

Sanghi Industries Limited

27th ANNUAL REPORT 2013-2014



Turning Dreams into Concrete Reality

Vision

“To be the business leader, delivering superior value to all our stakeholders”

Mission

“Achieve profitable growth and customer delight through innovation, operational excellence, leadership and teamwork to add value for all stakeholders and society.”

Values (Five Cs)

- ❖ Care for all stakeholders
- ❖ Continuous learning and growth
- ❖ Commitment to excellence
- ❖ Corporate Governance based on Trust and Integrity
- ❖ Concern for society

Contents

Particulars	Page No.
Board of Directors	I
Directors' Report	2-6
Management Discussion and Analysis	13-16
Report on Corporate Governance	17-28
Auditors' Report	29-33
Balance Sheet and Profit and Loss Statement	34-35
Cashflow Statement	36-37
Notes to Accounts	38-54

Board of Directors

Shri Ravi Sanghi	Chairman and Managing Director
Shri Gireesh Sanghi	Director
Shri Aditya Sanghi	Executive Director
Shri Alok Sanghi	Executive Director
Smt. Bina Engineer	Executive Director
Shri N. B. Gohil	Executive Director
Shri C.S.V. Rao	Nominee Director – IDBI
Shri D. K. Kambale	Director
Shri Sadashiv Sawrikar	Director
Shri D.B.N.Rao	Director
Shri R.K.Pandey	Director
Shri T.M.Jagan Mohan	Director

Company Secretary

Shri Anil Agrawal

Joint Statutory Auditors

M/s Ankit & Co.
Chartered Accountants
Hyderabad

M/s Haribhakti & Co.LLP
Chartered Accountants
Ahmedabad

Registered Office

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

Cement Works

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

Corporate Office

10th Floor, Kataria Arcade,
Off. S-G Highway,
Post: Makaraba,
District: Ahmedabad – 380 051
Tel Nos. 079 - 2683 8000
Fax Nos.079 - 2683 8111

Mumbai Office

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

Email : companysecretary@sanghiment.com

Website : www.sanghiment.com

DIRECTORS' REPORT

To
The Members of
Sanghi Industries Limited

Your Directors take pleasure in presenting the 27th Annual Report together with the audited financial statements for the year ended 30th June, 2014.

Financial Results

(₹ in crore)

	2013-2014	2012-2013
Gross Revenue	1298.88	1178.42
Net Income	1056.51	1002.06
Profit before Interest, Depreciation and Taxation	205.37	213.01
Interest	14.05	14.90
Operating Profit	191.32	198.11
Depreciation	147.75	145.35
Profit Before Tax (PBT)	43.57	52.76
(Add) / Less : Provision for Tax	(6.01)	6.88
Profit After Tax (PAT)	49.58	45.88
Profit carried to Reserves and Surplus	49.58	45.88

Dividend

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

Management Discussion and Analysis

A report on Management Discussion and Analysis (MDA), which forms part of this Report, inter-alia deals adequately with the operations as also current and future outlook of the Company.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them and pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, your Directors confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- the Directors have selected such appropriate accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 30th June, 2014 and of the profit of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the accounts for the period ended 30th June, 2014 on a 'going concern' basis.

Board of Directors

The Directors – Shri Aditya Sanghi (holding DIN: 00033755) and Shri Alok Sanghi (holding DIN: 00033506) retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Sanghi Industries Limited

After coming into force of Section 149 and other applicable provisions of the Companies Act, 2013 it is proposed to appoint Mr. Sadashiv Sawrikar, Mr. T. M. Jagan Mohan, Mr. D.K.Kambale, Mr. R.K.Pandey and Mr. D.B.N.Rao as Independent Directors for three consecutive years for a term upto the conclusion of the 30th Annual General Meeting in the calendar year 2017, details of which are mentioned in the explanatory statement annexed to the notice of the Annual General Meeting.

Your Directors recommend their re-appointment.

Deposits

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956.

Corporate Governance

The Company has complied with the Corporate Governance Code as stipulated under the Listing Agreement executed with the Stock Exchanges. A separate section on the Corporate Governance Practices followed by the Company together with the certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

Committees of Directors

The Board has aligned the existing Committees of the Board with the provisions of the Companies Act, 2013. Accordingly, the Company has renamed its existing Remuneration Committee as 'Nomination and Remuneration Committee' and has delegated its powers as required under Section 178 of the Companies Act, 2013. Also the existing 'Investors Service Committee' has been renamed as 'Stakeholders Relationship Committee' under Section 178 of the Companies Act, 2013.

The scope of the Audit Committee has also been widened so as to bring it in accordance with the requirements of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

The Company has also constituted the Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013.

Listing

The Company's securities are listed with the Stock Exchanges at National Stock Exchange and Bombay Stock Exchange. The Company has paid the listing fees for the year 2014-15 to both the Stock Exchanges.

Particulars of Employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report and Accounts are being sent to all the shareholders of the Company excluding the said information. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary at the Registered Office of the Company.

Auditors

M/s. Ankit & Company, Chartered Accountants, Hyderabad and M/s. Haribhakti & Company, Chartered Accountants, Ahmedabad, the Joint Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has also received confirmation from them to the effect that their appointment, if made by the Company for the year 2014-15, would be within the limits prescribed under Section 139 of the Companies Act, 2013. Your Board of Directors commend their appointment as Joint Statutory Auditors of the Company.

Cost Audit

The Company has appointed M/s.N. D. Birla & Co., Cost Accountants, Ahmedabad, as cost auditor of the Company for audit of cost accounting records for the financial year ended 30th June, 2014. The Audit report of the cost accounts of the Company for the year ended 30th June, 2014 will be submitted to the Central Government in due course.

Foreign Exchange Earnings & Outgo

The particulars with regard to Foreign Exchange Earnings and Outgo are set out in Note 32 Para E and F of the Notes on Accounts of Annual Report.

Social Responsibilities

Your Company enjoys the distinction of being one of the first cement companies in India to be awarded SA:8000:2008 i.e. Social Accountability Certificate for its plant for the last seven years (earlier SA:8000:2001). Social Accounting is a process of ongoing monitoring, evaluation and accountability which helps an organization to measure its performance against social, environmental and economic objectives and ensures that its working is in accordance with its values.

This certification is a result of the sincere and untiring efforts put in by the management for fulfilling its Corporate Social Responsibility over the last decade for:

- Creating green revolution in the desert Kutch region by cultivating land for growing trees, fruits, vegetables and flowers.
- Providing educational facilities through a CBSE affiliated School.
- Providing hospitals and first aid facilities within few hundred kilometers.
- Conducting social awareness programmes on various issues.

Environment and Pollution Control

Your plant is certified for Environment Management System ISO:14001:2004. Stringent internal environmental measures are adopted, adhered to and maintained to run the plant operations in an Eco-efficient manner.

Some of these measures include:

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

Conservation of Energy

The MIS Cell and Energy Steering Committee analyses the energy consumption parameters on daily basis with an intention to reduce the high and ever rising cost of energy in the manufacturing process, as well as to reduce its adverse impact on the environment. The Committee constantly updates itself with the new developments in the field of energy including use of alternative resources and its viability for the use in our Plant.

Apart from implementing the measures which were initiated last year, the following new measures have been initiated during the year.

- Kiln inlet seal modification to reduce false air and heat consumption.
- Installation of SPRS (Slip Power Recovery System) in Raw Mill Bag hose fan to reduce power consumption.
- Electronic Control System (ECS) upgradation for process optimization and overall efficiency enhancement.
- Conduct CFD analysis to reduce pressure drop and power consumption.
- Conduct finger print analysis in power plant for process optimization and overall efficiency enhancement.

Impact of the measures mentioned herein above certainly reduces the energy consumption and consequent reduce the cost of energy in the manufacturing process.

Technology Absorption, Adaptation and Innovation

Your Company adopts value engineering techniques for enhancing productivity and cost effectiveness. All efforts are made to explore the possibility of replacing certain imported parts of machineries with indigenous parts for reducing the cost and level of inventory considering an easy availability on time.

Your Company continues to make conscious efforts to evaluate opportunities for technological innovation, upgradation for improving level of operations resulting into savings in cost and enhanced efficiencies.

Research and Development

The Company is conducting ongoing research on product quality improvement, waste treatment and recycling, energy and water conservation and restoration as well as enhancement of green cover in the vicinity.

Sanghi Industries Limited

Benefits derived as a result of the above R & D

- There is consistency in product quality resulting in benefits for the end consumer.
- The Company has achieved noticeable reduction in heat and power consumption in production process by implementing various inhouse solutions. This has resulted in savings of precious natural resources.
- The water conservation has resulted in restoring and enhancing the water table in area.
- The green cover enhancement has resulted in creating organic, sustainable and climatically better adapted variety of trees and fruits.

5 Star International Accreditations

Your Company is amongst the very few corporates in India and certainly one of the first cement plants in India to receive the following 5 International accreditation.

1. ISO 9001:2008 (Quality Management System Standard)
2. ISO 14001:2004 (Environmental Management System Standard)
3. OHSAS 1800:2007 (Occupational Health & Safety Management System Standard)
4. SA 8000:2008 (Social Accountability System Certificate)
5. ISO/ IEC 17025:2005 (NABL accreditation for Chemical and Mechanical Testing)

Recognitions for best practices

The Company has won Gold Award in Cement Sector for outstanding achievement in Environment Management from Greentech Foundation, New Delhi.

It has won various prizes during 21st Mines Environment and Mineral Conservation Week 2013-14, as follows.

Scientific Development of Mineral Deposit	1 st Prize
Mineral Conservation (Additive Mines)	1 st Prize
Publicity & Propaganda	1 st Prize
Overall Performance	1 st Prize
Mineral Conservation (Limestone Mines)	2 nd Prize
Community Development	2 nd Prize

The Company has also won various prizes during the 4th Gujarat Metalliferous Mines Safety Week 2013-14, as follows.

Quality, Working & General Safety (Additive Mines)	1st Prize
Overall Performance (Additive Mines)	1st Prize
Appointment of Statutory Person & Maintenance of Records (Additive Mines)	1st Prize
Publicity, Propaganda & Fire Fighting (Limestone Mines)	1st Prize
Mining Machinery Improvement & Innovation	2 nd Prize

Industrial Relations

Industrial relations continued to be cordial throughout the year under review. Your Directors wish to place on record their appreciation for the excellent team work with which the workers and officers of the Company at all levels have contributed individually and collectively to the performance of the Company.

Acknowledgements

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

For and on behalf of the Board

Place : Mumbai
Date : 21st August, 2014

Ravi Sanghi
Chairman and Managing Director

Annexure – I

Disclosure under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Form – A (See Rule 2)

(A) Conservation of Energy and Technology Absorption – Refer Directors' Report

(B) Power and Fuel Consumption

Particular	For Year ended 30 th June 2014	For Year ended 30 th June 2013
I. Electricity		
(a) Purchased		
Unit (Kwh in lacs)	0.53	-
Total amount (₹ in Crores)	0.05	-
Rate/unit (₹)	10.01	-
(b) Own Generation (net of auxiliary)		
(i) Through Diesel Generators		
Unit (Kwh in lacs)	14.27	78.96
Unit per Ltr. of Furnace Oil / L.D.O./ S.K.O / Diesel	2.06	3.05
Cost/unit (₹)	24.91	15.29
(ii) Through Steam turbine/generation		
Unit (Kwh in lacs)	2455.05	2410.43
Unit per Kg. of Fuel	0.95	1.20
Cost/unit (₹)	3.33	3.47
2. Coal		
(a) Blended Fuel of Lignite and Coal used in Kiln and Calcliner		
Quantity (in lac MT)	4.35	3.79
Total cost (₹ In Crores)	178.30	168.13
Average rate per MT (₹)	4102	4438
(b) Blended Fuel of Lignite and Coal used in Steam Turbine/Generator		
Quantity (in lac MT)	2.58	2.00
Total cost (₹ In Crores)	66.26	71.67
Average rate per MT (₹)	2572	3577

Consumption per Unit of Production

	Standard (if any)	For Year ended 30 th June 2014	For Year ended 30 th June 2013
Product: Cement	BIS 53 Grade		
Unit: MT		2,104,688	2,242,573
Electricity (Kwh/MT of Cement)		97.04	100.42
Coal (Kilo Calories per kg)		747	775

For and on behalf of the Board

Place: Mumbai
Date : 21st August, 2014

Ravi Sanghi
Chairman and Managing Director



'Young Entrepreneur of Kutch' award from Hon'ble Chief Minister of Gujarat for 2013 to our Directors – Shri Aditya Sanghi and Shri Alok Sanghi.



Award for Excellence in Best Waste Management Initiatives from Hon'ble Chief Minister of Gujarat



"Gold Category" Award 2013 for Environment Management from Greentech Foundation, New Delhi, non-profit organization recognizing outstanding performance in safety issues.



Commencement of Ready Mix Concrete (RMC) operations in Ahmedabad



Port Terminal at Dharamtar, Maharashtra



Power Plant is now connected to Grid



Annual Sales Meeting 2014



Company's presence at INTERCEM Conference, Dubai, 2014



Company organized Dealers' Malaysian Tour



Adopted and upgraded Industrial Training Institute in an agreement with Ministry of Labour and Employment, Government of Gujarat



Independence Day Celebration at School



'Khel Mahakumbh' at Sanghipuram, where around 1,000 players participated in various competitive games

MANAGEMENT DISCUSSION AND ANALYSIS

The Management presents the analysis of your Company's performance during the year ended on 30th June 2014 ("2014") and comparison over corresponding period of the previous year ("2013"). The Management also presents its outlook on the cement industry, in brief, for the future. This outlook is based on current business environment and information available on Indian economic scenario and may vary due to future economic and other developments in India and abroad.

Macro Economics of India

During 2013-14, India's Gross Domestic Product (GDP) marginally grew by 4.7% compared to 4.5% during 2012-13.

As per the index of industrial production (IIP), industrial output declined by 0.1% during 2013-14 as compared to a growth of 1.1% in the previous year. The decline during 2013-14 was mainly due to the decline in mining, capital goods, and consumer goods. The manufacturing industry, which is a dominant sector, witnessed a decline of 0.8% in 2013-14 as compared to a growth of 1.3% in the previous year. The output of the capital goods sector declined by 3.6% in 2013-14 compared to a decline of 6.0% in the previous year.

The current account deficit reduced to 1.7% of GDP in 2013-14 from 4.7% in 2012-13. The Indian rupee strengthened during the second half of 2013-14. The fiscal deficit to GDP ratio declined from 4.9% in 2012-13 to 4.5% in 2013-14. These factors indicate a move towards stabilisation of our macro-economy.

Cement Industry – Present Scenario and Outlook

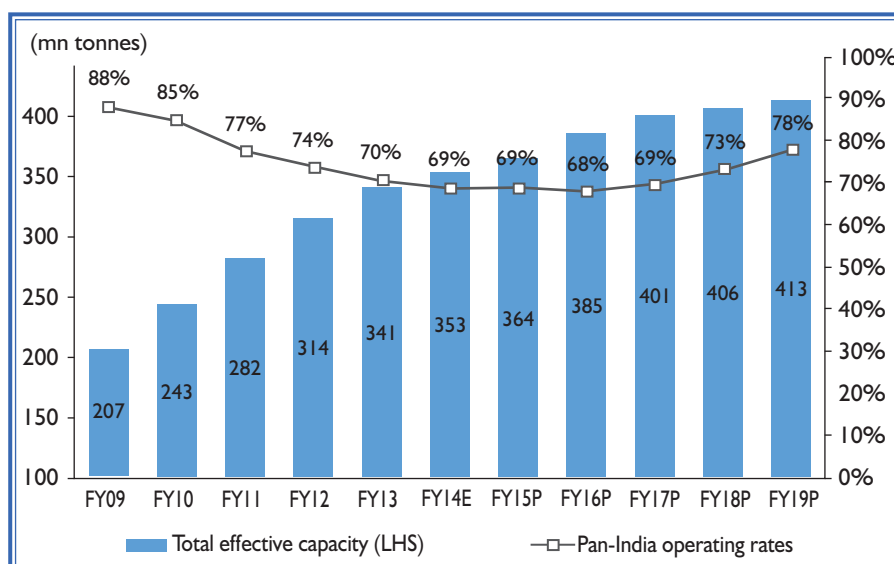
The present capacity of cement industry is around 375 mtpa.

The demand for cement is closely related to growth in the construction sector. Over the past 5 years, from 2008-09 to 2013-14, demand for cement has grown at a moderate CAGR of around 5%, largely led by construction of infrastructure and industrial projects, coupled with modest demand from the housing sector and commercial construction.

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

The cement production remained sluggish during FY-14 (Apr-Mar) which has grown 3% as against 7.7% in the corresponding period of the last year.

The past trend and projections on capacity utilization rates is shown below.



E: Estimated; P: Projected

Source: CRISIL Research

Recently, Confederation of Indian Industry (CII) has initiated a study on Indian cement industry and has formulated report named “Cement Vision 2025: Scaling New Heights”. The study covers the historical evolution of the cement industry, the current status of the industry, its growth potential and detailed recommendations for the government.

According to this report, Cement industry growth during the next decade looks very promising. Cement demand is projected to grow to 2.5 to 2.7 times the current volumes and reach 550 to 600 MTPA by 2025. This growth is likely to be led by investments in the infrastructure sector, with subsectors such as roads, power and irrigation leading the growth.

The present Government is focussed on nation-wide infrastructure growth and various housing projects in urban and rural areas, amongst other initiatives.

The Indian Government’s measures to promote investment in ports, roads, airports and other infrastructure projects are also likely to support cement demand. The cement companies are also likely to benefit from the proposed increase in long term funding availability for infrastructure projects which is likely to facilitate more investment in these sectors. The acquisitions and/or mergers happening in the cement industry is an indication towards future positive outlook on the cement industry.

CRISIL also believes that the prices are likely to be stable or improving in coming years.

Key developments in Company

1. Ready Mix Concrete (RMC) Plant

We have recently commenced trials of our first RMC plant in Naroda, Ahmedabad with a capacity of 360 tonne per day, producing best grade of M20. This marks our entry into the new product line of RMC. In developed countries, RMC constitutes more than 70% of the building material used, whereas in India this is still in nascent stage.

2. Power Transmission Line

The Company has commissioned 66KV Power Transmission lines at its plant connecting its captive Thermal Power Plant to Gujarat Energy Transmission Corporation Limited’s (GETCO) sub-station. This gives the company an option to sell surplus power and also to procure power when needed during maintenance of plant.

3. Port and terminals

The Company has set up terminals at Navlakhi in Gujarat and Dharamtar in Maharashtra to enhance its coastal shipping and reduce the freight cost of cement.

4. Recognitions for best practices

- The Company has won “Gold Award” in Cement Sector for outstanding achievement in Environment Management from Greentech Foundation, New Delhi.
- It has won various prizes during 21st Mines Environment and Mineral Conservation Week 2013-14, as follows.

Scientific Development of Mineral Deposit	1 st Prize
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5. 5 Star International Accreditations

Your Company is amongst the very few corporates in India and certainly one of the first cement plants in India to receive the following 5 International accreditation.

- ISO 9001:2008 (Quality Management System Standard)
- ISO 14001:2004 (Environmental Management System Standard)
- OHSAS 1800:2007 (Occupational Health & Safety Management System Standard)
- SA 8000:2008 (Social Accountability System Certificate)
- ISO/ IEC 17025:2005 (NABL accreditation for Chemical and Mechanical Testing)

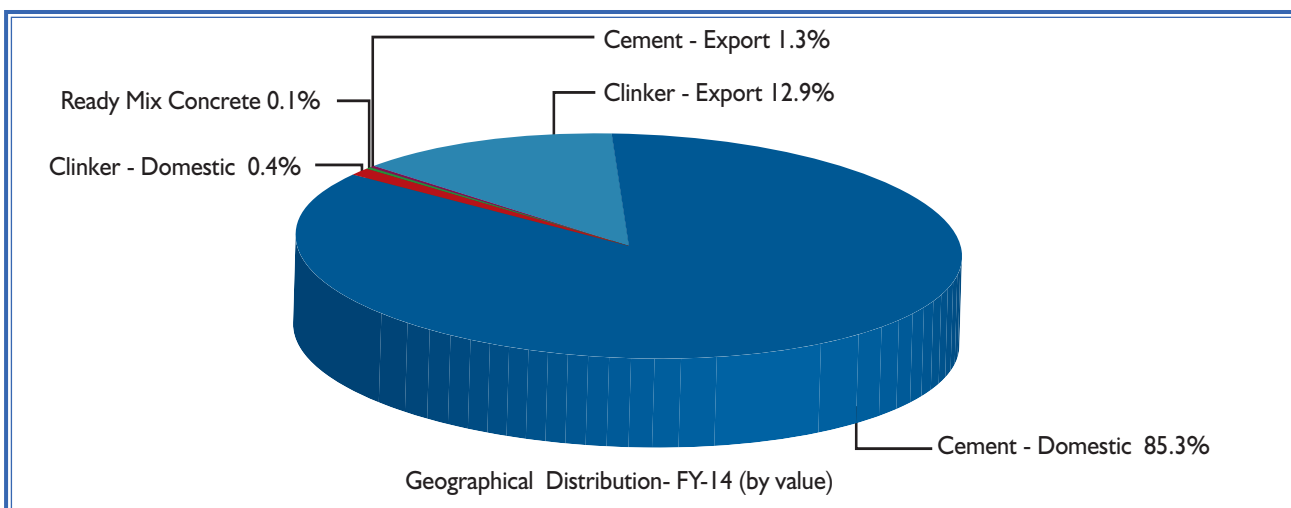
Sanghi Industries Limited

6. Volume and Sales

During the year, Company achieved the total volume of 2,824,164 tonnes.

Product	2014	2013	%
Clinker	6,74,991	92,956	
Cement	21,45,155	2,209,486	
RMC (Meter Cube)	4,018	-	
Total	2,824,164	2,302,442	22.7%

The gross sales were ₹1,288 crore in 2014, registering a growth of 10% against ₹1,166 crore in 2013.



The average domestic price for cement has remained nearly stable at around ₹260 per 50 kg bag.

7. Costs

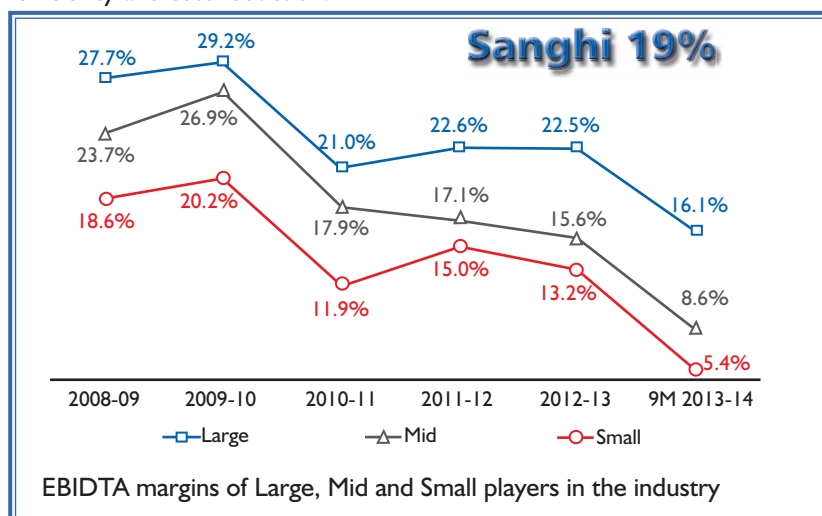
- The raw material cost per tonne of cement has reduced by around 13% during 2014 as compared to 2013 mainly due to substitution of low cost inputs without compromising on the good quality of our cement.
- The Company was able to reduce its power cost per tonne of production by around 15% due to blending of low cost fuel, lower consumption of power per tonne of cement produced and lesser use of Diesel Generators' power.
- Though USD/INR depreciated by around 12% during 2014 adversely impacting coal imports of the Company, reduced coal procurement cost (in USD), lesser heat consumption and optimization of low cost fuel has helped to maintain overall rupee fuel cost per tonne of clinker produced at same level.

Our Company has been improving its efficiency in import of coal by importing at its captive jetty and thereby reducing cost.

- Overall, selling and distribution cost per tonne reduced by around 22% in 2014, over 2013 due to better management of its logistics and more exports.
- The packing cost comprises around 69% of the total stores and spares cost in 2014. While stores and spares cost per tonne of production has reduced by around 25%, packing cost has increased by 11%.
- The VAT exemption available for the project in Gujarat has been exhausted during last quarter of previous accounting year and therefore Company has incurred normal VAT liability during full year of 2014. The Company's VAT (including additional VAT in Gujarat) has increased from ₹65.09 crore in 2013 to ₹144.64 crore in 2014.

8. Profits and Margins

- The Company has earned Profit before Depreciation, Interest and Taxation (PBDIT) of around ₹205 crore in 2014, compared to ₹213 crore in 2013. The PBDIT margins were at around 19% and 21% respectively during these years. The Company has been able to maintain the profitability levels despite absorbing VAT of about ₹ 98 crores due to its continued focus on efficiency and cost reduction.



Source: CRISIL

- During the year, the Company has reversed the tax provision of ₹6.7 crore made in 2013 since no longer required based on the working on Minimum Alternate Tax.
- The net profit after tax in 2014 has increased by 8% to ₹49.58 crore in 2014 from ₹45.88 crore in 2013.

9. Internal Control Systems

The management maintains adequate internal control systems to support its business operations and statutory compliances. To further strengthen this, the Company has adapted a fully integrated ERP tool using world's leading software technology provided by "SAP". In addition, the continuous Internal Audit also aims at testing the operational effectiveness of the internal control system and thereby facilitates an objective assurance to the Board and Audit Committee regarding the adequacy and effectiveness of the system.

10. Human Resources

The Company is an equal opportunity employer and lays special emphasis on welfare of its employees. It provides them with the best facilities and strives to engage and retain talented workforce at all levels. It encourages continuous learning and provides a conducive environment for personal and professional growth thereby leading to the growth of the Company.

11. Future Outlook

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

12. Risk and Concerns

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

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

13. Cautionary Statement

The statements forming part of the Management Discussion and Analysis covered in this report may be forward looking. The actual results may differ from the expectations expressed above. The various external and internal factors, not currently anticipated, may influence the performance of the Company.

REPORT ON CORPORATE GOVERNANCE

I. A brief statement on the Company's philosophy on Code of Governance

The Company defines Corporate Governance as a systematic process by which companies are directed and controlled to enhance their wealth generating capacity. The Corporate Governance initiative is based on two core principles. They are (i) Management must have an executive freedom to drive the enterprise forward without operational constraints; and (ii) this freedom of management should be exercised within a framework of effective accountability.

The Company believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and society's expectations.

From the above definition and core principles of Corporate Governance emerges the cornerstone of the company's governance philosophy, namely trusteeship, empowerment and accountability, transparency, control and ethical corporate citizenship. The Company believes that the practice of each of these leads to the creation of the right culture in which the Company is managed in a manner that fulfills the purpose of Corporate Governance.

2. Board of Directors

The Board of Directors consists of professionals drawn from diverse fields having varied experience. Shri Ravi Sanghi is the Chairman and Managing Director of the Company, who conducts the day-to-day management of the Company, subject to the supervision and control of the Board of Directors. The composition of the Board is in conformity with the listing agreement entered into with the stock Exchanges.

Composition and category of Directors as on 30th June, 2014

Sl. No.	Category	Name of Director
I.	Promoter and Executive	Shri Ravi Sanghi– Chairman and Managing Director Shri Aditya Sanghi Shri Alok Sanghi
II	Promoter and Non-Executive	Shri Gireesh Sanghi
III	Professional and Executive	Smt. Bina Engineer Shri N. B. Gohil
IV	Independent and Non-Executive	Shri Sadashiv Sawrikar Shri T. M. Jagan Mohan Shri R. K. Pandey Shri D. B. N. Rao Shri D. K. Kambale
V	Independent and Nominee	Shri C. S. V. Rao – IDBI Nominee

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company as trustees of the shareholders.

Four Board Meetings were held during the year on 27th August, 2013, 14th November, 2013, 3rd February, 2014 and 6th May, 2014. The maximum time gap between two Board Meetings was not more than four calendar months.

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

Names of Director	No. of Board Meetings attended	Attendance at the Last AGM	No. of Directorships of Other Companies*	No. of Membership of other Board Committees	No. of Chairmanship of other Board Committees #
Shri Ravi Sanghi	4	Yes	1	-	-
Shri Gireesh Sanghi	3	No	3	-	-
Shri Aditya Sanghi	3	No	5	-	-
Shri Alok Sanghi	4	No	5	-	-
Smt. Bina Engineer	4	Yes	1	-	-
Shri Sadashiv Sawrikar	4	Yes	1	-	-
Shri T. M. Jagan Mohan	3	Yes	-	-	-
Shri R. K. Pandey	4	No	13	4	2
Shri C. S. V. Rao	0	No	-	-	-
Shri D. K. Kambale	4	No	2	-	-
Shri D. B. N. Rao	4	No	3	-	-
Shri N. B. Gohil	3	No	1	-	-

*Excludes alternate directorships/ directorships of private companies, foreign companies and companies under S. 25 of the Companies Act, 1956 / S. 8 of Companies Act, 2013.

Includes only Audit Committee and Shareholders' / Investors' Grievance Committee.

Shareholding of Non-Executive Directors as on 30th June, 2014 is as follows:

Name of Directors	Number of Equity Shares of ₹ 10/- each of Sanghi Industries Ltd.
Shri Gireesh Sanghi	28,07,900 Shares (1.28%)
Shri Sadashiv Sawrikar	NIL
Shri R. K. Pandey	NIL
Shri D. K. Kambale	NIL
Shri T. M. Jagan Mohan	NIL
Shri D. B. N. Rao	NIL
Shri C. S. V. Rao	NIL

3. Committees of the Board of Directors

❖ Audit Committee

In terms of Section 177(4) of the Companies Act, 2013 and Revised Clause 49 of the Listing Agreement as per SEBI circular no. CIR/CFD/POLICYCELL/2/2014 dated 17.04.2014 effective from 01.10.2014, the terms of reference of Audit Committee has been broadened by the Board of Directors in their meeting held on 6th May, 2014 without any change in the constitution of the Committee.

Brief description of Terms of Reference

The revised terms of reference of Audit Committee is as under:

- The recommendation for appointment, remuneration and terms of appointment of CFO, Statutory and Internal Auditors of the company;
- To review and monitor the Auditors' independence, scope, performance and effectiveness of audit process and their reports and discussion on significant findings and follow up thereon;

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

During the year ended 30th June, 2014, the Committee meetings were held on 27th August, 2013, 14th November, 2013, 3rd February, 2014 and 6th May, 2014. The composition, names of members and record of attendance during the period, consisting of independent directors, is as under :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri Sadashiv Sawrikar, Chairman	4	4
Shri T. M. Jagan Mohan	4	3
Shri R. K. Pandey	4	4

The Chairman and Managing Director and Executive Director (Finance) are the permanent invitees to the Audit Committee Meetings. The Company Secretary is the Secretary of the Committee and the representatives from Statutory Auditors attend the Audit Committee Meetings as invitees.

❖ **Business Operations and Finance Committee**

Looking to the requirement of constituting separate committee of Board of Directors for smooth monitoring of business operational activities, the Board of Directors in their meeting held on 6th May, 2014 has reconstituted the existing 'Finance Committee' to 'Business Operations and Finance Committee' and the existing terms of reference of the committee are also reframed.

Brief description of Terms of Reference

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

- To review the adequacy of term debt, fund based and non-fund based borrowings and all Banking arrangements and cash management and to approve any modification, addition and reduction of the same.
- To make application for new loans and facilities, negotiate and finalize the terms, acceptance of sanction letters, loan documents, security documents such as mortgage, hypothecation deeds, etc. and such other related matters with respect to obtaining new loans/facilities or change in the terms and conditions of existing loans within the overall limits of the board powers.
- To convey acceptance of Sanction Letters, to approve the execution of Letters of Acknowledgment of Debts, Revival Letters, to negotiate, deal, and make settlement with Lenders, Balance Confirmation Letters that may be received from various Banks and Financial Institutions.
- To approve the exercise of guarantees as may be required by Banks, Financial Institutions, Central Excise, Customs and Sales Tax authorities, etc. on any matter pertaining to the working affairs of the Company.

- To review and approve short term and long term investment transactions, including deployment of surplus funds in various instruments.
- To review and approve from time to time various business arrangements, projects, purchase of equipments and apparatus for the existing and new business.
- To approach and negotiate with various debtors and creditors with proposals to settle the outstanding dues, etc., and to approve the execution of any type of payment arrangement with the consenting parties, etc.
- To make recommendations to the Board relating to the capital structure and issuance of securities, etc., including the authority to approach Investors (Institutional/Private) for infusion of funds by way of equity and to accept equity investment offers as may be received and which are suitable to the Company and to carry out effective execution of such capital infusion subject to such regulatory approvals as may be necessary.
- To open, operate and close bank accounts with various Banks as may be necessary from time to time and to delegate authority to any of the officials of the Company to open, operate and conduct all required banking transaction including issue, negotiate and receive cheques, bills of exchanges, letters of credit, promissory notes, hundies, etc. and close the Banking accounts so opened and execute necessary documents to open, operate and close the bank accounts, subject to such ceiling as committee may in its discretion decide for the transactions to be entered into by such officials of the Company.
- To make and submit whether by committee itself or delegate authority to the officials of the Company various representations, applications, agreements, etc., as may be necessary from time to time with various Banks and Financial Institutions including Letters of Credit, amendments to Letters of Credit, etc., amongst others for availing financial assistance - long term and short term including working capital proposals, restructuring of the said financial assistance, etc.,
- To make and submit whether by committee itself or to delegate authority to the officials of the Company to apply for various telephone, telex and facsimile, internet connections, etc., to the Department of Telecommunications or to the Private Telephone Operators, etc.,
- To enter and/or to delegate authority to officials of the Company for entering into all sorts of business agreements, contracts with the parties for procurement of machineries, equipments, godowns, warehouses, stockyards, opening of branch office, representative office, to set up packing and storage facilities, to construct terminals, etc.
- To file, defend and to grant and delegate authority to the officials of the Company to file and defend various legal cases as may be necessary from time to time for recoveries of monies due to the Company or as may be filed against the Company including the powers to engage counsel and submit evidence both oral and written in this regard subject to obtaining the approval of the Board for defending important and vital legal disputes.
- To grant and delegate authority to the officials of the Company to represent the Company before Central Excise and Customs, Sales Tax, Municipal and Local Government authorities, Income Tax authorities, Reserve Bank of India and Court of Law and any other judicial body and such other Governmental/Non-Governmental/Quasi Governmental authorities as may be necessary from time to time on behalf of the Company.
- To make contributions to any Charitable or Religious or Political purposes as may be permissible from time to time subject to the various provisions of various laws as may be in force or to delegate authority to any officials of the Company in this regard subject to such restrictions laid down by the various laws.

During the year ended 30th June, 2014, the Committee meetings were held on 27th August, 2013, 3rd February, 2014 and 26th May, 2014. The composition, names of members and record of attendance during the period, consisting of Directors, is as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Shri Sadashiv Sawrikar, Chairman	3	3
Shri Ravi Sanghi	3	3
Smt. Bina Engineer	3	3

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

❖ **Nomination and Remuneration Committee**

In terms of Section 178 of Companies Act, 2013, the nomenclature of existing 'Remuneration Committee' is changed to 'Nomination and Remuneration Committee' and the terms of reference of Nomination and Remuneration Committee is determined as per Section 178 of the Companies Act, 2013 by the Board of Directors in their meeting held on 6th May, 2014 without any change in the constitution of the Committee.

Brief description of Terms of Reference

The terms of reference of Nomination and Remuneration Committee is as under:

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

During the year ended 30th June, 2014, the Remuneration Committee meeting was held on 27th August, 2013. The composition, names of members and record of attendance during the period, consisting of Directors, is as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Shri D. K. Kambale, Chairman	1	1
Shri T. M. Jagan Mohan	1	1
Shri Sadashiv Sawrikar	1	1

Shri Sadashiv Sawrikar was the Chairman of the Committee till 6th May, 2014. The Board of Directors in their meeting held on 6th May, 2014 appointed Mr. D. K. Kambale as the Chairman of the Committee.

❖ **Stakeholders Relationship Committee:**

In terms of Section 178 of Companies Act, 2013, the nomenclature of existing 'Investors Service Committee' is changed to 'Stakeholders Relationship Committee' by the Board of Directors in their meeting held on 6th May, 2014 without any change in the constitution and terms of reference of the Committee.

Brief Description of Terms of Reference

It oversees redressal of shareholder and investor complaints, approves transfer and transmission of shares, authorizes issue of duplicate share certificates, and generally deals with all matters in connection with all securities issued by the Company from time to time.

The composition, names of Members and record of attendance during the period, consists of Directors as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Shri T. M. Jagan Mohan, Chairman*	10	9
Shri Sadashiv Sawrikar	10	10
Shri Ravi Sanghi	10	10

*Absent in meeting dated 3rd February 2014 and Shri Sadashiv Sawrikar chaired the said meeting.

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

❖ **Corporate Social Responsibility Committee :**

In terms of Section 135 of the Companies Act, 2013, a Committee of the Directors to be known as 'Corporate Social Responsibility Committee' (CSR Committee) is constituted by the Board of Directors in their meeting held on 6th May, 2014, whose terms of reference is as under :

Brief Description of Terms of Reference

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

The composition, names of members and record of attendance during the period, consists of Directors as under:

Name of Director	Designation
Shri R. K. Pandey, Independent Director	Chairman
Shri Aditya Sanghi, Executive Director	Member
Shri N. B. Gohil, Executive Director	Member

The committee was constituted on 06th May, 2014 and thereafter no meeting of the said committee was held till 30th June, 2014.

4. Managerial Remuneration

In accordance with the approval of the Board and of the Company in General Meeting and such other approvals as may be required, the Managing Director/Executive Director(s) are paid remuneration as per the agreements entered into between them and the Company. The remuneration structure of the Managing Director/Executive Director(s) comprises of salary, perquisites and allowances, contributions to Provident Fund, Superannuation Fund, Gratuity etc.

The salient features of the agreements executed by the Company with the Managing/Executive Directors are as under:

Name of Director	Shri Ravi Sanghi	Shri Aditya Sanghi	Shri Alok Sanghi	Smt. Bina Engineer	Shri N. B. Gohil
Designation	Chairman and Managing Director	Executive Director	Executive Director	Executive Director	Executive Director
Period of Appointment or re-appointment	Five Years w.e.f. 01.10.2010	Five Years w.e.f. 06.09.2012	Five Years w.e.f. 06.09.2012	Three Years w.e.f. 06.09.2013	Three Years w.e.f. 22.12.2011
Salary and Commission	As per the approval of the shareholders				
Perquisites	As per the rules of the Company				
Minimum Remuneration	Where in any financial year, the Company has no profits or its profits are inadequate, then the Company will pay remuneration by way of salary and perquisites in accordance with the provisions of Schedule XIII to the Companies Act, 1956/Schedule V of Companies Act, 2013.				
Notice Period	The agreements may be terminated by either party giving the other party six months notice in writing of such termination.				

The details of salary and perquisites (including contribution to provident fund/superannuation fund, etc. if any) paid or debited to Profit and Loss account during the year ended 30th June, 2014 towards salary of Chairman and Managing Director and Executive Director(s) are as follows:

(₹ in crores)

Name of Director	Shri Ravi Sanghi, Chairman and Managing Director	Other Executive Directors
Salary and Allowances	1.50	3.42
Perks	Nil	Nil
Commission	Nil	Nil
Company's contribution to PF and Superannuation Fund	Nil	Nil

The Company has not formulated any scheme for giving stock options to its employees. Hence, no stock options have been granted to the Chairman and Managing Director and Executive Directors for the period 2013 – 2014.

Non-Executive Directors

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

During the year ended 30th June, 2014, the Company issued cheques/paid the following amount towards sitting fees and incidentals to the Directors for attending the Board/Audit Committee/Remuneration Committee Meetings:

Name of Director	Sitting Fees Amount (₹)	Incidental Exps. (₹)	Total Amount (₹)
Shri D. K. Kambale	22500	15000	37500
Shri D. B. N. Rao	18000	12000	30000
Shri Gireesh Sanghi	13500	9000	22500
Shri Sadashiv Sawrikar	40500	27000	67500
Shri T. M. Jagan Mohan	31500	21000	52500
Shri R. K. Pandey	36000	24000	60000
Shri C. S. V. Rao	Nil	Nil	Nil

5. Subsidiary Companies

The Company does not have any subsidiaries.

6. Particulars for investors

Name and Designation of Compliance Officer:

Shri Anil Agrawal - Company Secretary

E-mail: companysecretary@sanghiment.com

The Company has entered into agreements with both depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to participate in the Depository System of share registration. The Company had appointed M/s. CIL Securities Limited having their office at 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001 as the Registrars for Share Transfers and the Dematerialization of Shares.

The Company had attended to all complaints/queries of investors within a period of 7–14 days from the date of receipt. Regarding requests for dematerialization of shares, the Company had followed the specified time schedule as stipulated in this regard and as on 30th June, 2014, there was only one investor complaints pending for redressal and all letters received in this regard have been replied.

Any shareholder whose grievance has not been resolved to his satisfaction may kindly write to the Company Secretary with a copy of the earlier correspondence.

7. General Body Meetings

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

Year	Type of Meeting	Date	Venue	Time
2011	AGM	17.12.2011	Registered Office at Sanghinagar PO. Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511	11.00 a.m.
2012	AGM	25.09.2012	..do..	10.30 a.m.
2013	AGM	28.09.2013	..do..	10.30 a.m.

No special resolution requiring a postal ballot was passed during the Financial Year 2013-14.

8. Disclosures

- Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large:

Particulars of the related party transactions are listed out in Note 28 of the Notes of Accounts of Annual Report. However, none of the transactions with any of the related parties were in conflict with the interests of the Company.

- Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets during the last three years:

The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties/strictures have been imposed against the Company during the last three years.

- Disclosures of the compliance with mandatory requirements and adoption/non adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements.

- Disclosures of relationships between Directors inter-se:

Shri Ravi Sanghi and Shri Gireesh Sanghi are brothers and Shri Aditya Sanghi and Shri Alok Sanghi are the sons of Shri Ravi Sanghi. None of the other Directors have any relation inter-se.

- Disclosure of Accounting Treatment

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

- Board Disclosures – Risk management

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

- Whistle Blower policy

As per the policy in force, no person irrespective of the status or level is denied an access to the Audit Committee.

9. Means of Communication

The Company publishes its financial results every quarter in leading newspapers such as Financial Express and Vaartha. The results are also displayed on the Company's website: www.sanghiment.com

10. Cost Audit

In accordance with the stipulation made by the Ministry of Corporate Affairs, New Delhi, directing the Company to get the cost records audited, the Company had appointed M/s. N.D. Birla & Company, Cost Accountants, Ahmedabad, as the Cost Auditors.

II. General Shareholder Information

Annual General Meeting Day, Date, Time and Venue	:	Monday, the 22nd September, 2014 at 10.30 a.m. Sanghinagar PO., Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511
Financial Year/Calendar	:	
• Results for first quarter ending 30 th September, 2014	:	On or before 15 th November, 2014
• Results for second quarter ending 31 st December, 2014	:	On or before 15 th February, 2015
• Results for third quarter ending 31 st March, 2015	:	On or before 15 th May, 2015
• Results for fourth quarter ending 30 th June, 2015	:	On or before 30 th August, 2015
Date(s) of Book Closure/ Record Date	:	2 nd to 5 th September, 2014 (both days inclusive)
Registered Office	:	Sanghinagar PO., Hayatnagar Mandal, Ranga Reddy District, Telangana – 501 511
Phone, Fax, E-mail	:	Phone : 08415 – 242240 Fax : 08415 – 242239 E-mail : companysecretary@sanghicement.com
Plant Location	:	Sanghipuram, Village Motiber, Taluka Abdassa, District Kutch, Gujarat – 370 511
Registrar and Share Transfer Agent (RTA) and address	:	CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001 Phone : 040 – 2320 2465 Fax : 040 – 2320 3028 E-mail : advisors@cilsecurities.com
Address for Investors Correspondence	:	Either to the Company at its registered office address or to the RTA
Listing on Stock Exchanges	:	Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)
Payment of Annual Listing Fee	:	Annual Listing Fee for the year 2014-15 has been paid to both the Exchanges.
Stock Code	:	BSE – 526521 NSE – SANGHIIND
Demat ISIN in NSDL and CDSL	:	INE999B01013

- ❖ Monthly High and Low Quotation of Shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2013-14:

Sl. No.	Month	BSE		NSE	
		High	Low	High	Low
1	July-2013	17.85	16.00	18.00	14.65
2	August	16.60	12.10	16.65	13.20
3	September	16.67	13.06	16.85	13.30
4	October	16.50	13.45	16.40	13.30
5	November	18.50	14.40	18.40	14.05
6	December	17.80	14.65	18.00	14.40
7	January - 2014	17.90	15.00	18.00	15.00
8	February	16.80	14.50	16.40	14.15
9	March	16.71	14.75	16.65	14.65
10	April	18.70	15.50	18.80	15.50
11	May	28.00	16.60	28.45	16.85
12	June	31.60	23.70	31.60	23.65

- ❖ Distribution of shareholding as on 30th June, 2014

Slab (No. of Shares)	No. of Shareholders		No. of Shares	
	Total	%	Total	% of Share Capital
1 – 500	6569	77.33	1220284	0.55
501 – 1000	838	9.86	695711	0.32
1001 – 2000	416	4.90	670025	0.30
2001 – 3000	160	1.88	420145	0.19
3001 – 4000	85	1.00	304105	0.14
4001 – 5000	91	1.07	432704	0.20
5001 – 10000	140	1.65	1075135	0.49
10001 and above	196	2.31	215160891	97.81
Total	8495	100.00	219979000	100.00

- ❖ Distribution of Equity Shareholding according to categories of shareholders as on 30th June, 2014

Category	No. of Shares	Amount (₹)	% to total
Promoter Group (Individuals along with Persons Acting in Concert)	15,62,45,782	1,56,24,57,820	71.03
Public			
a) Foreign Institutional Investors	20,29,365	2,02,93,650	0.92
b) Foreign Financial Institutions	56,69,585	5,66,95,850	2.58
c) Non-resident Indians/OCBs	9,17,073	91,70,730	0.42
d) Others	5,51,17,195	55,11,71,950	25.06
Total	21,99,79,000	2,199,790,000	100.00

- ❖ Share Transfer System

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

❖ **Dematerialization of Shares and liquidity**

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

As on 30th June, 2014, 96.39% of the Equity Share Capital, representing 21,20,33,091 shares were held in depository mode.

❖ **Investor Relations**

All the queries received from shareholders during the year ended 30th June 2014 have been responded. The queries are generally replied within a maximum of 21 days of their receipt by the Company/RTA depending upon the criticality of issue involved.

❖ **Nomination Facility**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956/Section 72 of the Companies Act, 2013, are requested to submit their request to the Company's Share section at its registered office in the prescribed Form SH 13 for this purpose, which can be obtained by writing to the Company Secretary at its registered office address.

Declaration

Pursuant to the provisions of Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges, and according to the information provided/available, this is to confirm that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2013-2014.

Place: Mumbai

Date: 21st August, 2014

Ravi Sanghi

Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Sanghi Industries Limited

We have examined the compliance of conditions of Corporate Governance by Sanghi Industries Limited for the year ended on 30th June, 2014 as stipulated in clause 49 of the Listing Agreement executed by the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

S. Brijkumar
Partner
Membership No. 19357

Prashant M. Maharishi
Partner
Membership No. 41452

Mumbai: August 21, 2014

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, 2014, the Statement of Profit and Loss and 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

Management is responsible for 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 Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

Sanghi Industries Limited

2. As required by Section 227(3) of the Act, we report that:

- a. we have 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 appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e. on the basis of written representations received from the directors as on June 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

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

S. Brijkumar
Partner
Membership No. 19357
Mumbai: August 21, 2014

Prashant M. Maharishi
Partner
Membership No. 41452

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph I 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, 2014]

- (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.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (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) (a) 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 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b),(c) and (d) of the order are not applicable.
(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(f) and (g) 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 weakness in internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) 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 meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

Sanghi Industries Limited

- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) 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 any dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ in Cr.	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Demand	29.52	Various years	Customs, Excise & Service tax Appellate Tribunal
Customs Act, 1962	Customs Demand	12.41		Customs, Excise & Service tax Appellate Tribunal
Service Tax Act, 1944	Service Tax Demand	6.76	Various years	Customs, Excise & Service tax Appellate Tribunal
Electricity Act, 1994	Duty on Generation from D G Set	3.30	Various years	Gujarat High Court
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)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank or financial institution as per the mutual arrangements. The Company has not borrowed any sums through debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and 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 during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

Sanghi Industries Limited

- (xix) According to the information and explanations given to us, no debentures have been issued by the Company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) 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 such case by the management.

For Ankit & Co.

Chartered Accountants

Firm Registration No.000181S

S. Brijkumar

Partner

Membership No. 19357

Place: Mumbai

Date: August 21, 2014

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No.103523W

Prashant M. Maharishi

Partner

Membership No. 41452

BALANCE SHEET AS AT JUNE 30, 2014

(₹ in Crore)

Particulars	Note	30.06.2014	30.06.2013
I. EQUITY AND LIABILITIES			
I Shareholders' funds			
(a) Share capital	2	289.52	296.21
(b) Reserves and surplus	3	669.54	619.96
2 Non-current liabilities			
(a) Long-term borrowings	4	486.97	636.88
(b) Long Term Provisions	5	111.93	129.18
3 Current liabilities			
(a) Short-term borrowings	6	47.49	38.28
(b) Trade Payables		76.37	46.36
(c) Other current liabilities	7	74.67	114.21
(d) Short-term provisions	8	0.27	0.19
TOTAL		1,756.76	1,881.27
II. ASSETS			
Non-current assets			
I (a) Fixed assets			
(i) Tangible assets	9	1,265.56	1,381.48
(ii) Capital work-in-progress	9	59.30	54.57
(b) Deferred tax assets (net)	26	53.97	53.97
(c) Long-term loans and advances	10	24.36	23.25
2 Current assets			
(a) Inventories	11	147.79	211.24
(b) Trade receivables	12	12.51	25.05
(c) Cash and cash equivalents	13	33.95	3.46
(d) Short-term loans and advances	14	159.32	128.25
TOTAL		1,756.76	1,881.27
Notes Forming part of Financial Statements	I-35		

As per our Report of even date attached

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

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

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

S. Brij Kumar
Partner
Mem. No. 19357

Prashant M. Maharishi
Partner
Mem. No. 41452

Ravi Sanghi - Chairman and Managing Director
Gireesh Sanghi - 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
C.S.V. Rao - Director
R. K. Pandey - Director
T.M. Jagan Mohan - Director
Anil Agrawal - Company Secretary

Place : Mumbai
Date : August 21, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED JUNE 30, 2014

(in ₹ Crore)

Particulars	Note	30.06.2014	30.06.2013
I. Revenue from operations			
Sale of products		1,288.29	1,166.29
Less:			
Excise duty		97.73	111.27
VAT & CST		144.64	65.09
Other Operating Income		2.34	0.17
Net Revenue	15	1,048.26	990.10
II. Other income	16	8.25	11.96
III. Total Revenue (I + II)		1,056.51	1,002.06
IV. Expenses:			
Raw Material consumed	17	47.71	52.37
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	18	48.48	(33.23)
Employee benefits expense	19	45.07	42.28
Power and fuel		260.88	259.14
Freight forwarding and other selling expenses	20	321.54	337.64
Other expenses	21	127.46	130.85
Finance Cost	22	14.05	14.90
Depreciation	9	147.75	145.35
Total expenses		1,012.94	949.30
V. Profit before tax		43.57	52.76
VI. Tax expense:			
(1) Current Tax		-	6.70
(2) Excess tax provision reversal related to earlier years		(6.01)	-
(3) Mat Credit entitlement		-	0.18
VII Profit (Loss) for the year from continuing operations		49.58	45.88
VIII Balance Carried to Balance Sheet		49.58	45.88
IX Earnings per equity share:			
Basic and Diluted	24	2.25	2.09
Notes Forming part of Financial Statements		I-35	

As per our Report of even date attached

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

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

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

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Mem. No. 19357

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Gireesh Sanghi - Director
Aditya Sanghi - Executive Director
Alok Sanghi - Executive Director
Bina Engineer - Executive Director
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D. K. Kambale - Director
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D.B.N.Rao - Director
C.S.V. Rao - Director
R. K. Pandey - Director
T.M. Jagan Mohan - Director
Anil Agrawal - Company Secretary

Place : Mumbai
Date : August 21, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

(₹ in Crores)

Particulars	30.06.2014	30.06.2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	43.57	52.76
Adjustments for:		
Depreciation and amortisation	147.74	145.35
Loss on Sale of Fixed Assets	0.08	0.42
Interest Income	(0.82)	(1.16)
Interest and other Financial Charges	14.05	14.90
Operating Profit before Working Capital Changes	204.62	212.27
Adjustments for:		
(Increase)/Decrease in Inventories	63.46	(32.36)
(Increase)/Decrease in Debtors	12.54	(6.55)
(Increase)/Decrease in Other Current Assets and Loans and Advances	(52.95)	6.48
Increase/(Decrease) in Trade Creditors	30.01	(21.52)
Increase/(Decrease) in Other Current Liabilities and Provisions	(46.01)	(12.10)
Cash from operating activities	211.67	146.22
Income Taxes paid	(1.21)	(0.81)
Net Cash from operating activities	210.46	145.41
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Additions of Fixed Assets	(44.30)	(26.07)
Sale of Fixed Assets	0.15	0.52
Interest Received	0.61	1.11
Net Cash used in investing activities	(43.54)	(24.44)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Movement in Working Capital Borrowing	9.21	12.89
Long term borrowings	5.98	66.13
Repayment of long term borrowings	(154.17)	(180.04)
Interest and other Financial Charges	(21.61)	(19.35)
Payment towards OCCPPS	(6.69)	(3.96)
Cash from Financing activities	(167.28)	(124.33)

(₹ in Crores)

Particulars	30.06.2014	30.06.2013
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(0.36)	(3.36)
Cash and Cash equivalents (Opening Balance)	0.54	3.90
Cash and Cash equivalents (Closing Balance)	0.18	0.54
Components of Cash and Cash Equivalents		
Cash and Cheques on hand	0.14	0.24
Bank Balances	0.04	0.30
Cash and Cash Equivalents as above	0.18	0.54
Fixed Deposits with original maturity of more than 3 months	33.77	2.92
Cash and Cash Equivalents as per Note No. 13	33.95	3.46

As per our Report of even date attached

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

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

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

S. Brij Kumar
Partner
Mem. No. 19357

Prashant M. Maharishi
Partner
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Sadashiv Sawrikar - Director
D.B.N.Rao - Director
C.S.V. Rao - Director
R. K. Pandey - Director
T.M. Jagan Mohan - Director
Anil Agrawal - Company Secretary

Place : Mumbai
Date : August 21, 2014

Sanghi Industries Limited

Note: I (a) : ABOUT THE COMPANY

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.

Note: I (b) : SIGNIFICANT ACCOUNTING POLICIES

1. 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.
2. The accounts are prepared on historical cost convention and in compliance with the Generally Accepted Accounting Principles in India and in all material respect with the Accounting Standards notified under The Companies (Accounting Standards) Rule 2006 and the relevant provision of The Companies Act, 1956.
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) The Company is recognizing income and expenditure on accrual basis.
 - b) Tangible Fixed Assets 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.
 - c) Depreciation on Fixed assets is provided on straight line method at the rates provided in Schedule XIV of the Companies Act, 1956 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.
 - d) 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 and 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.
 - e) 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.
 - f) Employee Benefits have been provided on the basis of revised Accounting Standard 15 :
 - 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.
- g) **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.
- h) **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.
 - 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.
- i) **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. 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.
- j) **Taxation :**
 - a) 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.
 - b) 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.
 - c) 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.

Sanghi Industries Limited

k) Impairment of Fixed Assets :

- a) 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.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) 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.

l) 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.

m) 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 manufacture 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.

n) 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.

Sanghi Industries Limited

NOTE 2 : SHARE CAPITAL

Share Capital	As at 30th June 2014		As at 30th June 2013	
	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 and Paid up				
Redeemable preference shares of face value ₹100/- each, balance paid up ₹81.96 (prev. year paid up ₹89.85)	8,484,230	69.54	8,484,230	76.23
Equity Shares of ₹10/- each Fully Paid Up	219,979,000	219.98	219,979,000	219.98
Total	228,463,230	289.52	228,463,230	296.21

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 are redeemable in stepped up quarterly instalments from June 2011 to June 2018.

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

Particulars	Equity Shares		Preference Shares	
	Number	(₹ in Crores)	Number	(₹ in Crores)
Shares outstanding at the beginning of the year	219,979,000	219.98	8,484,230	76.23
Shares Issued during the year	-	-	-	-
Shares repaid during the year	-	-	-	6.69
Shares outstanding at the end of the year	219,979,000	219.98	8,484,230	69.54

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

Name of Shareholder	As at 30.06.14		As at 30.06.13	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares				
Samruddhi Investors Services Private Limited	43,914,532	20%	21,916,757	10%
Preference shares				
IDBI Bank Limited	2,700,000	32%	2,700,000	32%
Sangam Investors Services Pvt Ltd	5,408,140	64%	5,408,140	64%

Sanghi Industries Limited

NOTE 3 : RESERVES AND SURPLUS

	As at 30th June 2014 (in ₹ Crore)	As at 30th June 2013 (in ₹ Crore)
a. Securities Premium Account		
Opening Balance	49.82	49.82
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons		
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	49.82	49.82
b. Capital Redemption Reserve		
Opening Balance	8.61	3.29
Add : Transfer from Surplus	6.69	5.32
Closing Balance	15.30	8.61
c. Surplus		
Opening balance	561.53	520.97
(+) Net Profit/(Net Loss) For the current year	49.58	45.88
(-) Capital Redemption Reserve	6.69	5.32
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	604.42	561.53
Total	669.54	619.96

NOTE 4 : LONG TERM BORROWINGS

	As at 30th June 2014 (in ₹ Crore)	As at 30th June 2013 (in ₹ Crore)
Term loans		
From Banks	135.51	160.78
from other parties	351.46	476.10
Total	486.97	636.88

Terms of Borrowing from Banks

Security	Repayment Terms	Rate of Interest	(₹ in Crore)
Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others	Stepped up quarterly instalment	NIL	127.86
Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others	Stepped up quarterly instalment	14%	7.65

Terms of Borrowing from Others

Security	Repayment Terms	Rate of Interest	(₹ in Crore)
Paripassu Charge on some of the Fixed Assets and personal guarantee by some of the directors and others	Monthly Instalments	NIL	305.69
Hypothecation of car and some of the movable equipments	Monthly Instalments	Various	45.77

Sanghi Industries Limited

Note 5 Long term Provisions

Long Term Provisions	As at 30th June 2014 (in ₹ Crore)	As at 30th June 2013 (in ₹ Crore)
Gratuity	3.38	3.29
Leave Encashment	2.17	1.59
LTA/Ex gratia Payable	1.91	2.25
Other Long Term provision	104.47	122.05
Total	111.93	129.18

Note 6 Short Term Borrowings

Short Term Borrowings	As at 30th June 2014 (in ₹ Crore)	As at 30th June 2013 (in ₹ Crore)
Secured		
Loans repayable on demand		
Working Capital loans from banks	47.49	38.28
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. Rate of Interest is 3.75% over base rate.		
	47.49	38.28

Note 7 Other Current Liabilities

Other Current Liabilities	As at 30th June 2014 (in ₹ Crore)		As at 30th June 2013 (in ₹ Crore)	
(a) Interest accrued but not due on borrowings		0.36		23.45
(b) Advance received from Customers		18.48		8.27
(c) Other payables includes		55.83		82.49
Provision for Expenses	21.48		36.42	
Salary payable	3.04		3.14	
Statutory dues	31.31		41.86	
Provision for tax (Net of advance tax)	-		1.07	
Total		74.67		114.21

Note 8 Short Term Provisions

Short Term Provisions	As at 30th June 2014 (in ₹ Crore)	As at 30th June 2013 (in ₹ Crore)
Provision for employee benefits		
Gratuity	0.12	0.12
Leave Encashment	0.15	0.07
Total	0.27	0.19

NOTE 9 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.07.2013	Additions during the year	Deductions / Adjustments during the year	As at 30.06.2014	As at 01.07.2013	For the year	Deductions / Adjustment during the year	W.D.V. as at 30.06.2014	W.D.V. as at 30.06.2013
Owned Assets									
Freehold land	4.25	-	-	4.25	-	-	-	4.25	4.25
Building	140.52	1.05	-	141.57	23.63	3.45	-	114.49	116.89
Plant and Machinery *	1,837.87	29.41	-	1,867.28	663.11	135.54	-	1,068.63	1,174.76
Electrical Installations	113.30	0.02	-	113.32	54.70	5.98	-	52.64	58.60
Furniture and Fixtures	7.84	0.16	-	8.00	2.72	0.50	-	4.78	5.12
Office Equipment	2.78	0.09	-	2.87	0.78	0.13	-	1.96	2.00
Vehicles	12.45	1.17	0.41	13.21	4.95	1.17	0.18	7.27	7.50
Laboratory Equipment	0.90	-	-	0.90	0.06	0.05	-	0.79	0.84
Computers	5.23	0.16	-	5.39	4.54	0.27	-	0.58	0.69
Sub Total	2,125.14	32.06	0.41	2,156.79	754.49	147.09	0.18	1,255.39	1,370.65
Assets Given on lease									
Land	0.27	-	-	0.27	-	-	-	0.27	0.27
Building	9.68	-	-	9.68	3.32	0.21	-	6.15	6.36
Plant and Machinery	19.32	-	-	19.32	17.85	0.17	-	1.30	1.47
Electrical Installations	6.71	-	-	6.71	4.64	0.23	-	1.84	2.07
Furniture and Fixtures	0.31	-	-	0.31	0.15	0.01	-	0.15	0.16
Office Equipment	0.28	-	-	0.28	0.12	0.01	-	0.15	0.16
Vehicles	1.04	-	-	1.04	0.82	0.03	-	0.19	0.22
Fire Fighting Equipments	0.10	-	-	0.10	0.09	-	-	0.01	0.01
Laboratory Equipment	0.11	-	-	0.11	0.06	-	-	0.05	0.05
Temple	0.03	-	-	0.03	-	-	-	0.03	0.03
Computers	0.24	-	-	0.24	0.21	-	-	0.03	0.03
Sub Total	38.09	-	-	38.09	27.26	0.66	-	10.17	10.83
Total	2,163.23	32.06	0.41	2,194.88	781.75	147.75	0.18	1,265.56	1,381.48
Previous Year Figures	2,011.48	153.49	1.73	2,163.24	637.20	145.35	0.79	1,381.48	1,374.28
Capital work-in-progress								59.30	54.57

* Depreciation on certain Mining ancillary and other Misc. assets has been provided at rate higher than those prescribed under Schedule XIV of the Companies Act, 1956 based on useful life of three years of those assets as evaluated by Technical Expert.

* Includes cost incurred by the Company for ₹10.66 crore, ownership of which vests with GETCO.

Sanghi Industries Limited

Note 10 Long term Loans and advances

Long Term Loans and Advances	As at 30th June 2014 (in ₹ Crore)		As at 30th June 2013 (in ₹ Crore)	
Capital advances – unsecured, considered good		21.55		17.85
Other loans and advances				
Unsecured, considered good		2.81		5.40
Includes				
Advances to employees	0.08		0.05	
Others	2.73		5.35	
Total		24.36		23.25

Note 11 Inventories

Inventories	As at 30th June 2014 (in ₹ Crore)		As at 30th June 2013 (in ₹ Crore)	
a. Raw Materials and components		1.59		6.35
b. Fuel Stock		31.60		46.79
c. Work-in-progress		0.21		0.93
d. Finished goods		27.63		75.38
e. Stores and spares		86.76		81.79
Total		147.79		211.24

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

Note 12 Trade Receivables

Trade Receivables	As at 30th June 2014 (in ₹ Crore)	As at 30th June 2013 (in ₹ Crore)
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	12.51	25.05
	12.51	25.05

Note 13 Cash and cash equivalents

Cash and cash equivalents	As at 30th June 2014 (in ₹ Crore)	As at 30th June 2013 (in ₹ Crore)
a. Cash on hand	0.14	0.24
b. Balances with banks		
In Current Account	0.04	0.30
Fixed Deposits *	33.77	2.92
Total	33.95	3.46

* Out of above Fixed Deposit of ₹ 6.62 Crores (Previous Year ₹ 1.82 Crore is lying with banks as margin money against Letter of Credit and Bank Guarantee.

Sanghi Industries Limited

Note 14 Short term Loans and advances

Short-term loans and advances	As at 30th June 2014 (in ₹ Crore)		As at 30th June 2013 (in ₹ Crore)	
Loans and advances to others				
Unsecured, considered good		159.32		128.25
Includes				
Advance to suppliers	30.42		11.84	
Deposit with Govt Dept	44.58		49.18	
MAT Credit Entitlement	37.13		37.13	
Advance Income Tax (Net of provision)	6.16		-	
Others	41.03		30.10	
Total		159.32		128.25

Note 15 Revenue from Operations

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Sale of products	1,288.29	1,166.29
<u>Less:</u>		
Excise duty	97.73	111.27
VAT and CST	144.64	65.09
Net Sales of Products	1,045.92	989.93
Other Operating Income	2.34	0.17
Total	1,048.26	990.10

Note 16 Other Income

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Interest Income	0.82	1.16
Foreign exchange gain	2.85	2.61
Other non-operating income	4.58	8.19
Total	8.25	11.96

Note 17 Raw Material consumed

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Raw Material consumed		
i) Lime Stone	28.50	27.37
ii) Gypsum	4.18	9.84
iii) Other Raw materials	15.03	15.16
Total	47.71	52.37

Note 18 Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Closing Inventories		
Work in progress	0.20	0.93
Finished Goods	27.63	75.38
	27.83	76.31
Opening Inventories		
Work in progress	0.93	0.79
Finished Goods	75.38	42.29
	76.31	43.08
Add : Decrease/(Increase) in inventories	47.23	(31.14)
Add : Decrease/(Increase) in excise duty on inventories	1.25	(2.09)
Total	48.48	(33.23)

Note 19 Employee Benefits Expense

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Salaries and Wages and Bonus	42.64	40.77
Contribution to PF and Other Benefits	1.00	0.97
Staff Welfare Expenses	1.43	0.54
Total	45.07	42.28

Note 20 Freight Forwarding and Other Selling Expense

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Freight outward	249.87	278.94
Stevedoring expenses	30.46	17.71
Port and shipping expenses	2.01	3.40
Sales and Promotion expenses	39.20	37.59
Total	321.54	337.64

Sanghi Industries Limited

Note 21 Other expenses

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Manufacturing expenses		
Stores and Spares	53.51	56.60
Repairs and Maintainance	31.60	39.34
Other manufacturing expenses	13.83	10.61
Other expenses		
Advertisement	3.49	2.71
Audit Fees - (Refer Footnote)	0.22	0.22
Internal Audit Fees	0.02	0.12
Conveyance and Travelling	5.27	4.32
Membership, Subscriptions, Books and Periodicals	0.50	0.11
Consultancy, Legal and Professional Charges	3.86	4.36
Insurance	2.88	3.13
Postage, Telephone and Telex	0.79	0.64
Printing and Stationery	0.19	0.16
Vehicle Running Expenses	0.95	0.99
Rent, Rates, Taxes and Fees	2.84	1.71
Other administrative expenses	7.51	5.83
Total	127.46	130.85

FOOTNOTE: PAYMENTS TO AUDITORS

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (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

Note 22 Finance Cost

Particulars	For the year ended 30 th June 2014 (in ₹ Crore)	For the year ended 30 th June 2013 (in ₹ Crore)
Interest expense	13.00	14.20
Other Finance costs	1.05	0.70
Total	14.05	14.90

Sanghi Industries Limited

Note 23 Contingent Liabilities and Commitments

The claims against the company not acknowledged as debt amount to ₹142.76 crore (Previous year ₹152.94 crore) 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 ₹46.26 crore (Previous Year ₹51.33 crore) with respective authorities as deposit.

(In ₹ Crore)

Particulars	30.06.2014	30.06.2013
Excise and Service Tax	80.78	103.37
Customs	12.41	-
Sales Tax	1.76	1.76
Debt Recovery Tribunal	11.21	11.21
State Government	34.26	34.26
Commercial	2.34	2.34
Total	142.76	152.94

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹53.77 crore. Net of advances (Previous year NIL)

Note 24 Earning Per Share

Sl.No.	Particulars	2013-14	2012-13
(i)	Profit/(Loss) after Tax as per Statement of Profit and Loss (₹ Crore)	49.58	45.88
(ii)	Weighted average number of equity shares	21,99,79,000	21,99,79,000
(iii)	Basic and diluted Earnings per share in ₹ (Face Value: ₹ 10/- per share)	2.25	2.09

Note 25 Disclosure requirement under Micro, Small and Medium Enterprises Act, 2006

Sl.No.	Particulars	Current year (In ₹ Crore)	Previous year (In ₹ Crore)
(i)	Principal amount outstanding of Micro small and Medium enterprises	0.13	0.91
(ii)	Interest on the overdue amount	0.004	Nil

Note 26 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 30.06.2013	Current Year Charge/(Credit)	Deferred Tax Liability/(Asset) as on 30.6.2014
Deferred Tax Liabilities(DTL)				
Difference between Tax Depreciation and Book Depreciation		33.61	-	33.61
Total DTL	A	33.61	-	33.61
Deferred Tax Assets (DTA)				
Unabsorbed Depreciation		(87.58)	-	(87.58)
Total DTA	B	(87.58)	-	(87.58)
Deferred Tax (Asset)/Liability (Net) A+B		(53.97)	-	(53.97)

Sanghi Industries Limited

Note 27 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. In respect of geographical segments:

(In ₹ Crore)

Revenue	For the year ended 30.06.2014	For the year ended 30.06.2013
Domestic	1,106.06	1,150.64
Export	182.23	15.65
Gross Sales	1,288.29	1,166.29

All the assets of the Company are within India except the debtors for export and other receivables amounting to ₹1.62 crore. (30.06.2013 NIL)

Note 28 Related Party Disclosure:

- a. Key Management Personnel:
 - i. Mr. Ravi Sanghi – Chairman and Managing Director
 - ii. Mr. Aditya Sanghi – Whole Time Director
 - iii. Mr. Alok Sanghi – Whole Time Director
 - iv. Mrs. Bina Engineer – Whole Time Director
 - v. Mr. N.B. Gohil – Whole Time Director
 - vi. Mr. Anil Agrawal – Company Secretary
- b. As certified by the management, there are no subsidiaries or associate companies.

Details of Directors' Remuneration

(In ₹ Crore)

	For the year ended 30.06.2014	For the year ended 30.06.2013
i. Salary	4.92	4.54
ii. Perquisites	-	-
iii. Contribution to Provident Fund/Super Annuation Fund	-	-
iv. Sitting Fee	0.03	0.02
Sub Total	4.95	4.56
v. Commission*	-	0.58
Total	4.95	5.14

*Management has agreed to waive the commission for the Current Year.

Sanghi Industries Limited

Note 29 Operating Lease

(In ₹ Crore)

Company as a Lessee	30.06.2014	30.06.2013
Minimum Lease Payment		
Not later than one year	0.36	0.36
Later than one year and not later than five years	-	-
Later than Five years	-	-
Total	0.36	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	0.45	0.45
Later than Five years	-	-
Total	0.57	0.57

Note 30 Foreign currency exposure not hedge are as follows :

(Amount in Mn)

Particulars	Currency	As on 30.06.2014	As on 30.06.2013
Outstanding Borrowings	USD	32.75	34.00
Trade Receivables	USD	0.27	-
Trade Creditors	USD	4.72	1.01

Note 31 Other Expenses include ₹ 0.17 Crore pertaining to prior period expenses (Previous year ₹ 2.01 crore).

Note 32 Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part(II) of Schedule VI to the Companies Act, 1956 is as under (Certified by the management):

A. Production

	30.06.2014	30.06.2013
Production		
Clinker (MT)	2,380,415	2,241,464
Cement (MT)	2,104,688	2,242,573
RMC (Meter Cube)	4,018	-

B. Stock and Turnover

Particulars	30.06.2014		30.06.2013	
	Qty (MT)	Value (In ₹ Crore)	Qty (MT)	Value (In ₹ Crore)
i. Finished Goods				
Opening Stock				
Clinker	278,138	55.02	129,573	30.62
Cement	69,142	20.36	36,055	11.67
Closing Stock				
Clinker	99,857	19.49	278,138	55.02
Cement	28,675	8.14	69,142	20.36
ii Turnover (Gross)				
Clinker	6,74,991	171.73	92,956	24.10
Cement*	21,45,155	1115.16	2,209,486	1142.19
RMC (Meter Cube)	4,018	1.40	-	-

* includes consumption for RMC Project 1,252 MT and self consumption and shortage 1,915 MT (PY. 2,140 MT)

Sanghi Industries Limited

C. Detail of Major Raw Material Consumed

(In ₹ Crore)

	30.06.2014		30.06.2013	
	Qty (MT)	Value	Qty (MT)	Value
Limestone	3,315,735	28.50	3,211,107	27.37
Gypsum	69,934	4.18	66,472	9.84

D. CIF Value of Imports

(In ₹ Crore)

	30.06.2014	30.06.2013
Raw material, Stores, Spares and Capital Goods	17.81	25.84

E. Earnings in Foreign Currency

(In ₹ Crore)

	30.06.2014	30.06.2013
FOB Value of Export	182.23	15.64

F. Expenditure in Foreign Currency

(In ₹ Crore)

	30.06.2014	30.06.2013
Interest, Foreign Travel, Consultancy, Commission, etc	2.15	2.46

Note 33 Raw Material and Stores Consumption

	30.06.2014		30.06.2013	
	(In ₹ Crore)	%	(In ₹ Crore)	%
a. Raw Material Consumed:				
(i) Imported	-	-	3.46	6.61
(ii) Indigenous	47.70	100.00	48.91	93.29
Total	47.70	100.00	52.37	100.00
b. Stores and Spares Consumed:				
(i) Imported	10.47	19.34	6.08	10.74
(ii) Indigenous	43.66	80.66	50.52	89.26
Total	54.13	100.00	56.60	100.00

Note 34 Employee Defined Benefits: As per Actuarial Valuation in accordance with Revised Accounting Standard 15 as on June 30, 2014

(In ₹ Crore)

Particulars	30.06.2014		30.06.2013	
	Gratuity	Leave encashment	Gratuity	Leave encashment
I. Expense recognized in the Statement of Profit and Loss for the year ended June 30, 2014				
1. Current Service Cost	0.61	0.34	0.44	0.20
2. Interest Cost	0.26	0.13	0.20	0.09
3. Employee Contributions	-	-	-	-
4. Expected Return on Plan Assets	-	-	-	-
5. Actuarial (Gains)/Losses	(0.51)	0.37	0.61	0.54

Sanghi Industries Limited

(In ₹ Crore)

Particulars	30.06.2014		30.06.2013	
	Gratuity	Leave encashment	Gratuity	Leave encashment
6. Past Service Cost	-	-	-	-
7. Settlement Cost	-	-	-	-
8. Losses/(Gains) on acquisition/divestiture	-	-	-	-
9. Total Expense	0.37	0.84	1.25	0.83
II. Net (Asset)/Liability recognized in the Balance Sheet as at June 30, 2014				
1. Present Value of Defined Benefit Obligation	3.50	2.32	3.41	1.67
2. Fair Value of Plan Assets	-	-	-	-
3. Funded Status [Surplus/Deficit]	-	-	-	-
4. Net (Asset)/Liability as at June 30, 2014	3.50	2.32	3.41	1.67
III. Other Particulars				
1. Present value of Defined Benefit Obligation at the beginning of the year	3.41	1.67	2.37	1.04
2. Current Service Cost	0.61	0.34	0.44	0.20
3. Interest Cost	0.26	0.13	0.20	0.09
4. Settlement Cost	-	-	-	-
5. Past Service Cost	-	-	-	-
6. Employee Contribution	-	-	-	-
7. Liabilities assumed on acquisition/(settled on divestiture)	-	-	-	-
8. Actuarial (Gains)/Losses	(0.51)	0.37	0.61	0.54
9. Benefits Payments	(0.27)	(0.18)	(0.21)	(0.20)
10. Sick Leave	-	-	-	-
11. Present Value of Defined Benefit Obligation at the end of the year	3.50	2.32	3.41	1.67

IV. Actuarial Assumption:

- Discount Rate 8.95 % p.a (P.Y. 7.75 % p.a.)
- Salary Escalation 6 % p.a (P.Y. 6 % p.a.)
- Mortality Rate Indian Assured Lives Mortality (2006-08) Ultimate. (P.Y. LIC 1994-96) Ultimate

Experience adjustments

Gratuity (unfunded)

(In ₹ Crore)

Particulars	2011-12	2012-13	2013-14
Defined benefit obligations	2.37	3.41	3.50
Fair Value of Plan Assets	-	-	-
Surplus/(deficit)	(3.88)	0.61	(0.51)
Expected adjustments on planned Liabilities (Gains)/Losses	(3.88)	0.36	(0.05)
Expected adjustments on planned Assets			

Sanghi Industries Limited

Note 35 The previous year's figures have been regrouped/reclassified wherever necessary to conform with current year's classification.

Signatories to Note No. 1 to 35

As per our Report of even date attached

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

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

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

S. Brij Kumar
Partner
Mem. No. 19357

Prashant M. Maharishi
Partner
Mem. No. 41452

Ravi Sanghi	- Chairman and Managing Director
Gireesh Sanghi	- 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
C.S.V. Rao	- Director
R. K. Pandey	- Director
T.M. Jagan Mohan	- Director

Anil Agrawal - Company Secretary

Place : Mumbai
Date : August 21, 2014

Notes

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Notes

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*Turning Dreams into **Concrete Reality***

Sanghi Industries Limited

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