in respect of dues payable**

Our Company has no outstanding defaults in repayment of statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution, except where there is dispute under litigation.

## OUR STATUTORY AUDITORS

Our Company's joint statutory auditors Chaturvedi & Shah, Chartered Accountants and S.K. Mehta & Co., Chartered Accountants are independent auditors with respect to our Company as required by the Companies Act and in accordance with the guidelines issued by the ICAI. The Audited Financial Statements, together with the reports of our Statutory Auditors or Previous Joint Statutory Auditors, as applicable, have been included in this Placement Document.

The peer review certificate of our statutory auditors Chaturvedi & Shah, Chartered Accountants, is dated June 30, 2016 and the peer review certificate of our statutory auditors S.K. Mehta & Co., Chartered Accountants is dated August 16, 2015.

## GENERAL INFORMATION

1. Our Company was incorporated as 'Sanghi Leathers Private Limited', a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the then Registrar of Companies, Andhra Pradesh, at Hyderabad on June 14, 1985. Subsequently, the name of our Company was changed to 'Sanghi Industries Private Limited' pursuant to a fresh certificate of incorporation issued by the then Registrar of Companies, Andhra Pradesh. Pursuant to a special resolution of our shareholders dated September 26, 1992, our Company was converted to a public limited company, and a fresh certificate of incorporation was issued to us as by the then Registrar of Companies, Andhra Pradesh on October 28, 1992.

2. The website of our Company is www.sanghicement.com.

3. The CIN of our Company is L18209TG1985PLC005581.

4. The Registered Office of our Company is located at Sanghinagar PO. Hayatnagar Mandal, R R District, Telangana – 501 511

5. Our Company Secretary and Compliance Officer is Anil Agrawal. His contact details are as follows:

   **Anil Agrawal**
   Company Secretary and Compliance Officer
   Sanghinagar P.O.
   Hayatnagar Mandal
   R R District
   Telangana - 501 511
   Telephone: +91 8415 242240
   E-mail: companysecretary@sanghicement.com

6. The Issue has been approved by our Board on August 9, 2017 and by our shareholders at a shareholders' meeting held on September 9, 2017.

7. We have received in principle approvals dated January 18, 2018 each from the BSE and the NSE respectively, to list the Equity Shares to be issued pursuant to the Issue under Regulation 28 of the SEBI Listing Regulations. We shall apply to the NSE and the BSE for the listing approvals and the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue.

8. Copies of the Memorandum and Articles of Association will be available for inspection between 10.00 A.M. and 1.00 P.M. on any weekday (except Saturdays and public holidays) at the Registered Office.

9. Except as disclosed in this Placement Document, there has been no material change in our Company's financial position since September 30, 2017, the date of the Unaudited Financial Statements, and since March 31, 2017, the date of the last Audited Financial Statements.

10. Our Company's Statutory Auditors and Previous Joint Statutory Auditors have consented to the inclusion of their reports on the Audited Financial Statements.

11. Haribhakti & Co. LLP, Chartered Accountants, have consented to the inclusion of their certificate on the statement of tax benefits dated January 10, 2018 in connection with the Issue.

12. Our Company is in compliance with the minimum public shareholding requirements as required under the terms of the SEBI Listing Regulations and as per Rule 19A of the SCRR.

13. The Floor Price is ₹ 135.48 per Equity Share as calculated in accordance with Regulation 85 of Chapter VIII of SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

14. Our Company and the BRLMs accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

# FINANCIAL STATEMENTS

**Limited Review Report**

**Review Report to**
**The Board of Directors**
**Sanghi Industries Limited**

We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Sanghi Industries Limited ('the Company') for the quarter and half year ended September 30, 2017 being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, read with the SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement read with notes thereon, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, read with the SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For Chaturvedi & Shah**
Chartered Accountants
Registration No: 101720W

**Vitesh D. Gandhi**
Partner
Membership No: 110248

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

**Place:** Sanghipuram
**Date:** 09th November, 2017

**SANGHI INDUSTRIES LIMITED**
**CIN : L18209TG1985PLC005581**
Regd. Office : Sanghinagar P.O., Hayatnagar Mandal,
R.R.Dist., Telangana. - 501 511 Email ID for Investors : companysecretary@sanghicement.com
Tel. 08415-242240, Website : www.sanghicement.com

SANGHI CEMENT
*Turning Dreams into Concrete Reality*

**Statement of Unaudited Financial Results for the Quarter and Six Months ended September 30, 2017** **( ₹ in Lacs)**

| Sr. No. | Particulars | Quarter Ended 30.09.2017 | Previous Quarter Ended 30.06.2017 | Correspond ing Quarter Ended 30.09.2016 | Half year ended 30.09.17 | Correspond ing Half year ended 30.09.16 | Year Ended 31.03.2017 |
|---|---|---|---|---|---|---|---|
| | | Un audited | Un audited | Un audited | Un audited | Un audited | Audited |
| 1 | **Income** | | | | | | |
| | a) Revenue from operations | 20,559.21 | 31,319.31 | 23,149.02 | 51,878.51 | 53,171.21 | 1,10,201.92 |
| | b) Other Income | 113.97 | 209.90 | 55.43 | 323.87 | 104.83 | 224.47 |
| | **Total Income** | **20,673.18** | **31,529.21** | **23,204.45** | **52,202.38** | **53,276.04** | **1,10,426.39** |
| 2 | **Expenses** | | | | | | |
| | a) Cost of Material consumed | 1,283.77 | 1,946.80 | 1,335.40 | 3,230.57 | 3,161.45 | 7,103.75 |
| | b) Changes in inventories of Finished goods and WIP | (275.52) | (949.83) | 210.67 | (1,225.35) | 216.00 | 784.21 |
| | c) Excise duty expenses | 0.00 | 2,565.07 | 2,429.34 | 2,565.07 | 5,380.96 | 10,449.29 |
| | d) Employee benefits expenses | 1,359.27 | 1,230.39 | 1,301.95 | 2,589.66 | 2,610.18 | 5,252.64 |
| | e) Power and Fuel | 4,580.67 | 6,926.11 | 3,880.44 | 11,506.78 | 9,179.72 | 23,103.46 |
| | f) Stores & Consumables | 1,150.86 | 1,352.77 | 1,199.88 | 2,503.63 | 2,500.68 | 4,475.68 |
| | g) Selling & Distribution | 5,990.25 | 9,426.11 | 5,938.63 | 15,416.36 | 14,583.91 | 33,332.26 |
| | h) Deprecation and Amortisation expense | 1,800.68 | 1,782.35 | 1,835.22 | 3,583.02 | 3,639.19 | 7,306.40 |
| | i) Finance Costs | 1,888.03 | 1,872.98 | 1,820.32 | 3,761.01 | 3,692.22 | 6,423.00 |
| | j) Other operating expenditure | 1,802.72 | 2,216.37 | 2,139.87 | 4,019.09 | 4,280.48 | 5,880.98 |
| | **Total expenses** | **19,580.73** | **28,369.12** | **22,091.72** | **47,949.85** | **49,244.79** | **1,04,111.67** |
| 3 | Profit / (Loss) before exceptional items & tax(1-2) | **1,092.45** | **3,160.09** | **1,112.73** | **4,252.55** | **4,031.25** | **6,314.73** |
| 4 | Exceptional items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | Profit / (Loss) before tax (3-4) | **1,092.45** | **3,160.09** | **1,112.73** | **4,252.55** | **4,031.25** | **6,314.73** |
| 6 | Tax expense/(credit) (including Deferred Tax) | 0.00 | 0.00 | 261.77 | 0.00 | 805.07 | 0.00 |
| 7 | Net Profit / (Loss) for the period (5-6) | **1,092.45** | **3,160.09** | **850.96** | **4,252.55** | **3,226.18** | **6,314.73** |
| 8 | Other comprehensive income (Net of Tax) | | | | | | |
| | items that will not be reclassified to profit & loss | 2.43 | 2.43 | 8.65 | 4.86 | 18.25 | (17.36) |
| 9 | Total Comprehensive income for the period (7+8) | **1,094.88** | **3,162.52** | **859.61** | **4,257.41** | **3,244.43** | **6,297.37** |
| 10 | Paid-up equity share capital (Face Value of ₹ 10/- each) | 21,998.00 | 21,998.00 | 21,998.00 | 21,998.00 | 21,998.00 | 21,998.00 |
| 11 | Other Equity | | | | | | 89,401.79 |
| 12 | Earnings Per Share (before and after extraordinary items) | | | | | | |
| | (of ₹ 10/- each) (not annualised): | | | | | | |
| | (a) Basic | **0.50** | **1.44** | **0.39** | **1.93** | **1.47** | **2.87** |
| | (b) Diluted | **0.50** | **1.44** | **0.39** | **1.93** | **1.47** | **2.87** |

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

SANGHI INDUSTRIES LIMITED

Notes:

SANGHI CEMENT
Turning Dreams into Concrete Reality

1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 9th November 2017.

2 The company's business operations comprise of a single operating segment viz. Cement & its allied products.

3 Revenues from operations for the current quarter are not comparable with previous periods, since sales are net of GST whereas Excise duties formed part of expenses in previous periods.

4 **Statement of Assets and Liabilities :** **( ₹ in Lacs)**

| Particulars | As on 30.09.2017 | As on 31.03.2017 |
|---|---|---|
| | Un audited | Audited |
| **I ASSETS** | | |
| **1 Non-current assets** | | |
| (a) Property, plant and equipment | 1,45,838.26 | 1,45,186.99 |
| (b) Capital work in progress | 24,808.46 | 16,713.00 |
| (c) Deferred tax assets (net) | 5,852.04 | 5,852.04 |
| **Total non current assets** | **1,76,498.76** | **1,67,752.03** |
| **2 Current assets** | | |
| (a) Inventories | 16,929.31 | 18,657.94 |
| (b) Financial Assets | | |
| (I) Trade receivables | 4,248.11 | 2,393.74 |
| (ii) Bank balances | 5,834.43 | 1,610.34 |
| (iii) Cash and cash equivalents | 27.52 | 17.68 |
| (c) Current tax assets | 800.63 | 796.67 |
| (d) Other current assets | 15,003.48 | 15,333.52 |
| **Total current assets** | **42,843.48** | **38,809.89** |
| **TOTAL ASSETS** | **2,19,342.24** | **2,06,561.92** |

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

SANGHI INDUSTRIES LIMITED

| | | | |
|---|---|---|---|
| II | **EQUITY AND LIABILITIES** | | |
| 1 | **Equity** | | |
| | (a) Equity share capital | 21,997.90 | 21,997.90 |
| | (b) Other Equity | 93,659.19 | 89,401.79 |
| | **Total Equity** | **1,15,657.09** | **1,11,399.69** |
| 2 | **Non-Current Liabilities** | | |
| | (a) Financial Liabilities | | |
| | (I) Borrowings | 51,066.07 | 45,901.64 |
| | (ii) Others | 9,062.00 | 10,257.00 |
| | (b) Provisions | 4,553.34 | 4,811.00 |
| | **Total non current liabilities** | **64,681.41** | **60,969.64** |
| 3 | **Current liabilities** | | |
| | (a) Financial Liabilities | | |
| | (I) Borrowings | 18,177.27 | 12,781.00 |
| | (ii) Trade payables | 11,037.84 | 14,212.87 |
| | (iii) Other financial liabilities | 4,404.61 | 2,002.00 |
| | (b) Deferred revenue | 705.08 | 1,124.00 |
| | (c) Provisions | 2,155.21 | 1,025.00 |
| | (d) Other current liabilities | 2,523.73 | 3,047.72 |
| | **Total current liabilities** | **39,003.74** | **34,192.59** |
| | **Total liabilities** | **1,03,685.15** | **95,162.23** |
| | **TOTAL EQUITY AND LIABILITIES** | **2,19,342.24** | **2,06,561.92** |

SANGHI CEMENT
Turning Dreams into Concrete Reality

5 Previous periods figures have been regrouped and rearranged wherever necessary.

**For Sanghi Industries Limited**

SANGHI INDUSTRIES LIMITED

Place : Sanghipuram

Date : 9th November, 2017

**(Ravi Sanghi)**
**Chairman and Managing Director**

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Sanghi Industries Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Sanghi Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

**Auditor's Responsibility**

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

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

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

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

(2) As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules there under;

e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".

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 litigation on its financial position in its financial statements – Refer Note 36 on Contingent Liabilities to the financial statements;

   (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

   (iii) The Company does not have any liability which is required to be transferred to the Investor Education and Protection Fund.

   (iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management (Refer Note No. 43(7) to the financial statements);

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

**S. Brijkumar**
Partner
Membership No.:019357

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

**Atul Gala**
Partner
Membership No.: 048650

Place: Ahmedabad
Date: May 24, 2017

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

**[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sanghi Industries Limited on the financial statements for the year ended March 31, 2017]**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the period, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties recorded in the books of account of the Company are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the 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) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.

(iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs in Crore) | Period to which the 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 Act | CENVAT Credit | 21.46 | Various years | Customs, Excise & Service tax Appellate Tribunal |
| Customs Act, 1962 | Customs Duty | 12.41 | 2005-10 | Customs, Excise & Service tax Appellate Tribunal |
| Sales Tax | Sales Tax | 1.76 | Various years | Joint Commissioner Appeal, Rajkot |

| Name of the statute | Nature of dues | Amount (Rs in Crore) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Gujarat Electricity Duty Act, 1958 | Electricity duty on power Generation | 3.30 | Various years | Gujarat High Court |
| Bombay Land Revenue Code, 1879 | Land Revenue on Leasehold Land | 1.17 | Various years | Gujarat High Court |

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, governments or dues to debenture holders.

(ix) According to the information and explanations given to us, the money raised by way of term loans have been applied by the Company for the purposes for which those are raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) As per the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) As per the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable Indian accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) Based on the information and explanation given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**S. Brijkumar**
Partner
Membership No.:019357

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

**Atul Gala**
Partner
Membership No.: 048650

Place: Ahmedabad
Date: May 24, 2017

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sanghi Industries Limited on the financial statements for the year ended March 31, 2017]

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

We have audited the internal financial controls over financial reporting of Sanghi Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

**S. Brijkumar**
Partner
Membership No.:019357

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

**Atul Gala**
Partner
Membership No.: 048650

Place: Ahmedabad
Date: May 24, 2017

# BALANCE SHEET AS AT 31 MARCH, 2017

INR in crores

| | Particulars | Note | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
|---|---|---|---|---|---|
| **I** | **ASSETS** | | | | |
| **1** | **Non-current assets** | | | | |
| | (a) Property, plant and equipment | **2** | 1,451.87 | 1,478.33 | 1,505.53 |
| | (b) Capital work-in-progress | **2** | 167.13 | 82.35 | 56.34 |
| | (c) Deferred tax assets (net) | **3** | 58.52 | 58.52 | 58.52 |
| | (d) Other non current assets | **4** | - | 19.45 | - |
| | **Total Non-current assets** | | **1,677.52** | **1,638.64** | **1,620.40** |
| **2** | **Current assets** | | | | |
| | (a) Inventories | **5** | 186.58 | 138.45 | 137.29 |
| | (b) Financial Assets | | | | |
| | (i) Trade receivables | **6** | 23.94 | 18.44 | 14.54 |
| | (ii) Bank balances | **7** | 16.10 | 82.78 | 5.23 |
| | (iii) Cash and cash equivalents | **8** | 0.17 | 0.25 | 0.29 |
| | (c) Current tax assets | **9** | 7.97 | 50.35 | 50.24 |
| | (d) Other current assets | **10** | 153.34 | 91.48 | 107.12 |
| | **Total current assets** | | **388.10** | **381.76** | **314.71** |
| | **TOTAL ASSETS** | | **2,065.62** | **2,020.40** | **1,935.11** |
| **II** | **EQUITY AND LIABILITIES** | | | | |
| **1** | **Equity** | | | | |
| | (a) Equity share capital | **11** | 219.98 | 219.98 | 219.98 |
| | (b) Other Equity | **12** | | | |
| | (i) Equity securities premium | | 49.82 | 49.82 | 49.82 |
| | (ii) Capital redemption reserve | | 84.84 | 84.84 | 42.18 |
| | (iii) Debenture redemption reserve | | 13.21 | - | - |
| | (iv) Retained earnings | | 745.86 | 695.93 | 722.61 |
| | (v) Reserves representing unrealized gains/losses | | 0.27 | 0.44 | - |
| | (vi) Other reserves | | - | - | - |
| | **Total Equity** | | **1,113.98** | **1,051.01** | **1,034.59** |
| **2** | **Non-current Liabilities** | | | | |
| | (a) Financial Liabilities | | | | |
| | (i) Borrowings | **13** | 459.02 | 471.23 | 282.29 |
| | (ii) Others | **14** | 102.58 | 47.40 | 21.89 |
| | (b) Provisions | **15** | 48.11 | 54.38 | 38.02 |
| | **Total Non-current liabilities** | | **609.71** | **573.01** | **342.19** |
| **3** | **Current liabilities** | | | | |
| | (a) Financial Liabilities | | | | |
| | (i) Borrowings | **13** | 127.81 | 65.22 | 95.41 |
| | (ii) Trade payables | **16** | 142.13 | 143.96 | 165.44 |
| | (iii) Other financial liabilities | **17** | 20.02 | 73.57 | 164.19 |
| | (b) Deferred revenue | **18** | 11.24 | 8.97 | 7.75 |
| | (c) Current tax liabilities | **19** | - | 43.89 | 43.50 |
| | (d) Provisions | **20** | 10.25 | 23.84 | 29.28 |
| | (e) Other current liabilities | **21** | 30.48 | 36.92 | 52.76 |
| | **Total Current Liabilities** | | **341.94** | **396.38** | **558.33** |
| | **Total liabilities** | | **951.64** | **969.39** | **900.52** |
| | **TOTAL EQUITY AND LIABILITIES** | | **2,065.62** | **2,020.40** | **1,935.11** |
| | Significant Accounting Policy | **1** | | | |
| | The accompanying notes 1 to 44 are an integral part of the Financial Statements | | | | |

As per our report of even date attached.

**For Ankit & Co.**
Chartered Accountants
FRN 000181S

**S. Brijkumar**
Partner
M. No. 19357
Place : Ahmedabad

**For Haribhakti & Co. LLP**
Chartered Accountants
FRN 103523W/W100048

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

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

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

Anil Agrawal - Company Secretary

Place : Ahmedabad
Date : May 24, 2017

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

INR in crores

| | Notes | For the year ended 31 March, 2017 | For the period ended 31 March, 2016 |
|---|---|---|---|
| **Revenue** | | | |
| Sale of Products | | 1,098.70 | 838.54 |
| Other Operating Income | | 3.32 | 1.48 |
| **I. Revenue from Operations** | | **1,102.02** | **840.02** |
| **II. Other income** | **22** | 2.24 | 1.74 |
| **III. Total Income (I+II)** | | **1,104.26** | **841.76** |
| **IV. Expenses** | | | |
| Cost of materials consumed | **23** | 71.03 | 52.40 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | **24** | 7.84 | 16.96 |
| Power and fuel | | 231.04 | 160.45 |
| Employee Benefits Expenses | **25** | 52.53 | 38.24 |
| Depreciation and Amortization Expenses | **26** | 73.06 | 53.98 |
| Selling Expenses | **27** | 333.32 | 243.16 |
| Other Expenses | **28** | 208.07 | 177.64 |
| Finance costs | **29** | 64.23 | 22.18 |
| **Total Expenses (IV)** | | **1,041.13** | **764.99** |
| **V. Profit/(loss) before Exceptional Items and Tax** | | **63.14** | **76.76** |
| **VI. Exceptional Items** | **30** | - | 60.39 |
| **VII. Profit/(loss) before Tax** | | **63.14** | **16.38** |
| **VIII. Tax expense:** | **31** | | |
| 1. Current Tax | | - | 0.39 |
| 2. Deferred tax | | - | - |
| **IX. Profit/(Loss) for the period** | | **63.14** | **15.98** |
| **X. Other comprehensive income** | **32** | | |
| A. Items that will not be reclassified to profit or loss | | (0.17) | 0.44 |
| Income tax related to items that will not be reclassified to profit or loss | | - | - |
| B. Items that will be reclassified to profit or loss | | - | - |
| Income tax related to items that will be reclassified to profit or loss | | - | - |
| | | **(0.17)** | **0.44** |
| **XI. Total comprehensive income for the period** | | **62.97** | **16.42** |
| **Profit attributable to:** | | | |
| **Owners of the Company** | | 63.14 | 15.98 |
| **Non-controlling interests** | | - | - |
| **Total comprehensive income attributable to:** | | | |
| **Owners of the Company** | | (0.17) | 0.44 |
| **Non-controlling interests** | | - | - |
| **XII. Earnings per equity share (for continuing operations)** | **33** | | |
| 1. Basic | | 2.87 | 0.73 |
| 2. Diluted | | 2.87 | 0.73 |
| **XIII. Earnings per equity share (for discontinued operations)** | | | |
| 1. Basic | | - | - |
| 2. Diluted | | - | - |
| **XIV. Earnings per equity share (for discontinued & continuing operations)** | | | |
| 1. Basic | | 2.87 | 0.73 |
| 2. Diluted | | 2.87 | 0.73 |
| Significant Accounting Policy | | | |
| The accompanying notes 1 to 44 are an integral part of the Financial Statements | | | |

As per our report of even date attached.

**For Ankit & Co.**
Chartered Accountants
FRN 000181S

**S. Brijkumar**
Partner
M. No. 19357
Place : Ahmedabad

**For Haribhakti & Co. LLP**
Chartered Accountants
FRN 103523W/W100048

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

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

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

Anil Agrawal - Company Secretary

Place : Ahmedabad
Date : May 24, 2017

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

**INR in crores**

| | | 31 March, 2017 | 31 March, 2016 |
|---|---|---|---|
| **I)** | **Cash flow from continuing operations** | | |
| **A** | **Cash flow from operating activities :** | | |
| | Profit before tax | 62.97 | 16.37 |
| | **Adjustments for :** | | |
| | Depreciation and amortisation | 73.06 | 53.98 |
| | Interest Income | (0.54) | (0.33) |
| | Interest and other Financial Charges | 64.23 | 22.18 |
| | Loss on sale of Fixed Assets | 0.07 | 0.71 |
| | Exceptional items | - | 60.39 |
| | Actuarial gains and losses (Reclassified to OCI) | - | 0.44 |
| | Stores and spares reclassified for PPE | - | (11.77) |
| | | 136.82 | 125.60 |
| | **Operating profit before working capital changes** | **199.79** | **141.97** |
| | **Adjustments for :** | | |
| | (Increase)/Decrease in Debtors | (5.50) | (2.66) |
| | (Increase)/Decrease in Other Current Assets and Loans and Advances | (48.86) | (6.57) |
| | (Increase)/Decrease in Inventories | (48.13) | 4.97 |
| | Increase/(Decrease) in Other Current Liabilities and Provisions | (17.96) | 14.35 |
| | Increase/(Decrease) in Trade Creditors | (1.83) | (9.53) |
| | | (122.28) | 0.56 |
| | **Cash generated from operations** | **77.51** | **142.53** |
| | Income taxes paid | (1.51) | (0.11) |
| | **Net cash from operating activities** | **76.00** | **142.42** |
| **B** | **Cash flow from investing activities :** | | |
| | Purchase of fixed assets | (75.22) | (46.38) |
| | Sale of fixed assets | 0.13 | 0.01 |
| | Investment in Fixed Deposit with Banks | 66.68 | (77.56) |
| | Interest received | 0.54 | 0.41 |
| | **Net cash used in investing activities** | **(7.87)** | **(123.52)** |
| **C** | **Cash flow from financing activities :** | | |
| | Movement in Working Capital Borrowing | 62.59 | 12.47 |
| | Long term borrowings | 148.58 | 284.95 |
| | Repayment of Long Term borrowings | (209.10) | (109.87) |
| | Interest and other Financial Charges | (70.29) | (163.85) |
| | Payment towards OCCPPS | - | (42.66) |
| | **Net cash used in financing activities** | **(68.22)** | **(18.96)** |
| | **Net increase in cash and cash equivalents** | **(0.09)** | **(0.06)** |

INR in crores

| | | 31 March, 2017 | 31 March, 2016 |
|---|---|---|---|
| II) | **Cash flow from discontinued operations** | - | - |
| A | Net cash (used in)/from operating activities | 76.00 | 142.42 |
| B | Net cash (used in)/from Investing activities | (7.87) | (123.52) |
| C | Net cash (used in)/from financing activities | (68.22) | (18.96) |
| | **Net increase (/decrease) in cash and cash equivalents (A+B+C)** | **(0.09)** | **(0.06)** |
| | Net increase (/decrease) in cash and cash equivalents (I+II) | (0.09) | (0.06) |
| | Cash and cash equivalents at the beginning of the year | 0.25 | 0.31 |
| | Cash and cash equivalents at the end of the year | 0.16 | 0.25 |
| | Cheques on hand | 0.11 | 0.14 |
| | Bank balances | 0.06 | 0.13 |
| | Cash and cash equivalents at end of the year | **0.17** | **0.25** |
| Significant Accounting Policy ( Note 1) | | | |
| The accompanying notes 1 to 44 are an integral part of the Financial Statements | | | |

As per our report of even date attached.

**For Ankit & Co.**
Chartered Accountants
FRN 000181S

**S. Brijkumar**
Partner
M. No. 19357
Place : Ahmedabad

**For Haribhakti & Co. LLP**
Chartered Accountants
FRN 103523W/W100048

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

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

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

Anil Agrawal - Company Secretary

Place : Ahmedabad
Date : May 24, 2017

## Significant accounting polices

**Note 1**

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. Equity shares of the Company are listed on The National Stock Exchange and Bombay Stock Exchange.

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. These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is 1 July, 2015. An explanation of effect of transition from Indian GAAP (IGAAP) to Ind AS on Company's Accounts is explained in Note 43.

**b. Revenue recognition**

**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 subsidy and excludes value added tax/ sales tax.

**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, net of accumulated depreciation and accumulated impairment losses, if any. 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**

**(i) Financial assets**

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

**(ii) 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.

**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 urecognised 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 recognised 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.

**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:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle;
2. Held primarily for the purpose of trading;
3. Expected to be realised within twelve months after the reporting period, or
4. 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 foreing 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.

**Note – 2 Property, Plant and Equipment - As at 31st March 2017**

INR in crores

| Particulars | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As on 1st April 2016 | Additions | Disposals | As on 31st March 2017 | As on 1st April 2016 | Charge for the year | Adjustment during the year | As on 31st March 2017 | W.D.V as on 31st March 2017 | W.D.V as on 31st March 2016 |
| **Owned Assets** | | | | | | | | | | |
| 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 Machinery | 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 |
| **Sub-total** | 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 | 84.78 | - | 167.13 | - | - | - | | 167.13 | 82.35 |
| **TOTAL** | **2,617.98** | **131.59** | **0.47** | **2,749.09** | **1,057.30** | **73.06** | **0.27** | **1,130.09** | **1,619.00** | **1,560.68** |

*** It includes INR 6.27 Cr interest capitalised during FY 2016-17, FY 2015-16 INR NIL**

**Property, Plant and Equipment - As at 31st March 2016**

INR in crores

| Particulars | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As on 1st July 2015 | Additions | Disposals | As on 31st March 2016 | As on 1st July 2015 | Charge for the year | Adjustment during the year | As on 31st March 2016 | W.D.V as on 31st March 2016 | W.D.V as on 1st July 2015 |
| **Owned Assets** | | | | | | | | | | |
| Freehold land | 332.35 | - | - | 332.35 | - | - | - | - | 332.35 | 332.35 |
| Building | 165.00 | 1.35 | - | 166.35 | 47.91 | 5.57 | - | 53.48 | 112.87 | 117.10 |
| Plant and Machinery | 1,856.18 | 25.20 | 0.68 | 1,880.70 | 865.61 | 37.38 | 0.39 | 902.60 | 978.10 | 990.57 |
| Furniture and Fixtures | 14.81 | - | - | 14.81 | 5.01 | 0.89 | - | 5.90 | 8.92 | 9.81 |
| Vehicles | 18.99 | 0.13 | 2.83 | 16.29 | 8.68 | 1.33 | 2.64 | 7.37 | 8.92 | 10.31 |
| Office Equipment | 3.23 | 0.27 | 2.10 | 1.40 | 2.54 | 0.24 | 1.98 | 0.80 | 0.59 | 0.68 |
| Electrical Installations | 114.36 | 0.21 | - | 114.57 | 73.33 | 8.11 | - | 81.44 | 33.13 | 41.03 |
| Laboratory Equipment | 2.11 | - | - | 2.11 | 0.42 | 0.16 | - | 0.58 | 1.54 | 1.70 |
| Computers | 7.79 | 0.31 | 1.19 | 6.91 | 5.83 | 0.30 | 1.09 | 5.04 | 1.87 | 1.96 |
| Fire Fighting Equipments | 0.10 | - | - | 0.10 | 0.10 | - | - | 0.10 | - | - |
| Temple | 0.03 | - | - | 0.03 | - | - | - | - | 0.03 | 0.03 |
| **Sub-total** | 2,514.96 | 27.47 | 6.80 | 2,535.63 | 1,009.42 | 53.98 | 6.10 | 1,057.30 | 1,478.33 | 1,505.53 |
| Capital work-in-progress | 56.34 | 26.01 | - | 82.35 | - | - | - | - | 82.35 | 56.34 |
| **TOTAL** | **2,571.30** | **53.48** | **6.80** | **2,617.98** | **1,009.42** | **53.98** | **6.10** | **1,057.30** | **1,560.68** | **1,561.87** |

*** Interest Capitalised during FY 2015-16 INR NIL, FY 2014-15 INR NIL**

# NOTES FORMING PART OF FINANCIAL STATEMENTS

**Note - 3 Deferred Tax Assets/(Liabilities)**

| Particulars | Deferred Tax Assets/(Liability) | | |
|---|---|---|---|
| | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
| **Deferred Tax Assets ( DTA )** | | | |
| Unabsorbed depreciation | 87.58 | 87.58 | 87.58 |
| **Total DTA** | **87.58** | **87.58** | **87.58** |
| **Deferred Tax Liabilities ( DTL )** | | | |
| Difference between Tax Depreciation & Book Depreciation | (29.06) | (29.06) | (29.06) |
| **Total DTL** | **(29.06)** | **(29.06)** | **(29.06)** |
| **Net Deferred Tax Assets/(Liabilities)** | **58.52** | **58.52** | **58.52** |

**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 AS 22. For the current year, the Company has not recognised such DTA in the accounts on prudent basis.

**INR in crores**

| Particulars | As at | | |
|---|---|---|---|
| | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
| **Note 4 Non Current Assets : Others** | | | |
| **Unsecured, considered good** | | | |
| Capital advances | - | 19.45 | - |
| **Total** | **-** | **19.45** | **-** |
| | | | |
| **Note 5 Inventories** | | | |
| Raw Materials and components | 5.12 | 1.79 | 0.57 |
| Fuel Stock | 9.61 | 49.17 | 21.37 |
| Work-in-progress | 0.26 | 0.38 | 0.40 |
| Finished goods | 22.74 | 30.46 | 47.39 |
| (Includes Goods-in-transit FY 17 INR 6.71 Cr , FY 16 INR 2.88 Cr , FY 15 INR 3.65 Cr) | | | |
| Stores and spares (including packing material) | 148.85 | 56.65 | 67.55 |
| **Total** | **186.58** | **138.45** | **137.29** |
| | | | |
| **Note 6 Trade and other receivables** | | | |
| **Outstanding for a period less than six months from the date they were due for payment** | | | |
| Unsecured, considered good | 23.94 | 18.44 | 14.54 |
| **Total trade receivables** | **23.94** | **18.44** | **14.54** |
| | | | |
| Receivables from related parties | - | - | - |
| Receivables from others | 23.94 | 18.44 | 14.54 |
| | **23.94** | **18.44** | **14.54** |

INR in crores

| Particulars | As at | | |
|---|---|---|---|
| | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
| **Note 7 Current financial assets : Bank balances** | | | |
| Margin money | 6.21 | 6.06 | 5.00 |
| Fixed deposits | 9.89 | 76.72 | 0.23 |
| **Total** | **16.10** | **82.78** | **5.23** |
| **Note 8 Current financial assets : Cash and cash equivalents** | | | |
| Balances with bank | | | |
| In current accounts | 0.06 | 0.12 | 0.16 |
| Cash on hand | 0.11 | 0.13 | 0.14 |
| **Total** | **0.17** | **0.25** | **0.29** |
| **Break-up of financial assets carried at amortised cost** | | | |
| Trade receivables (Refer note - 6) | 23.94 | 18.44 | 14.54 |
| Bank balances (Refer note - 7) | 16.10 | 82.78 | 5.23 |
| Cash and cash equivalents (Refer note - 8) | 0.17 | 0.25 | 0.29 |
| **Total financial assets carried at amortised cost** | **40.21** | **101.47** | **20.07** |
| **Note 9 Current tax assets** | | | |
| Advance Income tax | 7.97 | 50.35 | 50.24 |
| **Total** | **7.97** | **50.35** | **50.24** |
| **Note 10 Current Assets : Others** | | | |
| Advances to employees | 0.53 | 0.16 | 0.06 |
| Advance to suppliers and contractors | 41.05 | 7.49 | 23.59 |
| Deposit with Government Department | 53.75 | 46.17 | 46.17 |
| MAT Credit Entitlement | 37.13 | 37.13 | 37.13 |
| Others | 20.88 | 0.54 | 0.18 |
| **Total** | **153.34** | **91.48** | **107.12** |

**Note 11 Share Capital**

INR in crores

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 31 March, 2017 | | 31 March, 2016 | | 1 July, 2015 | |
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| **Authorised share capital** | | | | | | |
| Equity shares of INR 10/- each | 275,000,000 | 275.00 | 275,000,000 | 275.00 | 275,000,000 | 275.00 |
| | | **275.00** | | **275.00** | | **275.00** |
| **Issued share capital** | | | | | | |
| Equity shares of INR 10/- each Fully paid Up | 219,979,000 | 219.98 | 219,979,000 | 219.98 | 219,979,000 | 219.98 |
| | | **219.98** | | **219.98** | | **219.98** |
| **Subscribed and Fully paid up share capital** | | | | | | |
| Equity shares of INR 10/- each Fully paid Up | 219,979,000 | 219.98 | 219,979,000 | 219.98 | 219,979,000 | 219.98 |
| | **219,979,000** | **219.98** | **219,979,000** | **219.98** | **219,979,000** | **219.98** |
| **Total Share Capital** | **219,979,000** | **219.98** | **219,979,000** | **219.98** | **219,979,000** | **219.98** |

INR in crores

| Note (a) : Equity share capital | 31 March, 2017 | | 31 March, 2016 | | 1 July, 2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Amount | 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 | 219,979,000 | 219.98 |
| Changes in equity share capital during the year | - | - | - | - | - | - |
| Balance at the end of the reporting period | 219,979,000 | 219.98 | 219,979,000 | 219.98 | 219,979,000 | 219.98 |

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

INR in crores

| Particulars | 31 March, 2017 | | 31 March, 2016 | | 1 July, 2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| **(a) Equity** | | | | | | |
| Opening Balance | 219,979,000 | 219.98 | 219,979,000 | 219.98 | 219,979,000 | 219.98 |
| Shares to be issued | - | - | - | - | - | - |
| Shares to be cancelled | - | - | - | - | - | - |
| Closing Balance | **219,979,000** | **219.98** | **219,979,000** | **219.98** | **219,979,000** | **219.98** |

**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 Company does not have any holding company.**

**c) The details of Shareholders holding more than 5 % of Shares (including Share Capital Suspense)**

INR in crores

| Particulars | 31 March, 2017 | | 31 March, 2016 | | 1 July, 2015 | |
|---|---|---|---|---|---|---|
| | No. of shares held | % of Total paid-up Equity Share Capital | No. of shares held | % of Total paid-up Equity Share Capital | No. of shares held | % of Total paid-up Equity Share Capital |
| **Equity Shares** | | | | | | |
| Samruddhi Investors Services Private Limited | 52,614,532.00 | **23.92** | 52,614,532.00 | **23.92** | 52,614,532.00 | 23.92 |
| Ravi Sanghi | 36,062,150.00 | **16.39** | 36,062,150.00 | **16.39** | 36,062,150.00 | 16.39 |
| | **88,676,682.00** | **40.31** | **88,676,682.00** | **40.31** | **88,676,682.00** | **40.31** |

**d) Shares issued in last 5 years for consideration other than cash : NIL**

## Statement of Changes in Equity (SOCIE) as at 31 March, 2017

### Note 12 Other equity

**Note (a) : Other equity**

INR in crores

| Particulars | Equity component of compound financial instruments | Reserves & Surplus | | | | Items of Other comprehensive income | Total | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Equity security premium | Capital redemption reserve | Debenture Redemption reserve | Retained earnings | Remeasurements of the net defined benefit Plans | | | |
| **Balance at July 1, 2015** | **-** | **49.82** | **42.18** | **-** | **722.61** | **-** | **814.61** | **-** | **814.61** |
| Changes in accounting policy/ prior period errors | - | - | - | - | - | - | - | - | - |
| **Restated balance at the beginning of the reporting period** | **-** | **49.82** | **42.18** | **-** | **722.61** | **-** | **814.61** | **-** | **814.61** |
| Profit for the year | - | - | - | - | 15.98 | - | 15.98 | - | 15.98 |
| Transfer to capital redemption reserve | - | - | - | - | -42.66 | - | -42.66 | - | -42.66 |
| Transfer from retained earnings | - | - | 42.66 | - | - | - | 42.66 | - | 42.66 |
| Other comprehensive income for the year | - | - | - | - | - | 0.44 | 0.44 | - | 0.44 |
| **Total comprehensive income for the year** | **-** | **-** | **42.66** | **-** | **-26.67** | **0.44** | **16.42** | **-** | **16.42** |
| **Balance at March 31, 2016** | **-** | **49.82** | **84.84** | **-** | **695.93** | **0.44** | **831.03** | **-** | **831.03** |
| Changes in accounting policy/ prior period errors | - | - | - | - | - | - | - | - | - |
| **Restated balance at the beginning of the reporting period** | **-** | **49.82** | **84.84** | **-** | **695.93** | **0.44** | **831.03** | **-** | **831.03** |
| Profit for the year | | | | | 63.14 | | 63.14 | - | 63.14 |
| Other comprehensive income for the year | - | - | - | - | - | -0.17 | -0.17 | - | -0.17 |
| *Items of OCI recognised directly in retained earnings* | - | - | - | - | - | - | - | - | - |
| Transfer from Capital redemption reserve | - | - | - | - | - | - | - | - | - |
| Transfer from retained earnings | - | - | - | 13.21 | - | - | 13.21 | - | 13.21 |
| Remeasurements of post-employment benefit obligation, net of tax | - | - | - | - | - | - | - | - | - |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **13.21** | **63.14** | **-0.17** | **76.18** | **-** | **76.18** |
| | | | | | | | | | |
| Transfer to General reserve | - | - | - | - | - | - | - | - | - |
| Transfer from Profit and Loss | - | - | - | - | - | - | - | - | - |
| Transfer to Debenture redemption reserve | - | - | - | - | -13.21 | - | -13.21 | - | -13.21 |
| Transfer from Capital redemption reserve | - | - | - | - | - | - | - | - | - |
| **Balance at 31 March, 2017** | **-** | **49.82** | **84.84** | **13.21** | **745.86** | **0.27** | **894.00** | **-** | **894.00** |

**Note - 13 Financial Liabilities : Borrowings**

INR in crores

| Particulars | As at 31st March, 2017 | | As at 31st March, 2016 | | As at 1st July, 2015 | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Non-current | Current | Non-current | Current |
| From Banks[1] | 135.11 | 127.81 | 62.82 | 65.22 | 108.70 | 52.75 |
| From Others[2] | 71.47 | - | 156.98 | - | 173.59 | - |
| 15.50% Redeemable and Non-convertible Debenture of INR 1000/- each[3] | 252.44 | - | 251.43 | - | - | - |
| Redeemable preference shares[4] | - | - | - | - | - | 42.66 |
| **TOTAL** | **459.02** | **127.81** | **471.23** | **65.22** | **282.29** | **95.41** |

**Disclosures on borrowings for March 2017**

| Loan | Security | Repayment terms | As at 31st March, 2017 | |
|---|---|---|---|---|
| | | | Non-current | Current |
| **1. Loan from Banks[1]** | | | | |
| Working Capital Loans From Banks | Secured against hypothecation of certain assets of the Company. Average cost of borrowing is 9.03%. | Repayable on demand. | - | 127.81 |
| Term Loans | First Charge on specific equipment | 60 Monthly installments starting from April 2019 | 135.11 | 10.78 |
| **2. Loan from Others[2]** | | | | |
| | Hypothecation of specific equipments | Equated Monthly installments | 0.72 | 0.70 |
| | Hypothecation of property | Equated Monthly installments | 0.74 | 0.06 |
| | Hypothecation of certain assets | Payable at the end of 5th Year | 68.52 | - |
| | Hypothecation of cars | Equated Monthly installments | 1.50 | 1.02 |
| **3. 15.50% Redeemable and Non-convertible Debenture of INR 1000/- each[3]** | pari-passu charge on some of the Fixed Assets | 12 quarterly Installments starting from June '2018 | 252.44 | - |

**Disclosures on borrowings for March 2016** INR in crores

| Loan | Security | Repayment terms | Non-current | Current |
|---|---|---|---|---|
| **1. Loan from Banks[1]** | | | | |
| **Working Capital Loans From Banks** | Secured against hypothecation of certain assets of the Company. Average cost of borrowing is 10.71%. | Repayable on demand. | - | 65.22 |
| **Term loans from Banks** | | | | |
| **Banks** | pari-passu charge on some of the Fixed Assets and personal guarantee by some of the Directors and others | 47 equated monthly installments starting from June 30, 2013 | 0.28 | 3.01 |
| | | 48 equated monthly installments starting from June 2, 2013 | 0.58 | 3.47 |
| | | 45 monthly installments starting from April 25, 2015 | 26.54 | 15.16 |
| | | 42 equated monthly installments starting from February 12, 2016 | 35.43 | 13.36 |

**Disclosures on borrowings for March 2016** **INR in crores**

| Loan | Security | Repayment terms | Non-current | Current |
|---|---|---|---|---|
| **2. Loan from Others**[2] | | | | |
| **Others** | Hypothecation of specific equipments | Equated Monthly Installments | 1.42 | 0.64 |
| | Hypothecation of property | Equated Monthly Installments | 0.80 | 0.06 |
| | Hypothecation of certain assets | Payable at the end of 5th Year | 68.52 | - |
| | Hypothecation of movable equipments | Equated Monthly Installments | 40.53 | 8.19 |
| | pari-passu charge on some of the Fixed Assets | 48 equated monthly installments starting from April, 2015 | 43.06 | 21.53 |
| | Hypothecation of cars | Equated Monthly Installments | 2.65 | 1.12 |
| **3. 15.50% Redeemable and Non-convertible Debenture of INR 1000/- each**[3] | | | | |
| Piramal Enterprises Limited | pari-passu charge on some of the Fixed Assets | 12 quarterly Installments starting from June '2018 | 251.43 | - |

**Disclosures on borrowings for July 2015** **INR in crores**

| Loan | Security | Repayment terms | Non-current | Current |
|---|---|---|---|---|
| **1. Loan from Banks**[1] | | | | |
| Working Capital Loans From Banks | Secured against hypothecation of certain assets of the Company. Average cost of borrowing is 3.40%. | Repayable on demand. | - | 52.75 |
| **Term loans from Banks** | | | | |
| **Banks** | pari-passu charge on some of the Fixed Assets | 28 quarterly installments starting from June 30, 2011 | 55.73 | 28.27 |
| | | 28 quarterly installments starting from June 30, 2011 | 9.31 | 4.68 |
| | | 48 equated monthly installments starting from June 2, 2013 | 3.18 | 3.47 |
| | | 47 equated monthly installments starting from June 30, 2013 | 2.57 | 2.71 |
| | | 45 monthly installments starting from April 25, 2015 | 37.91 | 15.16 |
| **2. Loan from Others**[2] | | | | |
| **Others** | pari-passu charge on some of the Fixed Assets | 28 Stepped up quarterly installments starting from December 31, 2012 | 4.05 | - |
| | | 81 equated monthly installments starting from October 15, 2012 | 4.86 | - |
| | | 46 monthly installments starting from May 16, 2012 | - | 57.74 |
| | | 48 equated monthly installments starting from April, 2015 | 87.11 | 20.68 |
| | | - | 46.65 | - |
| | | Equated Monthly Installments | 30.92 | 24.72 |
| **4. Redeemable preference shares**[4] | | Preference Shares redeemable during the financial period ended on 31st March 2016 | - | 42.66 |

INR in crores

| Particulars | As at | | |
|---|---|---|---|
| | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
| **Note 14 Non- current financial liabilities : Others** | | | |
| Payable for capital goods | 75.61 | 17.82 | - |
| Security Deposits from Customers and Transporters | 26.97 | 29.58 | 21.89 |
| **Total** | **102.58** | **47.40** | **21.89** |
| | | | |
| **Note 15 Long term provisions** | | | |
| **Provision for employee benefits** | | | |
| Gratuity | 4.10 | 3.97 | 3.79 |
| Leave encashment | 1.60 | 1.39 | 1.47 |
| **Other provisions** | | | |
| Provision for asset retirement obligation | 0.07 | 0.06 | 0.06 |
| Provision for mines restoration | 0.15 | 0.15 | 0.14 |
| Provision for District Mineral Fund | 6.46 | 6.18 | - |
| Provision for National Mineral Exploration Trust | 0.87 | 0.50 | - |
| Provision for Electricity Duty | 34.85 | 42.13 | 32.56 |
| **Total** | **48.11** | **54.38** | **38.02** |
| | | | |
| **Movement of provisions during the year as required by Accounting Standard – 29 " Provisions, Contingent Liabilities and Contingent Assets** | | | |
| **Provision for asset retirement obligation** | | | |
| Opening Balance | 0.06 | 0.06 | - |
| Add: Provision during the year | 0.01 | 0.01 | 0.06 |
| Less: Utilisation during the year | | | |
| **Closing Balance** | **0.07** | **0.06** | **0.06** |
| **Provision for Mines Restoration Expenses** | | | |
| Opening Balance | 0.15 | 0.14 | - |
| Add: Provision during the year | 0.01 | 0.01 | 0.14 |
| Less: Utilisation during the year | | | |
| **Closing Balance** | **0.16** | **0.15** | **0.14** |
| **Provision for District Mineral Fund** | | | |
| Opening Balance | 6.18 | - | - |
| Add: Provision during the year | 11.22 | 6.18 | - |
| Less: Utilisation during the year | 10.94 | | - |
| **Closing Balance** | **6.46** | **6.18** | **-** |
| **Provision for National Mineral Exploration Trust** | | | |
| Opening Balance | 0.50 | - | - |
| Add: Provision during the year | 0.75 | 0.50 | - |
| Less: Utilisation during the year | 0.38 | - | - |
| **Closing Balance** | **0.87** | **0.50** | **-** |
| **Provision for Electricity Duty** | | | |
| Opening Balance | 42.13 | 32.56 | 22.08 |
| Add: Provision during the year | 0.96 | 9.57 | 10.48 |
| Less: paid during the year | 8.23 | - | - |
| **Closing Balance** | **34.85** | **42.13** | **32.56** |

INR in crores

| Particulars | As at | | |
|---|---|---|---|
| | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
| **Note 16 Current financial liabilities : Trade payables** | | | |
| Trade payables | 142.06 | 143.94 | 165.40 |
| For Micro, small and medium enterprises | 0.07 | 0.01 | 0.04 |
| **Total** | **142.13** | **143.96** | **165.44** |
| | | | |
| **Note 17 Current financial liabilities : Others** | | | |
| Current maturities of Long Term borrowings | 12.58 | 66.63 | 157.49 |
| Interest accrued but not due on borrowings | 0.22 | 0.55 | 0.40 |
| **Other payables:** | | | |
| Salary payable | 3.94 | 3.39 | 3.31 |
| Other Employee Related liabilities | 3.27 | 3.00 | 2.99 |
| **Total** | **20.02** | **73.57** | **164.19** |
| | | | |
| **Break-up of financial liabilites carried at amortised cost** | | | |
| Borrowings (Refer note - 13) | 586.83 | 536.45 | 377.70 |
| Trade payables (Refer note - 16) | 142.13 | 143.96 | 165.44 |
| Others (Refer note - 14 & 17) | 122.60 | 120.98 | 186.08 |
| **Total financial liabilities carried at amortised cost** | **851.56** | **801.38** | **729.22** |
| | | | |
| **Note 18 Deferred revenue** | | | |
| Deferred revenue | 11.24 | 8.97 | 7.75 |
| **Total** | **11.24** | **8.97** | **7.75** |
| | | | |
| **Note 19 Current tax liabilities** | | | |
| Current tax liabilities | - | 43.89 | 43.50 |
| **Total** | **-** | **43.89** | **43.50** |
| | | | |
| **Note 20 Current provisions** | | | |
| **Net employee defined benefit plans** | | | |
| Gratuity | 0.52 | 0.46 | 0.30 |
| Leave Encashment | 0.17 | 0.16 | 0.20 |
| **Other provisions** | | | |
| Provision for Expenses | 9.56 | 23.22 | 28.78 |
| **Total** | **10.25** | **23.84** | **29.28** |
| | | | |
| **Note 21 Current liabilities : Others** | | | |
| Advance received from Customers | 10.39 | 12.13 | 9.06 |
| Payable for capital goods | 4.36 | 12.22 | 17.82 |
| Statutory dues | 14.07 | 12.25 | 22.16 |
| Other Payables | 1.66 | 0.32 | 3.72 |
| **Total** | **30.48** | **36.92** | **52.76** |

INR in crores

| Particulars | For the year ended 31 March, 2017 | For the period ended 31 March, 2016 |
|---|---|---|
| **Note 22 Other Income** | | |
| Interest income | 0.54 | 0.33 |
| Other non-operating income | 1.70 | 1.41 |
| **Total Other income** | **2.24** | **1.74** |
| | | |
| **Note 23 Cost of materials consumed** | | |
| Opening stock | 1.79 | 0.57 |
| Add: Purchases | 74.36 | 53.62 |
| Less: Closing stock | -5.12 | -1.79 |
| **Total of cost of material consumed** | **71.03** | **52.40** |
| **Details of material consumed** | | |
| Lime Stone | 32.93 | 24.83 |
| Fly Ash | 11.18 | 6.24 |
| Gypsum | 5.71 | 3.12 |
| Clinker consumed | - | 6.15 |
| Raw Material for Ready Mix Concrete | 3.27 | 2.33 |
| Other Raw materials | 17.94 | 9.73 |
| **Total** | **71.03** | **52.40** |
| **Material consumed :** | | |
| Indigenous | 65.40 | 52.40 |
| Imported | 5.63 | - |
| **Total** | **71.03** | **52.40** |
| **Material consumed :** | **% of Consumption** | **% of Consumption** |
| Indigenous | 92.07% | 100.00% |
| Imported | 7.93% | - |
| **Total** | **100.00%** | **100.00%** |
| | | |
| **Note 24 Changes in inventories of finished goods, work-in-progress and stock-in-trade** | | |
| **Closing Stock:** | | |
| Finished goods | 16.03 | 27.58 |
| Work-in-progress | 0.26 | 0.38 |
| Goods in transit | 6.71 | 2.88 |
| | 23.00 | 30.84 |
| **Less:** | | |
| **Opening Stock :** | | |
| Finished goods | 27.58 | 43.74 |
| Work-in-progress | 0.38 | 0.40 |
| Goods in transit | 2.88 | 3.65 |
| | 30.84 | 47.80 |
| **Total changes in inventories of finished goods and work-in-progress** | **7.84** | **16.96** |

INR in crores

| Particulars | For the year ended 31 March, 2017 | For the period ended 31 March, 2016 |
|---|---|---|
| **Note 25 Employee benefit expense** | | |
| Salaries & Wages and Bonus | 49.20 | 35.55 |
| Contribution to PF & Other Benefits | 0.67 | 1.04 |
| Staff Welfare Expenses | 2.66 | 1.65 |
| **Total of employee benefit expense** | **52.53** | **38.24** |
| | | |
| **Note 26 Selling expenses** | | |
| Freight outward | 296.44 | 211.24 |
| Stevedoring expenses | 18.27 | 15.84 |
| Port & shipping expenses | 2.12 | 2.34 |
| Sales and promotion expenses | 16.49 | 13.74 |
| **Total of selling expenses** | **333.32** | **243.16** |
| | | |
| **Note 27 Depreciation** | | |
| Depreciation expenses | 73.06 | 53.98 |
| **Total of Depreciation expenses** | **73.06** | **53.98** |
| | | |
| **Note 28 Other Expenses** | | |
| **Manufacturing expenses** | | |
| Excise duty paid | 104.49 | 77.82 |
| Consumption of packing material | 32.08 | 22.59 |
| Consumption of stores and spares[1] | 12.67 | 4.55 |
| Other manufacturing expenses | 8.58 | 7.22 |
| **Other operating expenses** | | |
| Repairs to plant and machinery | 17.03 | 31.21 |
| Repairs to building | 1.61 | 1.84 |
| Advertisement | 3.79 | 2.51 |
| Audit fees[2] | 0.28 | 0.22 |
| Insurance | 1.82 | 1.35 |
| Foreign exchange loss | 0.47 | 2.45 |
| Corporate social Responsibility expenses[3] | 1.43 | 2.32 |
| Other operating administrative expenses | 23.81 | 23.57 |
| **Total of other expenses** | **208.07** | **177.64** |

| **Amount and % consumption for stores and spare parts:** | | **INR in crores** |
|---|---|---|
| **Stores and spare parts consumed[1] :** | | |
| Indigenous | 8.72 | 2.28 |
| Imported | 3.95 | 2.27 |
| **Total** | **12.67** | **4.55** |

| **Stores and spare parts consumed :** | **% of Consumption** | **% of Consumption** |
|---|---|---|
| Indigenous | 68.82% | 50.11% |
| Imported | 31.18% | 49.89% |
| **Total** | **100.00%** | **100.00%** |

INR in crores

| Particulars | For the year ended 31 March, 2017 | For the period ended 31 March, 2016 |
|---|---|---|
| **Payment to Statutory Auditors as[2] :** | | |
| Payment as Auditors | 0.20 | 0.15 |
| For Taxation matters | 0.05 | 0.05 |
| For Other Services | 0.03 | 0.02 |
| | **0.28** | **0.22** |
| **Corporate Social Responsibilities Expenses[3]** | | |
| a) Gross amount required to be spent by the Company during the year INR 0.91 Cr (31 March, 2016 : 0.85 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 1.42 Cr (31 March, 2016 : 2.32 Cr) towards animal welfare, green belt development, village education and others. | | |
| **Note 29 Finance cost** | | |
| Borrowing cost | 61.28 | 19.43 |
| Other interest | 2.95 | 2.75 |
| **Total of finance Costs** | **64.23** | **22.18** |
| **Note 30 Exceptional items** | | |
| One time Net Expenses of Lenders Prepayment | - | 60.39 |
| **Total of exceptional items** | **-** | **60.39** |
| **Note 31 Tax Expenses** | | |
| Current tax | - | 0.39 |
| **Total of Tax Expenses** | **-** | **0.39** |
| **Components of Other Comprehensive Income (OCI)** | | |
| The disaggregation of changes to OCI by each type of reserve in equity is shown below: | | |
| **Note 32 Statement of other comprehensive income** | | |
| **(i) Items that will not be reclassified to profit or loss** | | |
| **Equity Instruments through Other Comprehensive Income** | | |
| Actuarial gains and losses | (0.17) | 0.44 |
| | **(0.17)** | **0.44** |

INR in crores

| Particulars | For the year ended 31 March, 2017 | For the period ended 31 March, 2016 |
|---|---|---|
| **Note 33 Earnings per share** | | |
| Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. | | |
| 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. | | |
| The following reflects the income and share data used in the basic and diluted EPS computations: | | |
| **i. Profit attributable to Equity holders of parent** | | |
| **Profit attributable to equity holders of the parent:** | | |
| Continuing operations | 63.14 | 15.98 |
| Discontinued operations | - | - |
| Profit attributable to equity holders of the parent for basic earnings | 63.14 | 15.98 |
| Effect of dilution | - | - |
| **Profit attributable to equity holders of the parent adjusted for the effect of dilution** | **63.14** | **15.98** |
| **ii. Weighted average number of ordinary shares** | | |
| Issued ordinary shares | 21.9979 | 21.9979 |
| Effect of dilution | - | - |
| | **21.9979** | **22.00** |
| **Basic earnings per share** | **2.87** | **0.73** |
| **Diluted earnings per share** | **2.87** | **0.73** |

**Note - 34 : Financial instruments – Fair values and risk management**

**A. Accounting classification and fair values**

INR in crores

| 31 March, 2017 | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets** | | | | | | | | |
| Trade receivables (Refer note - 6) | - | - | 23.94 | 23.94 | - | - | - | - |
| Bank balances (Refer note - 7) | - | - | 16.10 | 16.10 | - | - | - | - |
| Cash and cash equivalents (Refer note - 8) | - | - | 0.17 | 0.17 | - | - | - | - |
| **Total Financial Assets** | **-** | **-** | **40.21** | **40.21** | **-** | **-** | **-** | **-** |
| **Financial liabilities** | | | | | | | | |
| Borrowings (Refer note - 13) | - | - | 586.83 | 586.83 | - | - | - | - |
| Trade payables (Refer note - 16) | - | - | 142.13 | 142.13 | - | - | - | - |
| Others (Refer note - 14 & 17) | - | - | 122.60 | 122.60 | - | - | - | - |
| **Total Financial Liabilities** | **-** | **-** | **851.56** | **851.56** | **-** | **-** | **-** | **-** |

INR in crores

| 31 March, 2016 | Carrying amount FVTPL | FVTOCI | Amortised Cost | Total | Fair value Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Trade receivables (Refer note - 6) | - | - | 18.44 | 18.44 | - | - | - | - |
| Bank balances (Refer note - 7) | - | - | 82.78 | 82.78 | - | - | - | - |
| Cash and cash equivalents (Refer note - 8) | - | - | 0.25 | 0.25 | - | - | - | - |
| **Total Financial Assets** | - | - | **101.47** | **101.47** | - | - | - | - |
| **Financial liabilities** | - | - | | | - | - | - | - |
| Borrowings (Refer note - 13) | - | - | 536.45 | 536.45 | - | - | - | - |
| Trade payables (Refer note - 16) | - | - | 143.96 | 143.96 | - | - | - | - |
| Others (Refer note - 14 & 17) | - | - | 120.98 | 120.98 | - | - | - | - |
| **Total Financial Liabilities** | - | - | **801.38** | **801.38** | - | - | - | - |

INR in crores

| 1 July, 2015 | Carrying amount FVTPL | FVTOCI | Amortised Cost | Total | Fair value Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Trade receivables (Refer note - 6) | - | - | 14.54 | 14.54 | - | - | - | - |
| Bank balances (Refer note - 7) | - | - | 5.23 | 5.23 | - | - | - | - |
| Cash and cash equivalents (Refer note - 8) | - | - | 0.29 | 0.29 | - | - | - | - |
| **Total Financial Assets** | - | - | **20.07** | **20.07** | - | - | - | - |
| **Financial liabilities** | - | - | | | - | - | - | - |
| Borrowings (Refer note - 13) | - | - | 377.70 | 377.70 | - | - | - | - |
| Trade payables (Refer note - 16) | - | - | 165.44 | 165.44 | - | - | - | - |
| Others (Refer note - 14 & 17) | - | - | 186.08 | 186.08 | - | - | - | - |
| **Total Financial Liabilities** | - | - | **729.22** | **729.22** | - | - | - | - |

The fair value of the financial assets as well as the financial liabilities approximates the amortised cost disclosed above

**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.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a counter party 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, 2017 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | Less than 12 months | 1-2 years | 2-5 years | More than 5 years |
| **Financial liabilities** | | | | | | |
| Borrowings (Refer note - 13) | 586.83 | 586.83 | 126.37 | 47.01 | 370.40 | 43.05 |
| Trade payables (Refer note - 16) | 142.13 | 142.13 | 142.13 | - | - | - |
| Others (Refer note - 14 & 17) | 122.60 | 122.60 | 20.02 | 102.01 | 0.57 | - |

**INR in crores**

| 31 March, 2016 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | Less than 12 months | 1-2 years | 2-5 years | More than 5 years |
| **Financial liabilities** | | | | | | |
| Borrowings (Refer note - 13) | 536.45 | 536.45 | 64.21 | 63.72 | 408.01 | 0.51 |
| Trade payables (Refer note - 16) | 143.96 | 143.96 | 143.96 | - | - | - |
| Others (Refer note - 14 & 17) | 120.98 | 120.98 | 73.57 | 46.55 | 0.85 | - |

**INR in crores**

| 1 July, 2015 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | Less than 12 months | 1-2 years | 2-5 years | More than 5 years |
| **Financial liabilities** | | | | | | |
| Borrowings (Refer note - 13) | 377.70 | 377.70 | 95.41 | 106.58 | 170.72 | 4.99 |
| Trade payables (Refer note - 16) | 165.44 | 165.44 | 165.44 | - | - | - |
| Others (Refer note - 14 & 17) | 186.08 | 186.08 | 164.19 | 20.79 | 0.84 | 0.26 |

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.

**Exposure to currency risk**

The currency profile in INR of financial assets and financial liabilities as at 31 March , 2017, 31 March, 2016 and 1 July, 2015 are as below:

| | 31 March, 2017 INR | 31 March, 2017 USD | 31 March, 2017 EURO |
|---|---|---|---|
| **Financial assets** | | | |
| Trade receivables (Refer note - 6) | 23.43 | 0.51 | - |
| Bank balances (Refer note - 7) | 16.10 | - | - |
| Cash and cash equivalents (Refer note - 8) | 0.15 | 0.01 | 0.01 |
| | **39.68** | **0.52** | **0.01** |
| **Financial liabilities** | | | |
| Borrowings (Refer note - 13) | 586.83 | - | - |
| Trade payables (Refer note - 16) | 115.55 | 26.54 | - |
| Others (Refer note - 14 & 17) | 122.60 | - | - |
| | **824.98** | 26.54 | - |
| | **31 March, 2016 INR** | **31 March, 2016 USD** | **31 March, 2016 EURO** |
| **Financial assets** | | | |
| Trade receivables (Refer note - 6) | 16.92 | 1.52 | - |
| Bank balances (Refer note - 7) | 82.78 | - | - |
| Cash and cash equivalents (Refer note - 8) | 0.22 | 0.02 | 0.01 |
| | **99.92** | **1.54** | **0.01** |
| **Financial liabilities** | | | |
| Borrowings (Refer note - 13) | 461.69 | 74.76 | - |
| Trade payables (Refer note - 16) | 102.39 | 32.32 | 9.25 |
| Others (Refer note - 14 & 17) | 120.98 | - | - |
| | **685.05** | **107.08** | **9.25** |
| | **1 July, 2015 INR** | **1 July, 2015 USD** | **1 July, 2015 EURO** |
| **Financial assets** | | | |
| Trade receivables (Refer note - 6) | 14.16 | 0.38 | - |
| Bank balances (Refer note - 7) | 5.23 | - | - |
| Cash and cash equivalents (Refer note - 8) | 0.29 | - | - |
| | **19.69** | **0.38** | **-** |
| **Financial liabilities** | | | |
| Borrowings (Refer note - 13) | 258.45 | 119.25 | - |
| Trade payables (Refer note - 16) | 98.83 | 57.01 | 9.60 |
| Others (Refer note - 14 & 17) | 186.08 | - | - |
| | **543.36** | **176.26** | **9.60** |

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

| INR | Year end spot rate | | |
|---|---|---|---|
| | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
| USD 1 | 64.85 | 66.25 | 63.64 |
| EUR1 | 64.78 | 68.97 | 68.40 |
| CHF 1 | 69.27 | 75.28 | 71.20 |

| INR | Average rate | |
|---|---|---|
| | 31 March, 2017 | 31 March, 2016 |
| USD 1 | 65.55 | 64.37 |
| EUR1 | 72.27 | 71.21 |
| CHF 1 | 66.87 | 66.86 |

**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 | EUR | CHF |
|---|---|---|---|
| **31 March, 2017** | | | |
| Strengthening | (2.60) | - | - |
| Weakening | 2.60 | - | - |

| Effect in INR of 10% movement | USD | EUR | CHF |
|---|---|---|---|
| **31 March, 2016** | | | |
| Strengthening | 10.55 | 0.92 | - |
| Weakening | (10.55) | (0.92) | - |

| Effect in INR of 10% movement | USD | EUR | CHF |
|---|---|---|---|
| **1 July, 2015** | | | |
| Strengthening | (17.59) | (0.96) | - |
| Weakening | 17.59 | 0.96 | - |

**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, 2017 | 31 March, 2016 | 1 July, 2015 |
| **Fixed-rate instruments** | | | |
| Financial assets | - | - | - |
| Financial liabilities | 347.83 | 567.44 | 461.66 |
| | 347.83 | 567.44 | 461.66 |

**Note - 35 : 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, 2017 was as follows.

**INR in crores**

| | As at | |
|---|---|---|
| | **31 March, 2017** | **31 March, 2016** |
| Total Debt | 471.60 | 537.85 |
| Less : Cash and bank balances | 16.27 | 83.03 |
| **Adjusted net debt** | 455.33 | 454.82 |
| Total equity | 1,113.98 | 1,051.01 |
| Adjusted net debt to adjusted equity ratio | 0.41 | 0.43 |

**Note - 36 :Contingent Liabilities and Commitments**

The claims against the company not acknowledged as debt amount to INR 108.75 Cr. (31 March 2016 : INR 130.75 Cr. & 1 July 2015 INR 151.94 Cr.) and interest and penalty thereon as may be decided at the time of disposal of the claim. Against above, the Company has deposited a sum of INR 52.12 Cr. (31 March 2016 : INR 50.64 Cr. & 1 July 2015 : INR 52.95 Cr.) with respective authorities as deposit.

**INR in crores**

| **Particulars** | **31 March, 2017** | **31 March, 2016** | **1 July, 2015** |
|---|---|---|---|
| Excise & Service Tax | 61.46 | 83.74 | 104.58 |
| Customs | 12.41 | 12.41 | 12.41 |
| Sales Tax | 1.76 | 1.76 | 1.76 |
| Claims of Gujarat Water Supply and Sewerage Board | 26.38 | 26.38 | 26.38 |
| Land Revenue Tax | 1.17 | 1.17 | 1.17 |
| Electricity Duty | 3.30 | 3.30 | 3.30 |
| Other Claims against the Company | 2.27 | 1.99 | 2.34 |
| **Total** | **108.75** | **130.75** | **151.94** |

Estimated amount of contracts remaining to be executed on capital account and not provided for is INR 24.74 Cr. ( 31 March 2016 is INR 87.86 Cr. & 1 July 2015 is INR 4.46 Cr. Net of advances).

**Note - 37 : 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) Details for reportable segments as required by Ind AS 108 is as follows:**

| **Particulars** | **Details** | |
|---|---|---|
| | **Revenue** | **Debtors** |
| **Within India** | | |
| 31 March, 2017 | 996.88 | 23.58 |
| 31 March, 2016 | 760.56 | 18.08 |
| 1 July, 2015 | N.A | 13.52 |
| **Outside India** | | |
| 31 March, 2017 | 107.38 | 0.51 |
| 31 March, 2016 | 81.20 | 0.36 |
| 1 July, 2015 | N.A | 1.02 |
| **Total** | | |
| 31 March, 2017 | 1,104.26 | 24.09 |
| 31 March, 2016 | 841.76 | 18.44 |
| 1 July, 2015 | N.A | 14.54 |

Domestic revenue includes INR 0.91 Cr. self consumption (31 March 2016 : INR 0.25 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.

**Note - 38 : Related party disclosures**

**a. Subsidiary, Joint Venture and Associates:**

The Company has incorporated subsidiary company in China named, Sange Testing Services (Shanghai) Co., Ltd. on March 20, 2015. However, no investment is made till March 31, 2017.

**b. Key Management Personnel:**

| | |
|---|---|
| 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 |
| Shri N. B. Gohil | - Whole Time Director |

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

**INR in crores**

| Particulars | For the year ended 31 March, 2017 | For the period ended 31 March, 2016 |
|---|---|---|
| Short-term employee benefits | 6.44 | 3.81 |
| Post-employment benefits | - | - |
| Long-term employee benefits | - | - |
| Termination benefits | - | - |
| Employee share-based payments | - | - |
| **Total compensation** | **6.44** | **3.81** |

Remuneration includes value of perquisites amounting to INR 39,600 (31 March 2016: INR 29,700) for each key managerial person and commission for INR 1.42 Cr (31 March 2016 : INR 4.94 lacs).

**Note - 39 : Operating lease**

Operating lease expenditure incurred during the period in respect of cancellable lease is INR NIL (31 March 2016 : INR 1.17 Cr. Details of non cancellable lease are as follows:

**INR in crores**

| Particulars | 31 March, 2017 | 31 March, 2016 | 1 July, 2015 |
|---|---|---|---|
| **Company as a lessor:** | | | |
| **Minimum Lease Payment** | | | |
| Not later than one year | - | 0.12 | 0.12 |
| Later than one year and not later than five years | - | 0.48 | 0.48 |
| Later than Five years | | - | - |
| **Total** | **-** | **0.60** | **0.60** |

**Note - 40**

**Foreign currency exposure not hedge are as follows:**

**INR in crores**

| Particulars | Currency | 31 March, 2017 | | 31 March, 2016 | | 1 July, 2015 | |
|---|---|---|---|---|---|---|---|
| | | Foreign Currency (in Mn) | INR | Foreign Currency (in Mn) | INR | Foreign Currency (in Mn) | INR |
| Borrowings | USD | - | - | 11.29 | 74.76 | 18.74 | 119.25 |
| Trade Receivables (Net) | USD | 0.08 | 0.51 | - | - | 0.06 | 0.38 |
| Trade Payable (Net) | USD | 4.09 | 26.54 | 4.88 | 32.32 | 8.96 | 57.01 |
| Trade Payable (Net Advance) | CHF | | | - | - | 0.54 | 3.69 |
| Trade Payable (Net Advance) | EUR | 0.01 | 0.04 | 1.23 | 9.25 | 1.35 | 9.60 |

**Note - 41**

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

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

**INR in crores**

| Particulars | 31 March, 2017 | | 31 March, 2016 | |
|---|---|---|---|---|
| | Qty (MT) | Amount | Qty (MT) | Amount |
| Limestone | 3,308,115 | 32.93 | 2,427,339 | 24.83 |
| Fly Ash | 1,190,310 | 11.18 | 169,698 | 6.24 |
| Gypsum | 104,152 | 5.71 | 90,158 | 3.12 |

**B. CIF value of imports**

**INR in crores**

| Particulars | 31 March, 2017 | 31 March, 2016 |
|---|---|---|
| Raw material | NIL | NIL |
| Stores and Spares | 9.59 | 2.27 |
| Capital Goods | 1.52 | 6.34 |

**C. Earning in Foreign Currency**

**INR in crores**

| Particulars | 31 March, 2017 | 31 March, 2016 |
|---|---|---|
| FOB value of exports | 103.82 | 81.20 |

**D. Expenditure in Foreign Currency**

**INR in crores**

| Particulars | 31 March, 2017 | 31 March, 2016 |
|---|---|---|
| Professional and Consultation fees | 0.57 | 0.17 |
| Travelling Expenses | 0.04 | 0.04 |

**Note - 42 : 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 employee's gratuity fund scheme managed by a Trust is 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, 2017 | 31 March, 2016 | 31 March, 2017 | 31 March, 2016 |
| **1. Reconciliation of opening and closing balances of Defined Benefit obligation** | | | | |
| a. Obligation as at the beginning of the year | 4.43 | 4.09 | 1.55 | 1.67 |
| b. Current Service Cost | 0.57 | 0.41 | 0.33 | 0.30 |
| c. Interest Cost | 0.36 | 0.25 | 0.12 | 0.10 |
| d. Actuarial (Gain)/Loss | (0.10) | (0.09) | 0.27 | (0.35) |
| e. Benefits Paid | (0.64) | (0.23) | (0.49) | (0.17) |
| f. Obligation as at the end of the year | 4.62 | 4.43 | 1.78 | 1.55 |
| **2. Reconciliation of fair value of assets and obligation** | | | | |
| 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 | 4.62 | 4.43 | 1.78 | 1.55 |
| c. Amount recognised in the Balance Sheet | (4.62) | (4.43) | (1.78) | (1.55) |
| **3. Expense recognised during the year in Profit & Loss** | | | | |
| a. Current Service Cost | 0.57 | 0.41 | 0.33 | 0.30 |
| b. Interest Cost | 0.36 | 0.25 | 0.12 | 0.10 |
| c. Expense recognised during the year | 0.93 | 0.66 | 0.45 | 0.40 |
| **4. Expense recognised during the year in OCI** | | | | |
| a. Actuarial (Gain)/Loss | (0.10) | (0.09) | 0.27 | (0.35) |
| **5. Actuarial Assumptions** | | | | |
| a. Discount Rate (per annum) | 0.07 | 0.08 | 0.07 | 0.08 |
| b. Salary escalation | 0.04 | 0.05 | 0.04 | 0.05 |
| c. Mortality Rate Indian Assured Lives Mortality | Ultimate | Ultimate | Ultimate | Ultimate |

## III. Experience adjustments

### a. Gratuity (unfunded)

**INR in crores**

| Particulars | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|---|
| Defined benefit obligations | 4.62 | 4.43 | 4.09 | 3.50 | 3.41 |
| Fair Value of Plan Assets | - | - | - | - | - |
| Surplus/(deficit) | (4.62) | (4.43) | (4.09) | (3.50) | (3.41) |
| Expected adjustments on planned Liabilities (Gains)/Losses | - | - | 0.11 | (0.05) | 0.36 |
| Expected adjustments on planned Assets | - | - | - | - | - |

**b. Leave encashment (unfunded)**

| Particulars | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|---|
| Defined benefit obligations | 1.78 | 1.55 | 1.67 | 2.32 | 1.67 |
| Fair Value of Plan Assets | - | - | - | - | - |
| Surplus/(deficit) | (1.78) | (1.55) | (1.67) | (2.32) | (1.67) |
| Expected adjustments on planned Liabilities (Gains)/Losses | - | - | (0.94) | 0.67 | 0.41 |
| Expected adjustments on planned Assets | - | - | - | - | - |

**IV. 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.

**INR in crores**

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

**INR in crores**

| Particulars | 31 March, 2016 | |
|---|---|---|
| | Increase | Decrease |
| | Gratuity | Gratuity |
| Discount rate (1% movement) | (0.39) | 0.46 |
| Salary growth rate (1% movement) | 0.47 | (0.41) |

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.

**Note 43 - Transition to Ind AS:**

These financial statements, for the year ended 31 March, 2017, are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with IGAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March, 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and the opening Ind AS balance sheet at 1 July 2015 (the "transition date"). The comparative period comprises of 9 months since the company had changed its accounting year to end on 31 March each year in compliance with provisions of the Companies Act 2013.

In preparing the opening Ind AS balance sheet, the company has adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected the Company's financial performance, cash flows and financial position is set out in this note. The optional and mandatory exemptions availed by the Company are enumerated below:

**A Optional exemptions**

**1 Property Plant and equipments**

Ind AS permits a first time adopter to fair value an item of PPE and carry it forward as the deemed cost under Ind AS. Further, Ind AS also permits an entity to restate the values of PPE in compliance with Ind AS 16 principles. Any consequential adjustments are accounted through the retained earnings. Accordingly, the Company has opted to fair value the freehold land and restate the values of other items of PPE based on Ind AS 16 principles. This has resulted in a net increase of INR 143.32 crores on the transition date.

**2 Determining whether an arrangement contains a lease**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Company has elected to avail of the above exemption.

**B Mandatory exemptions**

**1 Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

**2 Derecognition of financial assets and liabilities**

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively.

**1 Equity reconciliation :**

**INR in crores**

| Particulars | Note | 31 March, 2016 | 1 July, 2015 |
|---|---|---|---|
| **Equity reported under IGAAP (A)** | | **912.39** | **953.53** |
| ***Ind AS adjustments*** | | | |
| Accounting of financial liabilities at amortised cost using effective interest rate method | **3** | 5.05 | - |
| Reclassification of redeemable preference shared to liability | **2** | - | (42.66) |
| Net impact of restatement of items of PPE in compliance with Ind AS 16 principles | **A1** | 143.32 | 143.32 |
| Reclassification of certain items of stores and spares to PPE and consequential depreciation | **7** | (3.60) | (15.46) |
| Deferral of revenue for sales to coincide with transfer of risk and rewards | **1** | (3.92) | (1.23) |
| Deferral of revenue attributable to non-cash incentives outstanding at the respective reporting date | **1** | (2.18) | (2.87) |
| Other adjustments | **6** | (0.05) | (0.04) |
| **Total impact on account of Ind AS adjustments (B)** | | **138.62** | **81.06** |
| **Equity under Ind AS (C) = (A) + (B)** | | **1,051.01** | **1,034.59** |

**Comprehensive income reconciliation**

**INR in crores**

| Particulars | Note | 2015-16 |
|---|---|---|
| **Income reported under IGAAP (A)** | | **1.54** |
| ***Ind AS adjustments*** | | |
| Accounting of financial liabilities at amortised cost using effective interest rate method | **3** | 5.05 |
| Reclassification of certain items of stores and spares to PPE and consequential depreciation | **5** | 11.84 |
| Deferral of revenue for sales to coincide with transfer of risk and rewards | **1** | (2.69) |
| Deferral of revenue attributable to non-cash incentives outstanding at the respective reporting date | **1** | 0.69 |
| Other adjustments | **6** | (0.01) |
| **Total impact on account of Ind AS adjustments (B)** | | **14.88** |
| **Income under Ind AS (C) = (A) + (B)** | | **16.42** |

**1 Revenue recognition:**

**Excise duty** - Under IGAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods for the financial year 2015-16 under Ind AS has increased by INR 77.81 cr with a corresponding increase in other expense.

**Timing of revenue recognition** - Under IGAAP, goods sold on FOR terms were recorded at the time of dispatch. However, under Ind AS, revenue is to be recognised based on transfer of risk and reward to customers. This has resulted in increase in inventories and corresponding reduction in sales, cost of goods sold and profit margin.

**Cash incentives** - Under IGAAP, cash incentives provided to customers were recorded under other expenses. Under Ind AS, all such cash incentives given to customers are recorded net off revenue. This has resulted in reduction in sales and other expenses and will have no impact on profit.

**Non-cash incentives** - Under Ind AS, revenue attributable to open schemes at the reporting date has been deferred along with the corresponding costs.

**2 Non convertible preference shares:**

The company has issued non-convertible redeemable preference shares. The preference shares does not carry any dividend. Under IGAAP, the preference shares were classified as equity at face value of the proceeds. Under Ind AS, these are considered to be liability.

**3 Loans and borrowings**

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Further, for the refinancing and modification in terms of the loans, based on quantitative as well as qualitative assessment, the Company has accounted for gain or loss where there has been a substantial change.

**4 Employee benefits :**

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements gains and losses amounting to INR 0.29 crores (actuarial loss) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Since this impact does not have an impact on the total comprehensive income, it has not been shown separately in the comprehensive income reconciliation above

**5 Stores and spares:**

Stores and spares meeting the definition of PPE have been capitalised based on Ind AS 16. Depreciation has been computed on these items from the date of purchase based on the estimated useful life. Resultant adjustment amounting to INR 15.47 crores reduced the retained earnings on the transition date. Further, this resulted in an increase in the comprehensive income by INR 11.84 crores in 2015-16.

**6 Embedded lease:**

Under Ind AS, an entity is required to assess whether a contract or arrangement contains a lease. The company does not have any lease arrangement

**Decommissioning liability:**

Under Ind AS, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Such provision is made wherever applicable.

**7 Demonetisation**

| | SBNS | | Other Denomination | | Total | |
|---|---|---|---|---|---|---|
| | Denomination | Amount | Denomination | Amount | Denomination | Amount |
| Closing balance as on 8th Nov'2016 | ₹ 1000 , ₹ 500 | 0.95 | ₹ 100, ₹ 50 , ₹ 20 , ₹ 10 | 16.68 | ₹ 1000 , ₹ 500, ₹ 100, ₹ 50 , ₹ 20, ₹ 10 | 17.63 |
| **Transactions** | | | | | | |
| Add :Withdrawal from Bank Accounts | - | - | - | 21.42 | ₹ 2000, ₹ 500, ₹ 100, ₹ 50 , ₹ 20 and ₹ 10 | 21.42 |
| Add : Receipts for permitted Transactions | - | - | - | 0.85 | - | 0.85 |
| Add : Receipts for non permitted transactions | - | - | - | - | - | - |
| Less : paid for permitted Transactions | - | - | - | 29.49 | - | 29.49 |
| *Less : Paid for non permitted Transactions* | - | - | - | - | - | - |
| *Less : Deposited in Bank accounts* | ₹ 1000 and ₹ 500 | 0.95 | - | - | ₹ 1000 and ₹ 500 | 0.95 |
| **Closing balance as on 30th December 2016** | - | - | - | **9.46** | ₹ 2000, ₹ 500 , ₹100, ₹ 50 , ₹ 20 and ₹ 10 | **9.46** |

**Note 44**

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

As per our report of even date attached.

**For Ankit & Co.**
Chartered Accountants
FRN 000181S

**S. Brijkumar**
Partner
M. No. 19357
Place : Ahmedabad

**For Haribhakti & Co. LLP**
Chartered Accountants
FRN 103523W/W100048

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

Place : Ahmedabad
Date : May 24, 2017

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

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

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Sanghi Industries Limited**

**Report on the Financial Statements**

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

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

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

**Auditor's Responsibility**

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

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

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

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

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

**Opinion**

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

**Report on Other Legal and Regulatory Requirements**

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

(2) As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, We give our separate Report in "Annexure 2"; and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 on Contingent Liabilities to the financial statements;

   (ii) The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses; and

   (iii) There were no amounts, which were required, to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place: Ahmedabad
May 25, 2016

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

**Atul Gala**
Partner
Membership No. 048650

Place: Mumbai
May 25, 2016

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sanghi Industries Limited on the financial statements for the period ended March 31, 2016

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the period, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties recorded as fixed assets, in the books of account of the Company, are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the period.

(iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.

(iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, as at March 31st, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

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

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

(viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks.

(ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of any such instance by the management.

(xi) According to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The Company has made private placement of Non-convertible Debentures during the period under review and in our opinion and according to the information and explanations given to us, the requirement of Section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the period.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place: Ahmedabad
May 25, 2016

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

**Atul Gala**
Partner
Membership No. 048650

Place: Mumbai
May 25, 2016

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

**Auditors' Responsibility**

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

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

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

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

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

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

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

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

**Opinion**

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

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

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

Place: Ahmedabad
May 25, 2016

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

**Atul Gala**
Partner
Membership No. 048650

Place: Mumbai
May 25, 2016

# BALANCE SHEET AS AT MARCH 31, 2016

(₹ in crore)

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

As per our Report of even date attached.

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

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

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

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

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

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

Place : Ahmedabad
Date : May 25, 2016

**Anil Agrawal** - Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE PERIOD (NINE MONTHS) ENDED MARCH 31, 2016

₹ in crore

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

As per our Report of even date attached.

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

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

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

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

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

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

Place : Ahmedabad
Date : May 25, 2016

**Anil Agrawal** - Company Secretary

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

**(₹ in crore)**

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

(₹ in crore)

| Particulars | March 31, 2016 | June 30, 2015 |
|---|---|---|
| Cash and Cash equivalents (Opening Balance) | 0.30 | 0.18 |
| Cash and Cash equivalents (Closing Balance) | **0.24** | **0.30** |
| **Components of Cash and Cash Equivalents** | | |
| Cash and Cheques on hand | 0.13 | 0.14 |
| Bank Balances | 0.12 | 0.16 |
| **Cash and Cash Equivalents as above** | **0.25** | **0.30** |
| Fixed Deposits with original maturity of more than 3 months | 82.78 | 5.23 |
| **Cash and Cash Equivalents as per Note No.15** | **83.03** | **5.53** |
| Significant Accounting Policy (Note 1)<br>The accompanying Notes 1 to 37 are an integral part of the Financial Statements | | |

As per our Report of even date attached.

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

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

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

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

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

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

**Anil Agrawal** - Company Secretary

Place : Ahmedabad
Date : May 25, 2016

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

**Note: 1 (a) : ABOUT THE COMPANY**

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

**Note: 1 (b) : SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

   b) **Foreign Currency Transactions:**

   Foreign Currency transactions are initially recognized at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of Balance Sheet. All exchange differences are dealt with in the Statement of Profit & Loss except in case of long-term liabilities where they relate to acquisition of fixed assets, in which case, they are adjusted to carrying cost of such assets as per MCA notification dated December 29, 2011, Para 46A,GSR_914 for accounting period starting from 01.04.2011.

   c) **Inventory and its valuation:**

   i) Finished and semi-finished goods are valued at lower of cost and net realizable value.

   ii) Raw Materials, Consumables, Stores, Packing Material and Work-in-Progress are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.

   iii) Cost is determined on a weighted average basis.

   d) **Employee Benefits:**

   i) Defined Benefit Plans: Retirement benefits in the form of gratuity are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet.

   ii) Other long Term Benefits: Long Term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

   iii) Actuarial gain/losses, if any, are immediately recognized in the Statement of Profit and Loss.

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

e) **Borrowing Cost:**

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

f) **Revenue Recognition:**

i) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of date of Bill of Lading. Revenue from operations includes sale of goods and services, Excise Duty and adjustment for discounts and exclusive of VAT/CST.

ii) Export Incentives and insurance claims are recognized when the right to receive materializes and there is no significant uncertainty regarding realization of the claims.

iii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

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

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

h) **Taxation:**

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

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

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

i) **Impairment of Fixed Assets:**

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

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

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

j) **Earning per Share:**

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

k) **Segment Reporting:**

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

l) **Investment:**

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

m) **Leases:**

Where the Company is the lessee:

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

Where the Company is the lessor:

i. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

ii. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

n) **Cash Flow Statement:**

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

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

**Note 2 Share Capital**

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

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

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

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

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

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

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

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

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

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

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

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

**Note 3 Reserves and Surplus**

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

**Note 4 Long Term Borrowings**

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

**Footnote 1**

**Terms of Borrowing from Banks**

**As at March 31, 2016** (₹ in Crore)

| Security | Repayment Terms | Amount payable in next 12 months | Amount payable after 12 months |
|---|---|---|---|
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others | 47 equated monthly instalments starting from June 30, 2013 – Kotak Loan 1 | 3.01 | 0.28 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others | 48 equated monthly instalments starting from June 2, 2013 – Kotak Loan 2 | 3.47 | 0.58 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others | 45 monthly instalments starting from April 25, 2015 – Kotak Loan 3 | 15.16 | 26.54 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the Directors and others | 42 equated monthly instalments starting from Feb 12, 2016 – Kotak Loan 4 | 13.36 | 35.43 |
| **Total** | | **35.00** | **62.82** |

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

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

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

**Footnote 2**

**Terms of Borrowing from others**

**As at March 31, 2016** **(₹ in Crore)**

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

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

**As at June 30, 2015** (₹ in crore)

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

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

**Footnote 3**

| **Terms of Debentures** | | | |
|---|---|---|---|
| **As at March 31, 2016** | | | |
| Paripasu Charge on some of the Fixed Assets and personal guarantee by a Director and pledge of some equity shares | 12 quarterly Installments starting from June '2018 – Piramal Enterprises Ltd. | – | 256.48 |
| **As at June 30, 2015** | | | |
| Not Applicable | Not Applicable | Not Applicable | Not Applicable |

**Note 5 Other Long-term Liabilities**

| | As at March 31, 2016 (₹ in crore) | As at June 30, 2015 (₹ in crore) |
|---|---|---|
| Security Deposits from Customers and other long term liability | 47.41 | 38.58 |
| **Total** | **47.41** | **38.58** |

**Note 6 Long term Provisions**

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

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

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

**Note 7 Short Term Borrowings**

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

**Note 8 Trade Payable**

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

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

**Note 9 Other Current Liabilities**

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

**Note 10 Short Term Provisions**

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

Turning Dreams into Concrete Reality

## Note 11 FIXED ASSETS

(₹ in Crores)

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

## Note 11 FIXED ASSETS (Contd..)

| | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **As on 01.07.2014** | **Additions during the year** | **Deductions / Adjustments during the year** | **As on 30.06.2015** | **As on 01.07.2014** | **For the year** | **Deductions / Adjustment during the year** | **Other adjustment** | **As on 30.06.2015** | **W.D.V. as on 30.06.2015** | **W.D.V. as on 30.06.2014** |
| **Owned Assets** | | | | | | | | | | | |
| Freehold land | 4.25 | – | – | 4.25 | – | – | – | – | – | 4.25 | 4.25 |
| Building | 141.57 | 13.74 | – | 155.31 | 27.08 | 9.27 | – | 2.35 | 38.70 | 116.61 | 114.49 |
| Plant and Machinery | 1,867.28 | 69.75 | – | 1,937.03 | 798.65 | 86.77 | – | 1.65 | 887.07 | 1,049.96 | 1,068.63 |
| Furniture and Fixtures | 8.00 | 0.09 | – | 8.10 | 3.22 | 1.09 | – | 0.40 | 4.71 | 3.39 | 4.78 |
| Vehicles | 13.21 | 6.14 | 0.67 | 18.68 | 5.94 | 2.02 | 0.32 | 0.04 | 7.68 | 11.00 | 7.27 |
| Office Equipment | 2.87 | 0.08 | – | 2.95 | 0.91 | 0.22 | – | 1.15 | 2.28 | 0.67 | 1.96 |
| Electrical Installations | 113.32 | – | – | 113.32 | 60.68 | 6.28 | – | – | 66.96 | 46.36 | 52.64 |
| Laboratory Equipment | 0.90 | 1.10 | – | 2.00 | 0.11 | 0.19 | – | 0.01 | 0.31 | 1.69 | 0.79 |
| Computers | 5.39 | 2.16 | – | 7.55 | 4.81 | 0.59 | – | 0.21 | 5.61 | 1.94 | 0.58 |
| **Sub Total** | **2,156.79** | **93.07** | **0.67** | **2,249.19** | **901.40** | **106.43** | **0.32** | **5.81** | **1,013.32** | **1,235.87** | **1,255.39** |
| **Assets Given on lease** | | | | | | | | | | | |
| Land | 0.27 | – | – | 0.27 | – | – | – | – | – | 0.27 | 0.27 |
| Building | 9.68 | – | – | 9.68 | 3.53 | – | – | 5.66 | 9.19 | 0.48 | 6.15 |
| Plant and Machinery | 19.32 | – | – | 19.32 | 18.02 | – | – | 0.34 | 18.36 | 0.96 | 1.31 |
| Furniture and Fixtures | 0.31 | – | – | 0.31 | 0.16 | – | – | 0.14 | 0.30 | 0.01 | 0.15 |
| Vehicles | 1.04 | – | – | 1.04 | 0.85 | – | – | 0.15 | 1.00 | 0.04 | 0.19 |
| Office Equipment | 0.28 | – | – | 0.28 | 0.13 | – | – | 0.13 | 0.26 | 0.02 | 0.15 |
| Electrical Installations | 6.71 | – | – | 6.71 | 4.87 | – | – | 1.50 | 6.37 | 0.34 | 1.84 |
| Fire Fighting Equipments | 0.10 | – | – | 0.10 | 0.09 | – | – | 0.01 | 0.10 | – | 0.01 |
| Laboratory Equipment | 0.11 | – | – | 0.11 | 0.06 | – | – | 0.05 | 0.11 | – | 0.05 |
| Temple | 0.03 | – | – | 0.03 | - | – | – | – | – | 0.03 | 0.03 |
| Computers | 0.24 | – | – | 0.24 | 0.21 | – | – | 0.01 | 0.22 | 0.02 | 0.03 |
| **Sub Total** | **38.09** | **–** | **–** | **38.09** | **27.92** | **–** | **–** | **7.99** | **35.92** | **2.17** | **10.17** |
| **Total** | **2,194.88** | **93.07** | **0.67** | **2,287.28** | **929.32** | **106.43** | **0.32** | **13.80** | **1,049.24** | **1,238.04** | **1,265.56** |
| **Capital work in progress** | **59.30** | **–** | **2.96** | **56.34** | **–** | **–** | **–** | **–** | **–** | **56.34** | **59.30** |

**Note 12 Long term loans and advances**

| | As at March 31, 2016 (₹ in crore) | As at June 30, 2015 (₹ in crore) |
|---|---|---|
| Capital advances – unsecured, considered good | 19.45 | 17.44 |
| **Total** | **19.45** | **17.44** |

**Note 13 Inventories**

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

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

**Note 14 Trade Receivables**

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

**Note 15 Cash and cash equivalents**

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

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

**Note 16 Short term Loans and advances**

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

**Note 17 Other Income**

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

**Note 18 Cost of Material consumed**

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

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

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

**Note 20 Employee Benefits Expense**

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

**Note 21 Selling Expenses**

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

**Note 22 Other Expenses**

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

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

| | For FY 16 (9 Months) (₹ in crore) | For FY 15 (12 Months) (₹ in crore) |
|---|---|---|
| Payment as Auditors | 0.15 | 0.15 |
| For Taxation matters | 0.05 | 0.05 |
| For Other Services | 0.02 | 0.02 |
| **Total** | **0.22** | **0.22** |

**Footnote 2 : Corporate Social Responsibility Expenses**

a) Gross amount required to be spent by the Company during the year is ₹ 0.85 Cr. based on average net profit of last three years as per Section 198 of the Companies Act, 2013.

b) Amount spent during the year in cash on purposes other than construction/acquisition of any asset is ₹ 2.32 Cr.

**Note 23 Finance Cost**

| | For FY 16 (9 Months) (₹ in crore) | For FY 15 (12 Months) (₹ in crore) |
|---|---|---|
| Borrowing cost | 24.49 | 25.62 |
| Other interest | 2.74 | 1.85 |
| **Total** | 27.23 | 27.47 |

**Note 24 Exceptional Items**

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

**Note 25 Contingent Liabilities and Commitments**

The claims against the company not acknowledged as debt amount to ₹130.75 Cr. (Previous year ₹ 151.94 Cr.) and interest and penalty thereon as may be decided at the time of disposal of the claim. Against above, the Company has deposited a sum of ₹ 50.64 Cr. (Previous Year ₹ 52.95 Cr.) with respective authorities as deposit.

**(₹ in crore)**

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

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

**Note 26 Earning Per Share**

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

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

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

(₹ in Crore)

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

**Note 28 Segment Reporting**

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

**(₹ in crore)**

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

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

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

a. Key Management Personnel:

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

b. Subsidiary, Joint Venture and Associates:

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

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

1. Sanghi Infrastructure Ltd.
2. Kachchh Steels Pvt. Ltd.

**Details of Transactions with Related Parties**

**(₹ in crore)**

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

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

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

**Note 30 Operating Lease**

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

**(₹ in crore)**

| Company as a Lessee | 31.03.2016 | 30.06.2015 |
|---|---|---|
| Company as a Lessor | | |
| Minimum Lease Receipt | - | - |
| Not later than one year | 0.12 | 0.12 |
| Later than one year and not later than five years | 0.48 | 0.48 |
| Later than Five years | - | - |
| **Total** | **0.60** | **0.60** |

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

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

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

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

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

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

**B. CIF Value of Imports**

**(₹ in crore)**

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

**C. Earnings in Foreign Currency**

(₹ in crore)

| | 31.03.2016 | 30.06.2015 |
|---|---|---|
| FOB Value of Export | 81.20 | 65.42 |

**D. Expenditure in Foreign Currency**

(₹ in crore)

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

**Note 34 Raw Material and Stores Consumption**

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

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

(₹ in crore)

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

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

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

**Experience adjustments**

**Gratuity (unfunded)**

**(₹ in crore)**

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

**Leave Encashment (unfunded)**

(₹ in Crore)

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

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

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

Signatories to Note No. 1 to 37

As per our Report of even date attached.

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

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

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

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

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

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

Place : Ahmedabad
Date : May 25, 2016

# INDEPENDENT AUDITORS' REPORT

**To the Members of Sanghi Industries Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Sanghi Industries Limited ("the Company"), which comprise the Balance Sheet as at June 30, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

**Auditors' Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2015, its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

**(1)** As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**(2)** As required by Section 143(3) of the Act, we report that:

- **(a)** We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- **(b)** In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- **(c)** The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with

the books of account;

**(d)** In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

**(e)** On the basis of written representations received from the directors as on June 30, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

**(f)** With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 on Contingent Liabilities to the financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts hence, the question of any material foreseeable losses does not arise;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

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

**Atul Gala**
Partner
Membership No. 048650

Mumbai: August 28, 2015

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Sanghi Industries Limited on the financial statements for the year ended June 30, 2015]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) 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.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

(iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions stated in paragraph 3(iii)(a) and 3(iii)(b) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed thereunder.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed thereunder and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) Undisputed Statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty and cess have generally been deposited with the appropriate authorities, though there have been some delays.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ in Cr.) | Amount Deposited in protest (₹ in Cr.) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act,1944 | Excise Duty | 75.14 | 43.46 | Various years | Customs, Excise & Service tax Appellate Tribunal |
| Service Tax Act | CENVAT Credit | 29.40 | 1.51 | Various years | = |
| Service Tax Act | Interest and Penalty | 0.05 | - | Various years | Customs, Excise & Service tax Appellate Tribunal |
| Customs Act, 1962 | Customs Duty | 12.41 | 6.21 | 2005-10 | Customs, Excise & Service tax Appellate Tribunal |
| Sales Tax | Sales Tax | 1.76 | 1.76 | Various years | Joint Commissioner Appeal, Rajkot |

| Name of the statute | Nature of dues | Amount (₹ in Cr.) | Amount Deposited in protest (₹ in Cr.) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Bombay Land Revenue Code, 1879 | Land Revenue on Leasehold Land | 1.17 | - | Various years | Gujarat High Court |
| The Income Tax Act, 1961 | Tax | 0.99 | - | 2006-07 | CIT (A) |

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(viii) The Company does not have accumulated losses at the end of the financial year nor has incurred cash losses in the current and immediately preceding financial year.

(ix) According to the information and explanations given to us, the Company has not defaulted in repayment of its dues to banks/financial institutions, except for delay in some cases. The Company does not have any dues to debenture holders.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

(xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the management.

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

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

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

**Atul Gala**
Partner
Membership No. 048650

Mumbai: August 28, 2015

# BALANCE SHEET AS AT JUNE 30, 2015

(₹ in crore)

| Particulars | | | Note No. | As at June 30, 2015 | As at June 30, 2014 |
|---|---|---|---|---|---|
| I. | **EQUITY AND LIABILITIES** | | | | |
| 1 | **Shareholders' funds** | | | | |
| | (a) | Share capital | 2 | 262.64 | 289.52 |
| | (b) | Reserves and surplus | 3 | 690.88 | 669.54 |
| 2 | **Non-current liabilities** | | | | |
| | (a) | Long-term borrowings | 4 | 282.29 | 433.37 |
| | (b) | Long-term Liabilities | 5 | 21.89 | 18.67 |
| | (c) | Long-term Provisions | 6 | 37.96 | 27.63 |
| 3 | **Current liabilities** | | | | |
| | (a) | Short-term borrowings | 7 | 52.75 | 47.49 |
| | (b) | Trade Payables | 8 | 165.44 | 76.37 |
| | (c) | Other current liabilities | 9 | 245.67 | 193.90 |
| | (d) | Short-term provisions | 10 | 0.50 | 0.27 |
| | | **TOTAL** | | **1,760.02** | **1,756.76** |
| II. | **ASSETS** | | | | |
| | **Non-current assets** | | | | |
| 1 | (a) | Fixed assets | | | |
| | | (i) Tangible assets | 11 | 1,238.04 | 1,265.56 |
| | | (ii) Tangible work-in-progress | 11 | 56.34 | 59.30 |
| | (b) | Deferred tax assets (net) | 26 | 58.52 | 53.97 |
| 2 | **Current assets** | | | | |
| | (a) | Inventories | 12 | 167.13 | 147.79 |
| | (b) | Trade receivables | 13 | 14.54 | 12.51 |
| | (c) | Cash and cash equivalents | 14 | 5.53 | 33.95 |
| | (d) | Short-term loans and advances | 15 | 219.92 | 183.68 |
| | | **TOTAL** | | **1,760.02** | **1,756.76** |

As per our Report of even date

For **Ankit & Co.**,
Chartered Accountants
FRN No. 000181S

**S. Brij Kumar**
Partner
M.No. 19357

For **Haribhakti & Co. LLP.**,
Chartered Accountants
FRN No. 103523W

**Atul Gala**
Partner
M.No. 048650

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

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

Place : Mumbai
Date : August 28, 2015

**Anil Agrawal** - Company Secretary

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

₹ in crore

| | Particulars | Note No. | For the year ended June 30, 2015 | For the year ended June 30, 2014 |
|---|---|---|---|---|
| | Sale of products | | 1,033.06 | 1,143.65 |
| | Less: | | | |
| | Excise duty | | 102.10 | 97.73 |
| | Other operating Income | | 1.29 | 2.34 |
| I. | Revenue from operations | | 932.25 | 1,048.26 |
| II. | Other income | 16 | 7.10 | 8.25 |
| **III.** | **Total Revenue (I + II)** | | **939.35** | **1,056.51** |
| IV. | Expenses: | | | |
| | Raw Material consumed | 17 | 54.10 | 47.71 |
| | Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 18 | (16.31) | 48.48 |
| | Employee benefits expense | 19 | 46.46 | 45.07 |
| | Power and fuel | | 246.56 | 260.88 |
| | Freight forwarding and other selling expenses | 20 | 327.49 | 322.98 |
| | Other expenses | 21 | 116.56 | 126.02 |
| | Finance Cost | 22 | 27.47 | 14.05 |
| | Depreciation | 11 | 106.43 | 147.75 |
| | **Total expenses** | | **908.76** | **1,012.94** |
| **V.** | **Profit before tax (III- IV)** | | **30.59** | **43.57** |
| VI | Tax expense: | | | |
| | (1) Current Tax | | - | - |
| | (2) Excess tax provision reversal related to earlier years | | - | (6.01) |
| | (3) Mat Credit entitlement | | - | - |
| | (4) Deferred Tax | 25 | - | - |
| **VII** | **Profit (Loss) for the year** | | **30.59** | **49.58** |
| VIII | **Balance Carried to Balance Sheet** | | 30.59 | 49.58 |
| IX | Earnings per equity share: | | | |
| | Basic and Diluted | 24 | 1.39 | 2.25 |

As per our Report of even date

For **Ankit & Co.**,
Chartered Accountants
FRN No. 000181S

**S. Brij Kumar**
Partner
M.No. 19357

For **Haribhakti & Co. LLP.,**
Chartered Accountants
FRN No. 103523W

**Atul Gala**
Partner
M.No. 048650

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

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

**Anil Agrawal** - Company Secretary

Place : Mumbai
Date : August 28, 2015

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

(₹ in crore)

| | | 30.06.2015 | 30.06.2014 |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| | Net Profit before Tax | 30.59 | 43.57 |
| | **Adjustments for:** | | |
| | Depreciation and amortisation | 106.43 | 147.74 |
| | Loss on sale of Fixed Assets | 0.13 | 0.08 |
| | Interest Income | (1.09) | (0.82) |
| | Foreign Exchange (gain)/loss | (1.71) | - |
| | Interest and other Financial Charges | 27.47 | 14.05 |
| | **Operating Profit before Working Capital Changes** | **161.82** | **204.62** |
| | **Adjustments for:** | | |
| | (Increase)/Decrease in Inventories | (19.34) | 63.46 |
| | (Increase)/Decrease in Debtors | (2.04) | 12.54 |
| | (Increase)/Decrease in Other Current Assets and Loans and Advances | (35.77) | (52.95) |
| | Increase/(Decrease) in Trade Creditors | 89.07 | 30.01 |
| | Increase/(Decrease) in Other Current Liabilities and Provisions | 3.77 | (46.01) |
| | **Cash from operating activities** | **197.51** | **211.67** |
| | Income Taxes paid | (0.58) | (1.21) |
| | **Net Cash from operating activities** | **196.93** | **210.46** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| | Additions of Fixed Assets | (74.52) | (44.30) |
| | Sale of Fixed Assets | 0.23 | 0.15 |
| | Fixed Deposit with Banks | 28.54 | - |
| | Interest Received | 1.25 | 0.61 |
| | **Net Cash used in investing activities** | **(44.50)** | **(43.54)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| | Movement in Working Capital Borrowing | 5.26 | 9.21 |
| | Long term borrowings | 89.35 | 5.98 |
| | Repayment of long term borrowings | (192.60) | (154.17) |
| | Interest and other Financial Charges | (27.44) | (21.61) |
| | Payment towards OCCPPS | (26.88) | (6.69) |
| | **Net Cash used in Financing activities** | **(152.31)** | **(167.28)** |

(₹ in crore)

| | 30.06.2015 | 30.06.2014 |
|---|---|---|
| **NET INCREASE/(DECREASE) IN CASH AND** | | |
| **CASH EQUIVALENTS ( A+B+C)** | **0.12** | **(0.36)** |
| Cash and Cash equivalents (Opening Balance) | 0.18 | 0.54 |
| **Cash and Cash equivalents (Closing Balance)** | **0.30** | **0.18** |
| **Components of Cash and Cash Equivalents** | | |
| Cash and Cheques on hand | 0.14 | 0.14 |
| Bank Balances | 0.16 | 0.04 |
| **Cash and Cash Equivalents as above** | **0.30** | **0.18** |
| Fixed Deposits with original maturity of more than 3 Months | 5.23 | 33.77 |
| **Cash and Cash Equivalents as per Note No.14** | **5.53** | **33.95** |

As per our Report of even date

For **Ankit & Co.**,
Chartered Accountants
FRN No. 000181S

**S. Brij Kumar**
Partner
M.No. 19357

For **Haribhakti & Co. LLP.,**
Chartered Accountants
FRN No. 103523W

**Atul Gala**
Partner
M.No. 048650

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

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

Place : Mumbai
Date : August 28, 2015

**Anil Agrawal** - Company Secretary

**Note: 1 (a) : ABOUT THE COMPANY**

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

**Note: 1 (b) : SIGNIFICANT ACCOUNTING POLICIES**

**1.** The financial statements are prepared and presented under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles in India. These financial statements comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 / Companies Act, 1956 as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

**2.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

**3.** Significant Accounting Policies adopted in preparation of financial statements are consistent with those of previous years, unless otherwise stated, and are as under:-

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

Fixed Assets (Tangible or Intangible) are stated at cost of acquisition or construction and all costs, relating to the acquisition and installation of fixed assets are capitalized upto the date the asset is put to use.

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

b) **Foreign Currency Transactions :**

Foreign Currency transactions are initially recognized at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into rupees at exchange rate prevailing on the date of Balance Sheet. All exchange differences are dealt with in the Statement of Profit & Loss except in case of long term liabilities where they relate to acquisition of fixed assets, in which case, they are adjusted to carrying cost of such assets as per MCA notification dated December 29, 2011, Para 46A,GSR_914 for accounting period starting from 01.04.2011.

c) **Inventory and its valuation:**

i Finished and semi-finished goods are valued at lower of cost and net realizable value.

ii Raw Materials, Consumables, Stores, Packing Material and Work-in-Progress are valued at lower of cost and net realizable value. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.

iii Cost is determined on a weighted average basis.

d) **Employee Benefits :**

i Defined Benefit Plans: Retirement benefits in the form of gratuity are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet.

ii Other long Term Benefits: Long Term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

iii Actuarial gain/losses, if any, are immediately recognized in the Statement of Profit and Loss.

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

e) **Borrowing Cost :**

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

f) **Revenue Recognition :**

i) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly, domestic sales are accounted on dispatch of products to customers and export sales are accounted on the basis of date of Bill of Lading. Revenue from operations includes sale of goods and services, excise duty and adjustment for discounts and exclusive of VAT/CST.

ii) Export Incentives and insurance claims are recognized when the right to receive materializes and there is no significant uncertainty regarding realization of the claims.

iii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

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

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

h) **Taxation :**

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

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

MAT credit asset is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

i) **Impairment of Fixed Assets :**

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

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

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

j) **Earning per Share :**

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

k) **Segment Reporting :**

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

l) **Investment**

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

m) **Leases :**

Where the Company is the lessee:

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

Where the Company is the lessor:

**i.** Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

**ii.** Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

n) **Cash Flow Statement :**

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

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

**Note 2 Share Capital**

| Share Capital | As at June 30, 2015 | | As at June 30, 2014 | |
|---|---|---|---|---|
| | Number | (₹ in crore) | Number | (₹ in crore) |
| **Authorised** | | | | |
| Equity Shares of ₹ 10/- each | 275,000,000 | 275.00 | 275,000,000 | 275.00 |
| Preference shares of ₹ 100/- each | 27,500,000 | 275.00 | 27,500,000 | 275.00 |
| **Total** | **302,500,000** | **550.00** | **302,500,000** | **550.00** |
| **Issued** | | | | |
| Equity Shares of ₹ 10/- each Fully Paid Up | 219,979,000 | 219.98 | 219,979,000 | 219.98 |
| Redeemable preference shares of face value ₹ 100/- each | 8,484,230 | 84.84 | 8,484,230 | 84.84 |
| **Total** | **228,463,230** | **304.82** | **228,463,230** | **304.82** |
| **Subscribed & Paid up** | | | | |
| Equity Shares of ₹ 10/- each Fully Paid Up | 219,979,000 | 219.98 | 219,979,000 | 219.98 |
| Redeemable preference shares of face value ₹ 100/- each, balance paid up ₹ 50.28 (previous year paid up to ₹ 81.96) | 8,484,230 | 42.66 | 8,484,230 | 69.54 |
| **Total** | **228,463,230** | **262.64** | **228,463,230** | **289.52** |

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

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

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

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

Preference Shares are redeemable in stepped up quarterly instalments from June 2011 to June 2018.

c. Details of shares alloted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back during immediately preceding five years. - NIL

**d. Reconciliation of equity shares outstanding at the beginning and at the end of the year**

| Particulars | For the FY 2014-15 | | For the FY 2013-14 | |
|---|---|---|---|---|
| | Number | (₹ in crores) | Number | (₹ in crores) |
| Shares outstanding at the beginning of the year | 219,979,000 | 219.98 | 219,979,000 | 219.98 |
| Shares Issued during the year | - | - | - | - |
| Shares repaid during the year | - | - | - | - |
| Shares outstanding at the end of the year | 219,979,000 | 219.98 | 219,979,000 | 219.98 |

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

| Particulars | For the FY 2014-15 | | For the FY 2013-14 | |
|---|---|---|---|---|
| | Number | (₹ in crores) | Number | (₹ in crores) |
| Shares outstanding at the beginning of the year | 8,484,230 | 69.54 | 8,484,230 | 76.23 |
| Shares Issued during the year | - | - | - | - |
| Redeemed during the year | - | 26.88 | - | 6.69 |
| Shares outstanding at the end of the year | 8,484,230 | 42.66 | 8,484,230 | 69.54 |

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

| Name of Shareholder | As at June 30, 2015 | | As at June 30, 2014 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| **Equity shares** | | | | |
| Samruddhi Investors Services Private Limited | 52,614,532 | 24% | 43,914,532 | 20% |
| Ravi Sanghi | 36,062,150 | 16% | 3,012,500 | 1% |
| **Preference shares** | | | | |
| Sangam Investors Services Pvt Ltd | 5,408,140 | 64% | 5,408,140 | 64% |
| IDBI Bank Limited | 2,700,000 | 32% | 2,700,000 | 32% |

**Note 3 Reserves and Surplus**

| | | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|---|
| a. | **Securities Premium Account** | | |
| | Opening Balance | 49.82 | 49.82 |
| | Less : Premium Utilised for various reasons | - | - |
| | Closing Balance | **49.82** | **49.82** |
| b. | **Capital Redemption Reserve** | | |
| | Opening Balance | 15.30 | 8.61 |
| | Add : Transfer from Surplus | 26.88 | 6.69 |
| | Closing Balance | **42.18** | **15.30** |
| c. | **Surplus** | | |
| | Opening balance | 604.42 | 561.53 |
| | (+) Net Profit/(Net Loss) for the current year | 30.59 | 49.58 |
| | (-) Carrying value of assets where useful life is NIL as on 01.07.2014 (after considering residual value) (Net of deferred tax of ₹ 4.55 Cr.) | 9.25 | - |
| | (-) Capital Redemption Reserve | 26.88 | 6.69 |
| | Closing Balance | **598.88** | **604.42** |
| | **Total** | **690.88** | **669.54** |

**Note 4 Long-term Borrowings**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| **Secured Term loans** | | |
| From Banks | 108.70 | 109.92 |
| from Others | 173.59 | 323.45 |
| **Total** | **282.29** | **433.37** |

**As at June 30, 2015**

**Terms of Borrowing from Banks** (₹ in crore)

| Security | Repayment Terms | Amount payable in next 12 months | Amount payable after 12 months |
|---|---|---|---|
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 28 quarterly installments starting from June 30, 2011 | 28.27 | 55.73 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 28 quarterly installments starting from June 30, 2011 | 4.68 | 9.31 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 48 equated monthly installments starting from June 2, 2013 | 3.47 | 3.18 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 47 equated monthly installments starting from June 30, 2013 | 2.71 | 2.57 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 45 monthly installments starting from April 25, 2015 | 15.16 | 37.91 |
| **Total** | | **54.29** | **108.70** |

**Average rate of borrowing in loans from banks is 7.66%.**

**Terms of Borrowing from others** **(₹ in crore)**

| Security | Repayment Terms | Amount payable in next 12 months | Amount payable after 12 months |
|---|---|---|---|
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 28 Stepped up quarterly installments starting from December 31, 2012 | - | 4.05 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 81 equated monthly installments starting from October 15, 2012 | - | 4.86 |
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 46 monthly installments starting from May 16, 2012 | 57.74 | - |
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 48 equated monthly installments starting from April, 2015 | 20.68 | 87.11 |
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | Under finalisation | - | 46.65 |
| Hypothecation of cars and some of the movable equipments | Equated Monthly Instalments | 24.72 | 30.92 |
| **Total** | | **103.14** | **173.59** |

**Average rate of borrowing in loans from others is 2.62%.**

**As at June 30, 2014**

**Terms of Borrowing from Banks** **(₹ in crore)**

| Security | Repayment Terms | Amount payable in next 12 months | Amount payable after 12 months |
|---|---|---|---|
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 28 quarterly installments starting from June 30, 2011 | 15.08 | 84.00 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 28 quarterly installments starting from June 30, 2011 | 4.68 | 13.99 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 48 equated monthly installments starting from June 2, 2013 | 3.47 | 6.65 |
| Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 47 equated monthly installments starting from June 30, 2013 | 2.36 | 5.28 |
| **Total** | | **25.59** | **109.92** |

**Average rate of borrowing in loans from banks is 0.67%.**

**Terms of Borrowing from others** **(₹ in crore)**

| Security | Repayment Terms | Amount payable in next 12 months | Amount payable after 12 months |
|---|---|---|---|
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 28 Stepped up quarterly installments starting from December 31, 2012 | - | 4.05 |
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 81 equated monthly installments starting from October 15, 2012 | - | 4.86 |

**Terms of Borrowing from others** (₹ in crore)

| Security | Repayment Terms | Amount payable in next 12 months | Amount payable after 12 months |
|---|---|---|---|
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | 46 monthly installments starting from May 16, 2012 | 55.64 | 44.05 |
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | Under finalisation | - | 197.09 |
| Paripasu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others | Under finalisation | - | 46.65 |
| Hypothecation of cars and some of the movable equipments | Equated Monthly Instalments | 19.02 | 26.75 |
| **Total** | | **74.66** | **323.45** |

**Average rate of borrowing in loans from others is 1.23%.**

**Note 5 Long-term Liabilities**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| Security Deposits from Customers and Transporters | 21.89 | 18.67 |
| **Total** | **21.89** | **18.67** |

**Note 6 Long-term Provisions**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Gratuity | 3.79 | 3.38 |
| Leave Encashment | 1.47 | 2.17 |
| **Other Provisions** | | |
| Provision for mines restoration | 0.14 | - |
| Provision for Electricity Duty | 32.56 | 22.08 |
| **Total** | **37.96** | **27.63** |

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

| Particulars | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| **Provision for Mines Restoration Expenses** | | |
| Opening Balance | - | - |
| Add: Provision during the year | 0.14 | - |
| Less: Utilisation during the year | - | - |
| **Closing Balance** | **0.14** | **-** |
| **Provision for Electricity Duty** | | |
| Opening Balance | 22.08 | 11.50 |
| Add: Provision during the year | 10.47 | 11.73 |
| Less: paid during the year | - | 1.14 |
| **Closing Balance** | **32.56** | **22.08** |

**Note 7 Short-term Borrowings**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| **Secured** | | |
| **Loans repayable on demand** | | |
| Working Capital loans from banks | 52.75 | 47.49 |
| Secured against hypothecation of current assets of the Company, 2nd charge on some of the fixed assets of the Company and guarnteed by some of the directors of the Company and pledge of shares of promoters. Rate of Interest is 3.40% over base rate. | | |
| **Total** | **52.75** | **47.49** |

**Note 8 Trade Payable**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| Due to Micro and Small Enterprises | 0.04 | 0.13 |
| Due to Others | 165.40 | 76.24 |
| **Total** | **165.44** | **76.37** |

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

**Note 9 Other Current Liabilities**

| | | As at June 30, 2015 (₹ in crore) | | As at June 30, 2014 (₹ in crore) | |
|---|---|---|---|---|---|
| (a) | Current maturities of Long Term borrowings | | 157.43 | | 100.25 |
| (b) | Interest accrued but not due on borrowings | | 0.40 | | 0.36 |
| (c) | Advance received from Customers | | 9.06 | | 18.48 |
| (d) | Payable for capital goods | | 17.82 | | 13.26 |
| **(e)** | **Other payables includes** | | 60.96 | | 61.55 |
| | Provision for Expenses | 28.78 | | 21.48 | |
| | Salary payable | 3.31 | | 3.04 | |
| | Other Employee Related liabilities | 2.99 | | 1.91 | |
| | Statutory dues | 22.16 | | 31.31 | |
| | Other Payables | 3.72 | | 3.81 | |
| | **Total** | | **245.67** | | **193.90** |

**Note 10 Short-term Provisions**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity | 0.30 | 0.12 |
| Leave Encashment | 0.20 | 0.15 |
| **Total** | **0.50** | **0.27** |

## Note 11 FIXED ASSETS

(₹ In crores)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As on 01.07.2014 | Additions during the year | Deductions / Adjustments during the year | As on 30.06.2015 | As on 01.07.2014 | For the year | Deductions / Adjustment during the year | Other adjustment | As on 30.06.2015 | W.D.V. as on 30.06.2015 | W.D.V. as on 30.06.2014 |
| **Owned Assets** | | | | | | | | | | | |
| Freehold land | 4.25 | - | - | 4.25 | - | - | - | - | - | 4.25 | 4.25 |
| Building | 141.57 | 13.74 | - | 155.31 | 27.08 | 9.27 | - | 2.35 | 38.70 | 116.61 | 114.49 |
| Plant and Machinery * | 1,867.28 | 69.75 | - | 1,937.03 | 798.65 | 86.77 | - | 1.65 | 887.07 | 1,049.96 | 1,068.63 |
| Electrical Installations | 113.32 | - | - | 113.32 | 60.68 | 6.28 | - | - | 66.96 | 46.36 | 52.64 |
| Furniture and Fixtures | 8.00 | 0.09 | - | 8.10 | 3.22 | 1.09 | - | 0.40 | 4.71 | 3.39 | 4.78 |
| Office Equipment | 2.87 | 0.08 | - | 2.95 | 0.91 | 0.22 | - | 1.15 | 2.28 | 0.67 | 1.96 |
| Vehicles | 13.21 | 6.14 | 0.67 | 18.68 | 5.94 | 2.02 | 0.32 | 0.04 | 7.68 | 11.00 | 7.27 |
| Laboratory Equipment | 0.90 | 1.10 | - | 2.00 | 0.11 | 0.19 | - | 0.01 | 0.31 | 1.69 | 0.79 |
| Computers | 5.39 | 2.16 | - | 7.55 | 4.81 | 0.59 | - | 0.21 | 5.61 | 1.94 | 0.58 |
| **Sub Total** | **2,156.79** | **93.07** | **0.67** | **2,249.19** | **901.40** | **106.43** | **0.32** | **5.81** | **1,013.32** | **1,235.87** | **1,255.39** |
| **Assets Given on lease** | | | | | | | | | | | |
| Land | 0.27 | - | - | 0.27 | - | - | - | - | - | 0.27 | 0.27 |
| Building | 9.68 | - | - | 9.68 | 3.53 | - | - | 5.66 | 9.19 | 0.48 | 6.15 |
| Plant and Machinery | 19.32 | - | - | 19.32 | 18.02 | - | - | 0.34 | 18.36 | 0.96 | 1.31 |
| Electrical Installations | 6.71 | - | - | 6.71 | 4.87 | - | - | 1.50 | 6.37 | 0.34 | 1.84 |
| Furniture and Fixtures | 0.31 | - | - | 0.31 | 0.16 | - | - | 0.14 | 0.30 | 0.01 | 0.15 |
| Office Equipment | 0.28 | - | - | 0.28 | 0.13 | - | - | 0.13 | 0.26 | 0.02 | 0.15 |
| Vehicles | 1.04 | - | - | 1.04 | 0.85 | - | - | 0.15 | 1.00 | 0.04 | 0.19 |
| Fire Fighting Equipments | 0.10 | - | - | 0.10 | 0.09 | - | - | 0.01 | 0.10 | - | 0.01 |
| Laboratory Equipment | 0.11 | - | - | 0.11 | 0.06 | - | - | 0.05 | 0.11 | - | 0.05 |
| Temple | 0.03 | - | - | 0.03 | - | - | - | - | - | 0.03 | 0.03 |
| Computers | 0.24 | - | - | 0.24 | 0.21 | - | - | 0.01 | 0.22 | 0.02 | 0.03 |
| **Sub Total** | **38.09** | **-** | **-** | **38.09** | **27.92** | **-** | **-** | **7.99** | **35.92** | **2.17** | **10.17** |
| **Total** | **2,194.88** | **93.07** | **0.67** | **2,287.28** | **929.32** | **106.43** | **0.32** | **13.80** | **1,049.24** | **1,238.04** | **1,265.56** |
| **Previous Year Figures** | **2,163.23** | **32.06** | **0.41** | **2,194.88** | **781.75** | **147.75** | **0.18** | **-** | **929.32** | **1,265.56** | **1,381.48** |
| **Tangible work in progress** | | | | | | | | | | **56.34** | **59.30** |

* Depreciation on certain Mining ancillary and other Misc. assets has been provided at rate higher than those prescribed under Schedule II of the Companies Act, 2013 based on useful life of three years as evaluated by Technical Expert. Plant & Machinery Includes cost incurred by the Company for ₹ 10.66 crore, ownership of which vests with GETCO.

**Note 12 Inventories**

| | | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|---|
| a. | Raw Materials and components | 0.57 | 1.59 |
| b. | Fuel Stock | 21.37 | 31.60 |
| c. | Work-in-progress | 0.40 | 0.21 |
| d. | Finished goods | 43.74 | 27.63 |
| e. | Stores and spares (including packing material of ₹ 2.22 Cr, PY ₹ 2.54 Cr.) | 101.05 | 86.76 |
| | **Total** | **167.13** | **147.79** |

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

**Note 13 Trade Receivables**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| **Unsecured, considered good** | | |
| Trade receivables outstanding for a period less than six months from the date they are due for payment | 14.54 | 12.51 |
| **Total** | **14.54** | **12.51** |

**Note 14 Cash and cash equivalents**

| | | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|---|
| **a.** | **Cash on hand** | 0.14 | 0.14 |
| **b.** | **Balances with banks** | | |
| | In Current Account | 0.16 | 0.04 |
| | In Fixed Deposit * | 5.23 | 33.77 |
| | **Total** | **5.53** | **33.95** |

* Out of above Fixed Deposit of ₹ 5.00 crores (Previous Year ₹ 6.62 crores) is lying with banks as margin money against Letter of Credit and Bank Guarantee.

**Note 15 Short-term Loans and advances**

| | As at June 30, 2015 (₹ in crore) | As at June 30, 2014 (₹ in crore) |
|---|---|---|
| Capital advances – unsecured, considered good | 21.60 | 21.55 |
| **Loans and advances to others** | | |
| Unsecured, considered good | | |
| Includes | | |
| Advances to employees | 0.06 | 0.08 |
| Advance to suppliers and contractors | 46.08 | 30.42 |
| Deposit with Govt Dept | 46.11 | 44.58 |
| MAT Credit Entitlement | 37.13 | 37.13 |
| Advance Income Tax (Net of provision) | 6.74 | 6.16 |
| Others | 62.20 | 43.76 |
| **Total** | **219.92** | **183.68** |

**Note 16 Other Income**

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| Interest Income | 1.09 | 0.82 |
| Foreign exchange gain (Net) | - | 2.85 |
| Other non-operating income | 6.01 | 4.58 |
| **Total** | **7.10** | **8.25** |

**Note 17 Raw Material consumed**

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| Opening Stock | 1.59 | 6.35 |
| Add: Purchase | 53.08 | 42.95 |
| Less: Closing Stock | 0.57 | 1.59 |
| **Raw Material Consumed** | **54.10** | **47.71** |
| **Details of Raw Material Consumption** | | |
| I) Lime Stone | 29.37 | 28.50 |
| ii) Fly Ash | 10.66 | 10.48 |
| iii) Gypsum | 2.80 | 4.18 |
| iv) Purchased Clinker | 5.46 | - |
| v) Raw Material for Ready Mixed Concrete plant | 2.53 | 0.42 |
| vi) Other Raw materials | 3.28 | 4.13 |
| **Total** | **54.10** | **47.71** |

**Note 18 Changes in inventories of finished goods work-in-progress and Stock-in-Trade**

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| **Closing Inventories** | | |
| Work in progress | 0.40 | 0.20 |
| Finished Goods | 43.74 | 27.63 |
| | **44.14** | **27.83** |
| **Opening Inventories** | | |
| Work in progress | 0.20 | 0.93 |
| Finished Goods | 27.63 | 75.38 |
| | **27.83** | **76.31** |
| **Changes in inventories of finished goods work-in-progress and Stock-in-Trade** | **(16.31)** | **48.48** |
| Consists of Decrease / (Increase) in inventories | (14.10) | 47.23 |
| Consists of Decrease / (Increase) in excise duty on inventories | (2.21) | 1.25 |
| **Total** | **(16.31)** | **48.48** |

**Note 19 Employee Benefits Expense**

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| Salaries & Wages and Bonus | 43.23 | 42.64 |
| Contribution to Provident Fund | 0.84 | 1.00 |
| Staff Welfare Expenses | 2.39 | 1.43 |
| **Total** | **46.46** | **45.07** |

**Note 20 Freight Forwarding and Other Selling Expense**

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| Freight outward | 265.43 | 249.87 |
| Stevedoring expenses | 15.29 | 30.46 |
| Port & shipping expenses | 2.03 | 2.01 |
| Discounts, Sales Promotion and Other selling expenses | 44.74 | 40.64 |
| **Total** | **327.49** | **322.98** |

**Note 21 Other expenses**

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| **Manufacturing expenses** | | |
| Consumption of Packing Material | 32.20 | 35.00 |
| Consumption of Stores & Spares | 18.99 | 18.52 |
| Other manufacturing expenses | 10.41 | 13.83 |
| **Other expenses** | | |
| Repairs to Plant & Machinery | 14.30 | 27.56 |
| Repairs to Building | 1.67 | 4.04 |
| Advertisement | 4.45 | 3.49 |
| Audit Fees (Refer Footnote 1) | 0.22 | 0.22 |
| Conveyance & Travelling | 5.78 | 5.27 |
| Membership, Subscriptions, Books & Periodicals | 0.23 | 0.50 |
| Consultancy, Legal & Professional Charges | 3.33 | 3.87 |
| Insurance | 2.21 | 2.88 |
| Postage, Telephone & Telex | 0.71 | 0.79 |
| Printing & Stationery | 0.34 | 0.19 |
| Foreign exchange (gain) / loss (net) | 2.89 | - |
| Vehicle Running Expenses | 1.16 | 0.95 |
| Rent, Rates, Taxes & Fees | 6.19 | 2.84 |
| Corporate Social Responsibility Expense (Refer Footnote 2) | 1.70 | - |
| Other administrative expenses | 9.81 | 6.07 |
| **Total** | **116.56** | **126.02** |

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

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| Payment as Auditors | 0.15 | 0.15 |
| For Taxation matters | 0.05 | 0.05 |
| For Other Services | 0.02 | 0.02 |
| **Total** | **0.22** | **0.22** |

**Footnote 2 : Corporate Social Responsibility Expenses**

a) Gross amount required to be spent by the Company during the year is ₹1.13 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 ₹1.70 cr.

**Note 22 Finance Cost**

| Particulars | For the year ended June 30, 2015 (₹ in crore) | For the year ended June 30, 2014 (₹ in crore) |
|---|---|---|
| Interest expense | 25.62 | 13.00 |
| Other borrowing costs | 1.85 | 1.05 |
| **Total** | **27.47** | **14.05** |

**Note 23 Contingent Liabilities and Commitments**

The claims against the company not acknowledged as debt amount to ₹151.94 cr. (Previous year ₹139.35 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 ₹52.95 cr. (Previous Year ₹46.26 cr.) with respective authorities as deposit.

**(₹ In crore)**

| | As at 30.06.2015 | As at 30.06.2014 |
|---|---|---|
| Excise & Service Tax | 104.58 | 80.78 |
| Customs | 12.41 | 12.41 |
| Sales Tax | 1.76 | 1.76 |
| Debt Recovery Tribunal | - | 11.21 |
| 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 | 2.34 | 2.34 |
| **Total** | **151.94** | **139.35** |

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹4.46 cr. Net of advances (Previous year ₹53.77 cr.)

**Note 24 Earning Per Share**

| | Particulars | 2014-15 | 2013-14 |
|---|---|---|---|
| (i) | Profit/(Loss) after Tax as per Statement of Profit and Loss (₹ in crore) | 30.59 | 49.58 |
| (ii) | Weighted average number of equity shares (number) | 21,99,79,000 | 21,99,79,000 |
| (iii) | Basic and diluted Earnings per share in ₹ (Face Value: ₹ 10/- per share) | 1.39 | 2.25 |

**Note 25 Deferred Tax (Assets) / Liabilities**

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

(₹ in crore)

| | | Deferred Tax Liability / (Asset) as on 30.06.2014 | Current Year Charge / (Credit) | Deferred Tax Liability / (Asset) as on 30.6.2015 |
|---|---|---|---|---|
| **Deferred Tax Liabilities (DTL)** | | | | |
| Difference between Tax Depreciation and Book Depreciation | | 33.61 | (4.55) | 29.06 |
| **Total DTL** | **A** | **33.61** | **(4.55)** | **29.06** |
| **Deferred Tax Assets (DTA)** | | | | |
| Unabsorbed Dep. | | (87.58) | - | (87.58) |
| **Total DTA** | **B** | **(87.58)** | **-** | **(87.58)** |
| **Deferred Tax (Asset) / Liability (Net) A+B** | | **(53.97)** | **(4.55)** | **(58.52)** |

Deferred tax of ₹4.55 cr. on carrying value of assets where useful life is NIL as on 01.07.2014 (after considering residual value) amounting to ₹13.80 cr. is adjusted against reserve.

**Note 26 Segment Reporting**

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

**(₹ In crores)**

| Details | Within India | | Outside India | | Total | |
|---|---|---|---|---|---|---|
| | **30.06.15** | **30.06.14** | **30.06.15** | **30.06.14** | **30.06.15** | **30.06.14** |
| Revenues | 1,101.79 | 1,106.06 | 65.42 | 182.23 | 1,167.21 | 1,288.29 |
| Debtors | 13.52 | 10.89 | 1.02 | 1.62 | 14.54 | 12.51 |
| Addition to Fixed Assets | 93.07 | 32.06 | - | - | 93.07 | 32.06 |

**Note 27 Related Party Disclosure as per Accounting Standard 18**:

**a.** Key Management Personnel:

Mr. Ravi Sanghi - Chairman and Managing Director

Mr. Aditya Sanghi - Whole Time Director

Mr. Alok Sanghi - Whole Time Director

Mrs. Bina Engineer - Whole Time Director

Mr. N. B. Gohil - Whole Time Director

b. Subsidiary, Joint Venture and Associates:

The Company has incorporated subsidiary Company in China named, Sange Testing Services (Shanghai) Co., Ltd. on March 20, 2015. However, no investment is made till June 30, 2015.

**Details of Transactions with Related Parties**

**(₹ in crore)**

| **Particulars** | **For the year ended 30.06.2015** | **For the year ended 30.06.2014** |
|---|---|---|
| Remuneration to Mr. Ravi Sanghi | 1.43 | 1.50 |
| Remuneration to Mr. Aditya Sanghi | 1.00 | 1.00 |
| Remuneration to Mr. Alok Sanghi | 1.00 | 1.00 |
| Remuneration to Mrs. Bina Engineer | 1.00 | 1.00 |
| Remuneration to Mr. N. B. Gohil | 0.49 | 0.42 |
| **Total** | **4.92** | **4.92** |

Remuneration includes value of perquisites amounting to ₹39,600 for each key managerial person.

**Note 28 Operating Lease**

Operating lease expenditure incurred during the year in respect of cancellable lease is ₹1.54 cr. (Previous Year ₹1.51 cr.). Details of non cancellable lease are as follows;

**(₹ in crore)**

| **Company as a Lessee** | **30.06.2015** | **30.06.2014** |
|---|---|---|
| Minimum Lease Payment | | |
| Not later than one year | - | 0.36 |
| Later than one year and not later than five years | - | - |
| Later than Five years | - | - |
| **Total** | **-** | **0.36** |
| Company as a Lessor | | |
| Minimum Lease Receipt | | |
| Not later than one year | 0.12 | 0.12 |
| Later than one year and not later than five years | 0.48 | 0.48 |
| Later than Five years | - | - |
| **Total** | **0.60** | **0.60** |

**Note 29** Foreign currency exposure not hedge are as follows :

| **Particulars** | **Currency** | **As on 30.06.2015** | | **As on 30.06.2014** | |
|---|---|---|---|---|---|
| | | **In Foreign Currency (Mn)** | **₹ In crores** | **In Foreign Currency (Mn)** | **₹ In crores** |
| Borrowings | USD | 18.74 | 119.25 | 32.75 | 197.09 |
| Trade Receivables (Net) | USD | 0.06 | 0.38 | 0.01 | 0.07 |
| Trade Payable (Net) | USD | 8.96 | 57.01 | 4.90 | 29.52 |
| Trade Payable (Net Advance) | CHF | 0.54 | 3.69 | 0.12 | 0.78 |
| Trade Payable (Net Advance) | EUR | 1.35 | 9.60 | 2.26 | 18.61 |

**Note 30** Other expenses include NIL pertaining to prior period expenses (Previous year ₹0.17 crore).

**Note 31** Power and Fuel consumption include exchange loss of ₹0.82 crores. (Previous year ₹2.96 crore)

**Note 32** Additional information pursuant to the provisions of Schedule V to the Companies Act, 2013 is as under:

**A Details of Major Raw Material Consumed**

| | **30.06.2015** | | **30.06.2014** | |
|---|---|---|---|---|
| | **Qty (MT)** | **Value (₹ In crore)** | **Qty (MT)** | **Value (₹ In crore)** |
| Limestone | 2,918,838 | 29.37 | 3,315,735 | 28.50 |
| Fly Ash | 361,075 | 10.51 | 391,021 | 10.17 |
| Gypsum | 101,451 | 2.80 | 69,934 | 4.18 |

**B CIF Value of Imports**

**(₹ in crore)**

| | **30.06.2015** | **30.06.2014** |
|---|---|---|
| Raw material | NIL | NIL |
| Stores and Spares | 13.23 | 15.49 |
| Capital Goods | 11.40 | 2.09 |

**C Earnings in Foreign Currency**

**(₹ in crore)**

| | **30.06.2015** | **30.06.2014** |
|---|---|---|
| FOB Value of Export | 65.42 | 182.23 |

**D Expenditure in Foreign Currency**

(₹ in crore)

| | 30.06.2015 | 30.06.2014 |
|---|---|---|
| Professional and Consultation fees | 1.33 | 0.23 |
| Other matters | 0.45 | 1.49 |

**Note 33 Raw Material and Stores Consumption**

| | 30.06.2015 | | 30.06.2014 | |
|---|---|---|---|---|
| **a. Raw Material Consumed:** | **(₹ In crore)** | **%** | **(₹ in crore)** | **%** |
| (i) Imported | - | - | - | - |
| (ii) Indigenous | 54.09 | 100 | 47.70 | 100 |
| **Total** | **54.09** | **100** | **47.70** | **100** |
| **b. Stores and spares Consumed:** | | | | |
| (i) Imported | 6.56 | 35 | 10.47 | 57 |
| (ii) Indigenous | 12.43 | 65 | 8.05 | 43 |
| **Total** | **18.99** | **100** | **18.52** | **100** |

**Note 34 Employee Defined Benefits:** As per Actuarial Valuation in accordance with Revised accounting Standard 15 as on June 30, 2015

(₹ in crore)

| Particulars | 30.06.2015 | | 30.06.2014 | |
|---|---|---|---|---|
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| **I. Expense recognized in the Statement of Profit and Loss for the year ended June 30, 2015** | | | | |
| 1. Current Service Cost | 0.52 | 0.34 | 0.61 | 0.34 |
| 2. Interest Cost | 0.31 | 0.21 | 0.26 | 0.13 |
| 3. Employee Contributions | - | - | - | - |
| 4. Expected Return on Plan Assets | - | - | - | - |
| 5. Actuarial (Gains)/Losses | (0.04) | (1.00) | (0.51) | 0.37 |
| 6. Past Service Cost | - | - | - | - |
| 7. Settlement Cost | - | - | - | - |
| 8. Losses/(gains) on acquisition / divesture | - | - | - | - |
| 9. Total Expense | 0.79 | (0.45) | 0.37 | 0.84 |
| **II. Net (Asset)/Liability recognized in the Balance Sheet as at June 30, 2015** | | | | |
| 1. Present Value of Defined Benefit Obligation | 4.09 | 1.67 | 3.50 | 2.32 |
| 2. Fair Value of Plan Assets | - | - | - | - |
| 3. Funded Status [Surplus/Deficit] | - | - | - | - |
| 4. Net (Asset)/Liability as at June 30, 2015 | 4.09 | 1.67 | 3.50 | 2.32 |

| **III. Obligation as on June 30, 2015** | 30.06.2015 | | 30.06.2014 | |
|---|---|---|---|---|
| | Gratuity | Leave encashment | Gratuity | Leave encashment |
| 1. Present value of Defined Benefit Obligation at the beginning of the year | 3.50 | 2.32 | 3.41 | 1.67 |
| 2. Current service Cost | 0.52 | 0.34 | 0.61 | 0.34 |
| 3. Interest Cost | 0.31 | 0.21 | 0.26 | 0.13 |
| 4. Settlement Cost | - | - | - | - |
| 5. Past Service Cost | - | - | - | - |
| 6. Employee Contribution | - | - | - | - |
| 7. Liabilities assumed on acquisition / (settled on divesture) | - | - | - | - |
| 8. Actuarial (Gains)/Losses | (0.04) | (1.00) | (0.51) | 0.37 |
| 9. Benefits Payments | (0.20) | (0.20) | (0.27) | (0.18) |
| 10. Sick Leave | - | - | - | - |
| 11. Present Value of Defined Benefit Obligation at the end of the year | 4.09 | 1.67 | 3.50 | 2.32 |

| IV. | Actuarial Assumption: |
|---|---|
| 1. | Discount Rate 8.30 % p.a (P.Y. 8.95 % p.a.) |
| 2. | Salary Escalation 5 % p.a (P.Y. 6 % p.a.) |
| 3. | Mortality Rate Indian Assured Lives Mortality |
| | (2006-08) Ultimate. (P.Y. Indian Assured Lives Mortality 2006-08) Ultimate |

**Experience adjustments**

**Gratuity (unfunded)**

**(₹ in crore)**

| Particulars | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---|---|---|---|---|
| Defined benefit obligations | 4.09 | 3.50 | 3.41 | 2.37 | 2.02 |
| Fair Value of Plan Assets | - | - | - | - | - |
| Surplus / (deficit) | (4.09) | (3.50) | (3.41) | (2.37) | (2.02) |
| Expected adjustments on planned Liabilities (Gains) / Losses | 0.11 | (0.05) | 0.36 | (3.88) | (0.16) |
| Expected adjustments on planned Assets | - | - | - | - | - |

**Leave Encashment (unfunded)**

**(₹ in crore)**

| Particulars | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---|---|---|---|---|
| Defined benefit obligations | 1.67 | 2.32 | 1.67 | 1.04 | 1.27 |
| Fair Value of Plan Assets | - | - | - | - | - |
| Surplus / (deficit) | (1.67) | (2.32) | (1.67) | (1.04) | (1.27) |
| Expected adjustments on planned Liabilities (Gains) / Losses | (0.94) | 0.67 | 0.41 | (0.30) | (0.03) |
| Expected adjustments on planned Assets | - | - | - | - | - |

**Note 35** As per the Mines and Minerals (Development and Regulations) Amendment Act, 2015, the Company is required, in addition to royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried out, an amount not exceeding the royalty paid, in such a manner and subject to the categorization of the mining leases and the amounts payable by the various categories of lease holders, as may be prescribed by the Central Government.

The Company is also required to pay a sum equivalent to two percent of the royalty to the National Mineral Exploration Trust as per the requirement of the Mines and Minerals (Development and Regulations) Amendment Act, 2015.

As on the balance sheet date, contribution required to be made to District Mineral Foundation is not determined and rules for National Mineral Exploration trust are yet to be notified, hence no provision is made during the year ended June 30, 2015.

**Note 36** The previous year's figures have been regrouped/reclassified wherever necessary to conform with current year's classification.

Signatories to Note No. 1 to 36

As per our Report of even date

For **Ankit & Co.**,
Chartered Accountants
FRN No. 000181S

**S. Brij Kumar**
Partner
M.No. 19357

For **Haribhakti & Co. LLP.**,
Chartered Accountants
FRN No. 103523W

**Atul Gala**
Partner
M.No. 048650

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

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

Place : Mumbai
Date : August 28, 2015

**Anil Agrawal** - Company Secretary

## DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

**Signed by:**

**Name: Ravi Sharan Sanghi**
**Designation: Chairman and Managing Director**

Date: January 23, 2018 Place: Ahmedabad

## DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under this Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

**Signed by:**

________________________________________

**Name: Ravi Sharan Sanghi**
**Designation: Chairman and Managing Director**

I am authorized by the Business Operations and Finance Committee, vide resolution dated January 23, 2018 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

________________________________________

**Name: Ravi Sharan Sanghi**
**Designation: Chairman and Managing Director**

Date: January 23, 2018

Place: Ahmedabad

| ISSUER |
|---|

**Sanghi Industries Limited**
Registered Office: Sanghinagar P.O., Hayatnagar Mandal, R R District, Telangana – 501 511
Corporate Office: 10th Floor, Kataria Arcade, Off. S.G. Highway, Post. Makarba, Ahmedabad – 380 051
Company Secretary and Compliance Officer: Anil Agrawal
Telephone: +91 8415 242240
E-mail: companysecretary@sanghicement.com
CIN: L18209TG1985PLC005581
Website: www.sanghicement.com

| BOOK RUNNING LEAD MANAGERS | | |
|---|---|---|
| **SBI Capital Markets Limited**<br>202, Maker Tower E<br>Cuffe Parade<br>Mumbai 400 005, India<br>Telephone: +91 22 2217 8300<br>Facsimile: +91 22 2218 8332 | **HDFC Bank Limited**<br>Investment Banking Group,<br>Unit No. 401 & 402, 4th Floor<br>Tower B, Peninsula Business<br>Park, Lower Parel<br>Mumbai 400 013, India<br>Telephone: +91 22 3395 8021<br>Facsimile: +91 22 3078 8584 | **Motilal Oswal Investment Advisors Limited**<br>Motilal Oswal Tower<br>Rahimtullah Sayani Road<br>Opposite Parel ST Depot,<br>Prabhadevi<br>Mumbai 400 025, India<br>Telephone: +91 22 3982 5541<br>Facsimile: +91 22 3980 4315 |

| LEGAL COUNSEL TO THE COMPANY AND THE BRLMs AS TO INDIAN LAW |
|---|

**Luthra & Luthra**
**Law Offices**
20th Floor, Tower 2
Unit A2, Indiabulls Finance Centre
Elphinstone Road
Senapati Bapat Marg
Lower Parel, Mumbai 400 013, India

| SPECIAL INTERNATIONAL LEGAL COUNSEL TO THE BRLMs |
|---|

**Duane Morris & Selvam LLP**
16 Collyer Quay, Floor 17
Singapore 049318

| JOINT STATUTORY AUDITORS | |
|---|---|
| **Chaturvedi & Shah, Chartered Accountants**<br>714-715, Tulsiani Chambers<br>212, Nariman Point<br>Mumbai 400 021, India<br>Telephone: +91 22 3021 8500<br>Facsimile: +91 22 3021 8595<br>Email: vitesh.g@cas.ind.in<br>Firm Registration No.: 101720W | **S.K. Mehta & Co., Chartered Accountants**<br>504, Kirti Mahal<br>19 Rajendra Place<br>New Delhi 110 008, India<br>Telephone: +91 11 2581 5156<br>Facsimile: +91 11 2581 3879<br>Email: rohitmehta@skmehta.co.in<br>Firm Registration No.: 000478N |